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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR SECOND YEAR SECOND SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCO 223

COURSE TITLE: BUSINESS LAW II

DATE: 01/09/2022

TIME: 9.00 – 11.00AM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

SECTION A

QUESTION ONE (Compulsory).

- (a) Mombasa Millers Ltd. created the position of Managing Director in the year 2014 but no one occupied it until the year 2016. In the year 2015, Mr. Moses Katana, a director with the knowledge of the other five directors purported to act as the Managing Director and hired Mtwapa Enterprises to do some work for the company. Mtwapa Ltd. is yet to be paid for the work done and is now demanding to be paid immediately but Mombasa Limited has refused to pay stating that Mr. Moses Katana had no authority to act on the Company's behalf.

Required.

Advise M/s Mtwapa Enterprises on the legal position that would inform the way forward. **(6 Marks).**

- (b) Robert who is a dealer in Television sets gives a SONY Television to David, a customer on the terms that Kshs 10,000 should be paid by David immediately and Kshs more in two monthly equal instalments. It was further agreed that if the SONY Television is found defective, the customer may return it within a week but not later. David defaults in paying the last instalment. Can Robert the TV dealer take back the SONY Television upon David's default? Explain the legal position. **(6 Marks).**
- (c) What are the objects of Bankruptcy and on what grounds may a person be adjudged bankrupt? **(10 Marks).**
- (d) Discuss the circumstances under which the court might order dissolution of a Partnership. **(8 Marks).**

SECTION B

QUESTION TWO.

- (a) Explain the nature of relationship between banker and customer. When is the banker's authority to pay a cheque drawn on him terminated? **(10 Marks).**
- (b) With specific reference to the law relating to Negotiable Instruments, state and briefly explain five rules relating to the presentment for acceptance of a bill of exchange. **(10 Marks).**

QUESTION THREE.

- (a) Explain five circumstances under which an agent's action which was initially unauthorized might be subsequently ratified by his principal so as to become binding. **(10 Marks)**
- (b) Who is a Common carrier? State briefly the duties and liabilities of a common carrier. **(10 Marks).**

QUESTION FOUR

Write short notes on the following:

- a) Application of Partnership property on dissolution - **(5 Marks).**
- b) Legal interests in land - **(5 Marks).**
- c) Requirements as to Hire Purchase Agreements - **(5 Marks).**
- d) Insurance is not a wager. - **(5 Marks).**

QUESTION FIVE.

- (a) Who is a holder in due course? State and briefly explain his rights under section 29 of the Bill of Exchange Act CAP 27. **(10 Marks).**
- (b) Discuss the various provisions of law under which a non-owner can convey a good title to a buyer. **(10 Marks).**