



KIBABII UNIVERSITY COLLEGE

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UNIVERSITY EXAMINATIONS

2012 /2013 ACADEMIC YEAR

**FOR THE DEGREE OF
BUSINESS MANAGEMENT**

COURSE CODE: BBM 207

COURSE TITLE: BUSINESS LAW II

DATE: 23rd August 2013

TIME: 2.00pm – 5.00pm

Instructions to Candidates

- Answer Question One (Compulsory) and any other Two Questions
- Be neat and orderly

QUESTION ONE (COMPULSORY)

- a) Explain the circumstances in which an agent's act which is initially unauthorized may be subsequently ratified by his principal so as to become binding. (10 marks).
- b) Describe the duties which an agent owes to his Principal (8 marks)
- c) Explain the conditions and warranties in a contract of sale of goods (12 marks)

QUESTION TWO

- a) When is a seller of goods deemed to be an unpaid seller? Outline his rights against
 - i. The goods
 - ii. The buyer (10 marks)
- b) Outline five ways in which the relationship of principal and agent may be terminated by act of the partners or by operation of law (5 marks)
- c) A and B are partners in a small bakery business. Without consulting B, A borrows shs. 10,000 from a registered money lender ostensibly for the business of the firm but spends it on his leisure. State with reasons whether or not the firm is liable for the debt

QUESTION THREE

- a) Describe a bill of exchange. In what ways may a bill of exchange differ from a promissory note and cheque.
- b) Define endorsement and give a brief account of various types of endorsement that you are aware of (10 marks)

QUESTION FOUR

- a) Describe the purpose and requirements of the making of hire-purchase agreement. (5 marks)
- b) Briefly explain the hire's right to terminate the contract (5 marks)
- c) Outline the various types of property in relation to the law of property (5 marks)
- d) Define the term 'trade mark' and explain the essential particulars to be availed before a trade mark can be registered.

QUESTION FIVE

- a) M's house currently valued at two million shillings is insured with reliable insurance company for one million shillings. The house has been damaged by fire to the extent of sh. 900,000. Advise M as to his rights against the insurance company. What would your advice be if the company policy contains a "subject to average clause" (10 marks)
- b) Describe the duties of a common carrier under the contract of carriage (10 marks)