



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 302: BUSINESS LAW II

DATE: 17/4/2019

TIME: 2:00 – 4:00 PM

INSTRUCTIONS

Answer question **ONE** (*Compulsory*) and **any other two** questions

QUESTION ONE (COMPULSORY) (30 MARKS)

The development of any Economy can be measured in terms of the total amount of goods and services produced within a given period of time, usually one financial year. Some of these goods and services produced are for subsistence, where the producers are also the consumers. However, to a larger extend the bulk of these products are for commercial purposes, where the producers either sell them directly to willing buyers in an open market locally or internationally or even use agents to do the selling business on their behalf. In the light of these transactions, the Kenyan Government has enacted several Laws to regulate commercial contracts, contracts for sale of goods, Agency relationships, Partnerships etc. This is to ensure that commercial transactions in Kenya are carried out in a regulated environment.

- a) Under the sale of goods Act Cap 31 of Kenya, discuss the rights of an unpaid seller in a contract for sale of goods. (10 marks)
- b) State and explain the rules governing **the transfer of property** in a contract for sale of goods in Kenya? (12 marks)
- c) Explain clearly the **rights** of a Principal in an agency. (8 marks)

QUESTION TWO (20 MARKS)

- a) In a contract for sale of goods one of the guiding principles governing the transfer of title is the *Nemo Dat Quod Non Habet Rule (Nemo Dat Rule)*. Explain the meaning and the **exemptions** to this rule (15 marks)
- b) Discuss the indicators of performance in a contract for sale of goods. (5 marks)

QUESTION THREE (20 MARKS)

- a) Kamau and Wamalwa are in a partnership where they operate a retail shop in Kisumu city. Kamau seeks your advice on his implied authority as a partner in the partnership. Advise him (14 marks)
- b) Discuss two types of **corporations**, with reference to legal personality. (6 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss the various ways that an agency relationship may be created (10 marks)
- b) Discuss five items included in a partnership deed. (10 marks)

QUESTION FIVE (20 MARKS)

- a) The marriage Act of Kenya of 2014 describes marriage as a lifetime regular union between the parties. However, there are some circumstances when this may not hold. Under the matrimonial causes Act cap 152, on what grounds may a court of law award a divorce order? (12 marks)
- b) The law requires that every person shall conduct his personal affairs according to his Domicile. In the light of this statement explain the term Domicile, and how it can be acquired and lost in Kenya. (8 marks)