

**GARISSA UNIVERSITY**

UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR **TWO FIRST** SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

**COURSE CODE:** BBM 215

**COURSE TITLE: BUSINESS LAW II**

**EXAMINATION DURATION: 2HOURS**

**DATE: TIME:**

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**INSTRUCTION TO CANDIDATES**

* The examination has **FIVE (5**) questions
* Question **ONE (1)** is **COMPULSORY**
* Choose any other **TWO (2**) questions from the remaining **FOUR (4)** questions
* Use sketch diagrams to illustrate your answers where necessary
* Do not carry mobile phones or any other written materials in the examination room
* Do not write on this paper

**This paper consists of THREE (3) printed pages *Please turn over***

**QUESTION ONE [30MARKS]**

1. Explain what is meant by **“agency by ratification”. [4Marks]**
2. On 1 July this year, **Abdi**, without **Paul**’s authority, made an offer to **Tom** for the sale of **Paul**’s car. On 5 July, **Tom** accepted the offer and on 6 July **Abdi** informed **Paul** about the sale. On 10 July **Paul** wrote to **Abdi** informing him that he had no objection to the sale. In the meantime, **Tom** wrote to **Abdi** on 8 July informing him that he was no longer interested in buying the car. **Paul**’s letter and **Tom**’s letter were received by **Abdi** at the same time on 12 July.

Advice **Paul**. **[4Marks]**

1. Write explanatory notes on five of the following:
2. Double Insurance **[2Marks]**
3. Assignment **[2Marks]**
4. Arbitration **[2Marks]**
5. Personal representative **[2Marks]**
6. Negligence **[2Marks]**
7. Explain the distinction between real property and personal property **[4Marks]**
8. Describe characteristics that distinguish possession and ownership of property **[8Marks]**

QUESTION TWO **[20MARKS]**

1. List and explain the rights and duties of an agent to his principal **[8Marks]**
2. Describe the rights and duties of a principal to his agent? **[4Marks]**
3. Write short notes on the following:
4. A promissory note **[2Marks]**
5. Negotiability **[2Marks]**
6. Qualified acceptance of a bill of exchange **[2Marks]**
7. A holder in due course. **[2Marks]**

QUESTION THREE **[20MARKS]**

1. List and explain the different ways in which an agency relationship may arise**. [10Marks]**
2. In relation to bills of exchange, what is meant by:
3. A holder in due course  **[2Marks]**
4. A blank endorsement **[2Marks]**
5. A qualified acceptance **[2Marks]**
6. Onyango signed a cheque and crossed it “not negotiable”. He told Atieno, his secretary, to fill in a certain amount and write to X’s name as payee. Atieno filled in a larger amount, made the cheque payable to Nairobi Harambee Secondary School and gave it to her brother to take it to the school in order to pay the outstanding school fees. The Nairobi Harambee Secondary School cashed the cheque in good faith. Onyango wants to know his rights, if any, against the school.

**Advice Onyango**. **[4Marks**

QUESTION FOUR [20Marks]

1. Describe the difference between hire purchase, credit sale and conditional sale?  **[6Marks]**
2. With reference to Hire Purchase Act (Cap.507) list and explain the duties and rights of a hirer. **[10Marks]**
3. Explain the terms are implied in a hire purchase agreement **[4Marks]**

QUESTION FIVE [20Marks]

1. Explain the circumstances in which a seller may give a better title to the buyer than he himself has in the goods sold. **[12Marks]**
2. Explain the **remedies/rights** which are available under the Sale of Goods Act to:
3. An unpaid seller of goods **[6Marks]**
4. An unpaid seller against the buyer personally **[2Marks]**