



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS MAY – AUGUST 2023 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCBA 200

COURSE TITLE: BUSINESS LAW II

DATE: 3 AUGUST 2023

TIME: 3:00 PM – 6:00 PM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

- a) ABC limited is a firm that consistently has been making losses. As such the firm has not paid its debts for a period of over 5 years. Explain four individuals who can initiate the process of bankruptcy on account of such a firm **[10 Marks]**
- b) Define the term “TORT” and give two examples of Torts **[4 Marks]**
- c) Kamotho owns some precious jewelry for which he seeks to take up an insurance policy on against theft. Elaborate to Kamotho five factors that Insurance Companies consider before insuring property which will be a basis of consideration as to whether to insure the jewellery or not to **[10 Marks]**
- d) Elaborate on five essential characteristics of a promissory note that render it valid **[10 Marks]**
- e) Discuss three disadvantages of forming a partnership form of business **[6 Marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

- a) Explain five essential requirements of a valid contract **[10 Marks]**
- b) Differentiate between a Contract of Sale and An Agreement to Sell **[10 Marks]**

Question three

- a) Discuss three essential elements of a valid endorsement **[6 Marks]**
- b) Eric has been hired as a consultant for Bidco limited. Part of his responsibility is to advice the firm regarding its relationship with other parties and the firm’s obligations. As such the firm’s management has requested Eric to deliver a talk on the law of agency. Supposing you are Eric, explain four ways in which an agency relationship may arise **[8 Marks]**
- c) Explain three rights of an agent in an agency relationship **[6 Marks]**

Question Four

- a) Differentiate any five types of partners that can form a partnership form of business **[10 Marks]**
- b) Discuss five rights an unpaid seller has against a debtor **[10 Marks]**

Question five

- a) Amos owes some vast estate in Kilimani, Ruiru and Mombasa. In addition, he has shares in some Blue Chip Companies in Kenya and South Africa. Due to his vast age he has sought your services as a legal counsel to explain to him ways in which he can pass on his property to various stakeholders.
Required.
Discuss five property transfer deeds Amos can use to pass on his property **[10 Marks]**
- b) ABC limited has issued a cheque to Kamangu for payment of goods bought from Kamangu on May 2023. Explain three ways in which the obligations on the cheque can be discharged **[6 Marks]**
- c) List 4 characteristics of a Tort **[4 Marks]**