



**UNIVERSITY REGULAR EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**2<sup>ND</sup> YEAR 2<sup>ND</sup> SEMESTER EXAMINATIONS**

**MAIN EXAMINATION (TOWN LEARNING CENTRE)**

**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCB 207**

**COURSE TITLE: BUSINESS LAW II**

**DATE: 21<sup>st</sup> January 2015**

**TIME: 3.00-5.00 p.m.**

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**INSTRUCTIONS TO CANDIDATES:**

**Answer question one and any other two questions**

**SECTION A (COMPULSORY)**

## QUESTION ONE

- a) An agent is a person employed expressly or impartially to do an act for another party called the principal with a third person. Briefly discuss ways in which the agency relationships may arise (8 marks)
- b) In relation to the Bankruptcy Act Cap 53 of Kenya enumerate the main acts of Bankruptcy (6 marks)
- c) In relation to partnership law, write explanatory notes on the following
- i) Expulsion of a partners (3 marks)
  - ii) Admission of a new partner (3 marks)
  - iii) Circumstances in which a court may order the dissolution of a partnership (4 marks)
- d) Briefly explain the proof of copyright infringement (6 marks)

## SECTION B QUESTION TWO

- a) The sale of Goods Act states that it is the duty of the seller to deliver goods and of the buyer to accept and pay them in accordance with the terms of the contract of sale.
- i) Explain the meaning and effect of this Act (4 marks)
  - ii) Describe the seller's duties in connection with delivery and indicate what constitutes acceptance by the buyer (6 marks)
- b) A contract of sale of goods by sample between Robert and Sharon provided that payment of the goods was to be made on arrival against the shipping documents. Robert who is the buyer paid for the goods before he had the opportunity to examine the goods. Later on examination, Robert found that the bulk of the goods did not correspond with the sample. Explain in detail whether Robert can reject the goods. (10 marks)

## QUESTION THREE

- a) In relation to the law of property
- i) Enumerate the characteristics of a joint tenancy (4 marks)
  - ii) State the various ways in which a lease agreement may be determined (6 marks)
- b) Stanley leased his house at Highland Gardens to Oliver. The lease agreement was signed by both parties and the lease was to run for a period of two years. Stanley has been having domestic problems with his wife. Recently, Stanley's wife stormed into the premises leased to Oliver and threatened to evict him and his family if they did not vacate the leased premises. Oliver has not breached any of the terms of the lease agreement and is aggrieved. Advise Oliver on his legal rights and the remedies available to him (10 marks)

## QUESTION FOUR

- a) Explain how a hire purchase agreement differs from:
- i) A credit sale Agreement (6 marks)
  - ii) A conditional sale agreement (4 marks)
- b) Wekesa Wafula entered into a hire purchase contract with Ujuetraders regarding a sewing machine. The hire purchase price of the sewing machine was shs. 10,000. Wekesa Wafula has paid a total of sh. 8,00 but is facing financial difficulties and is in arrears for two months. The fire purchase company has repossessed the machine. Wekesa Wafula is aggrieved. Explain the legal principles applicable in this case and advise Wekesa Wafula. (10 marks)

### QUESTION FIVE

- a) Sean insured his ship against any losses while lying at Mombasa port for a sum of sh. 10 million with Amaco Insurance Company Limited. He further insured the same ship with Jubilee Insurance Company Limited for a similar amount. Subsequently the Port caught fire and the ship was badly damaged. The estimated cost of repair of the ship is sh. 5 million. Sean has lodged a claim for compensation from both insurance companies. Explain the legal principles in the case and advise Sean (12 marks)
- b) Obed issued a cheque in favour of Mokebo. However, when Mokebo presented it for payment it was dishonoured and returned marked "RD". It now transpires that when the bank clerk was checking on Obed's balance he checked on the wrong account and as a result the cheque was dishonoured under a mistaken belief of lack of funds. Explain Obed's rights against the bank. (8 marks)