

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

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

**BCOM 301: BUSINESS LAW II**

**STREAMS: BCOM**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 05/12/2017**

**8.30 A.M. – 10.30 A.M.**

**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

- (a) Under the sale of Goods Act (Cap. 31), explain when property in goods sold pass from the seller to the buyer. [6 marks]
- (b) Collins sells all the tomatoes ready for harvest in his farm with immediate effect to Peter who pays the agreed sum. When Peter goes to harvest the tomatoes two days later, he finds them damaged by natural causes. Collins refuses to refund the money. Advice Peter. [6 marks]
- (c) Explain the meaning of Negotiable instruments and outline their legal characteristics. [6 marks]
- (d) The Sale of Goods Act outlines certain terms which are implied into every sale of goods contract. Explain the various conditions of sale implied by the Act. [12 marks]

**QUESTION TWO**

- (a) Explain the circumstances under which an agent may be held personally liable on contracts he has entered into on behalf of the principal. [10 marks]
- (b) Discuss the conditions and warranties which are implied in a hire purchase agreement by the Hire Purchase Act. [10 marks]

**QUESTION THREE**

- (a) In the formation of a Partnership, it is usual for Articles of Partnership to be drawn up, signed by all the partners to govern the relationship of the partners. Explain any ten clauses contained in the Articles of Partnership. [10 marks]

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- (b) Discuss the circumstances which a court can decree the compulsory dissolution of a partnership as provided for by the partnership Act. [10 marks]

### QUESTION FOUR

- (a) Explain the conditions that must be satisfied for agency by ratification to arise.[8 marks]
- (b) National Bank Ltd, which had been mandated by Muturi Co. Ltd to pay cheques when drawn by two directors paid a cheque drawn by one director only. Advise Muturi Co. Ltd. whether the bank can debit their account. [6 marks]
- (c) It is the right of any unionisable employee to join a registered union in Kenya. Discuss the benefits of being a member of a registered workers union. [6 marks]
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