

CHUKA



UNIVERSITY

SUPPLEMENTARY/ SPECIAL EXAMINATIONS

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

BCOM 301: BUSINESS LAW II

STREAMS: BCOM

TIME: 2 HOURS

DAY/DATE: TUESDAY 02/02/2021

2.30 PM – 4.30 PM

INSTRUCTIONS:

- Answer question one and any other three
- Do not write anything on the question paper

Question 1

- (a) Elucidate the concept of contract of sale. How does sale differ from an agreement to sell? When does an agreement to sell rippen into a sale? (10marks)
- (b) Explain the implied conditions of a contract of sale. (10marks)
- (c) Explain five ways which agency relationship is created. (10marks)

Question 2

- (a) Discuss the rule of ‘buyer beware’ and explain the exceptions to it. (6marks)
- (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? (4marks)
- (c) Distinguish between contract of indemnity and contract of guarantee (5marks)
- (d) Explain the duties of the owner in hire purchase contract (5marks)

Question 3

- (a) Discuss fully the rules governing passing of property in case of:

- (i) Future goods (6marks)
- (ii) Ascertained goods (6marks)
- (b) Explain the fiduciary relationship of partners in a partnership. (8marks)

Question 4

- (a) "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. (5marks)
 - (b) Explain five principles of insurance (10marks)
 - (c) Explain the duties of common carriers (5marks)
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