

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF COMMERCE**

BCOM 301: BUSINESS LAW II

STREAMS: BCOM Y3S2 (ODEL)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 31/3/2021

2.30 PM – 4.30 PM

INSTRUCTIONS:

- Answer Question One and any other Three.
- Do not write on the question paper

QUESTION ONE

(a) Elucidate the concept of contract of sale. How does sale differ from an agreement to sell?

When does an agreement to sell ripen into a sale? [10 Marks]

(b) Explain five implied warranties in a sale of goods contract. [10 Marks]

(c) “Every man who receives any portion of the profits of a business has to incur therein the liability of a partner”. Critically examine in the requirements of a partnership and the statement that certain persons, though they get a share profits are not regarded as partners.

[5

Marks]

(d) Explain the duties of the owner in hire purchase contract. [5 Marks]

QUESTION TWO

(a) Discuss the rule of ‘buyer beware’ and explain the exceptions to it. 6 Marks]

(b) Paul asked Caro for a hot water bottle and inquired whether it would stand boiling water.

Caro sold to Paul an American rubber bottle, saying it would stand hot, but not boiling water.

The bottle which was purchased by Paul for his wife burst and injured her when it was filled with

hot water. Does Paul have any remedy? [4 Marks]

QUESTION THREE

- (a) Under a contract for sale of goods, it is very important to know who has the “property in goods” at any given time. Briefly explain why this is important. [10 Marks]
- (b) Explain the fiduciary relationship of partners in a partnership. [10 Marks]

QUESTION FOUR

- (a) Distinguish between contract of indemnity and contract of guarantee. [5 Marks]
- (b) Explain five principles of insurance. [10 Marks]
- (c) Explain the duties of common carriers [5 Marks]
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