

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 301: BUSINESS LAW II

STREAMS: BCOM Y3S1

TIME: 2 HOURS

DAY/DATE: TUESDAY 04/12/2018

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

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

Question 1

- (a) Discuss fully the rules governing passing of property in case of:
- (i) Unascertained goods (6 marks)
 - (ii) Ascertained goods (6 marks)
- (b) “Every man who receives any portion of the profits of a business has to incur therein the liability of a partner”. Critically examine the requirements of a partnership and the statement that certain persons, though they get a share profits are not regarded as partners. (6 marks)
- (c) Charles buys a second-hand car from Peter after reading Peter’s advertisement in the local newspaper. Charles pays Peter in the Kshs 500,000 agreed price and takes delivery of the car. Two days later Charles is visited by a representative of the Bunter Finance Company who informs him that the car is the subject of a hire-purchase agreement with Peter who has not paid all the installments. Charles refuses to surrender the car. Explain the legal position. (4 marks)
- (d) Explain 4 kinds of agents from the point of view of the nature of work performed by them. (8 marks)

Question 2

- (a) Discuss the exceptions to the rule of caveat emptor. (6 marks)
- (b) Peter asked Jane for a hot water bottle and inquired whether it would stand boiling water. Jane sold to Peter an American rubber bottle, saying it would stand hot, but not boiling water. The bottle which was purchased by Peter for his wife burst and injured her when it was filled with hot water. Does Peter have any remedy? (4 marks)
- (c) Explain 2 obligations of the owner in hire purchase contract. (4 marks)
- (d) Explain 3 common types of intellectual property rights. (6 marks)

Question 3

- (a) Explain when an agreement to sell ripens into a sale. (6 marks)
- (b) X a creditor of a firm consisting of A and B, sued A and obtained a decree against him. Having failed to recover anything on his decree against A, X files a suit against B. Advise B. (4 marks)
- (c) Explain 5 circumstances when agency will be terminated automatically by operation of law. (10 marks)

Question 4

- (a) Distinguish between a bill of exchange and a cheque. (6 marks)
 - (b) A, to meet the claims of his creditors, borrowed Ksh 10,000/= from B, to protect his interest, B, takes out an insurance policy on his life of A. A pays the entire amount to B and then dies. Can B recover on the policy? Give reasons for your answer. (2 marks)
 - (c) Explain the duties of common carriers. (4 marks)
 - (d) Explain hire-purchase contract? How does it differ from a:
 - (i) Credit sale contract (2 marks)
 - (ii) Conditional sale contract (2 marks)
 - (e) Explain the rights of a guarantor. (4 marks)
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