

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF

BPLM 302: BUSINESS LAW

STREAMS: AGBM Y4S1, BPLM Y3S1 & BEEM Y3S1

TIME: 2 HOURS

DAY/DATE: FRIDAY 06/12/2019

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) Explain 4 ways by which agency relationship is created. (8 marks)
- (c) Discuss the exceptions to the rule of caveat emptor. (6 marks)
- (d) 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)

QUESTION 2

- (a) With reference to contract of sale of goods, explain the implied conditions on the part of the seller under Cap31 Laws of Kenya. (10 marks)
- (b) Explain five elements of a valid contract. (10 marks)

QUESTION 3

- (a) Explain the ways of terminating a partnership contract through operation of law. (10 marks)
- (b) Explain five essentials of a valid acceptance. (5 marks)
- (c) A (a minor) sold a car to B. B has now sold the said car to C. A wants to avoid contract and eventually claim the car from C. They have come to you, advice. (5 marks)

QUESTION 4

- (a) Distinguish between a promisory note and a bill of exchange. (6 marks)
 - (b) Harry and Thuku agreed to meet for a business lunch at a restaurant in town. During the lunch, Chuma one of Thuku's friends joined the two and begun to participate in the discussion. Chuma told Harry that he was Thuku's agent to which Thuku did not object. A week later, Chuma obtained goods on credit from Harry, allegedly on behalf of Thuku. Chuma has since disappeared and Harry is demanding payment from Thuku. Decide. (4 marks)
 - (c) Discuss the constitution as a source of Kenyan Law. (5 marks)
 - (d) Ben went for holiday in Mombasa and during his tour; he identified a car which he has been looking for. He instructed the seller to deliver the car to Nakuru where he was going to pay him the purchase price. The car was involved in an accident at Nairobi. Ben refused to pay. The seller wants to be paid. Decide giving reasons for your decision. (5 marks)
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