



UNIVERSITY OF NAIROBI

MODULE II DEGREE PROGRAMME - 2011/2012
(NAIROBI DAY)

THIRD YEAR EXAMINATIONS FOR THE DEGREE OF BACHELOR OF COMMERCE

SEPTEMBER – DECEMBER 2012

DBA 302: BUSINESS LAW II

DATE: DECEMBER 19, 2012

TIME: 9.00AM – 11.00AM

INSTRUCTIONS:

Answer any **THREE** questions.
ALL questions carry Equal marks.
Do not write on the question paper.

QUESTION ONE

- a) The essence of an insurance contract is the protection of some interest of the insured. If therefore the insured has no insurable interest in the subject matter of the contract the contract is void.

Examine this statement in relation to insurable interest in life and property.

- b) Martin, a student at the University of Nairobi insured his brother Morris's life with Afri Assurance Company Ltd. Morris died of sudden heart failure and Martin sued Afri Assurance Company for the policy money. But Afri Assurance refused to pay on the ground that Martin has no insurable interest in his brother Morris's life. Discuss the legal position.

QUESTION TWO

Explain the following:

- a) Distinction between hire purchase agreement and other instalment agreements.
- b) Requirement of a hire purchase agreement.
- c) Assignment of a hire purchase agreement.

QUESTION THREE

- a) Explain with the help of decided cases various terms implied by the sale of Goods Act in every contract of sale.
- b) Owino sold a fridge to Onyango for Kshs.50,000. After two weeks Onyango received a notice from Universal Bank that they had advanced a loan of Kshs.70,000 to Owino for buying the fridge which he failed to pay and that there is a charge on the fridge. The Bank asked Onyango to pay Kshs.70,000 plus Kshs.10,000 interest. Otherwise they will recover the fridge and sue him for damages. Advise Onyango on the legal position.

QUESTION FOUR

- a) Discuss the authority and liability of partners. - *not made*
- b) Discuss how a partnership may be created and procedure for its registration.

QUESTION FIVE

- a) Examine the ~~rules~~ on passing of property from seller to buyer. *Rule 1 - Philibet & Co v. Vithu & Co. correct in delivery a: undelivered goods cannot be sold*
- b) Mutua delivered a television set and a decoder to Murungi on sale or return basis. Murungi was in dire need of money and therefore sold the television set and decoder to Maina. Mutua sued Maina to recover the television and decoder from him. *3: 1000-1000 of Kshs. 1000-1000 s: 1000*
Advise Maina on the legal position.

QUESTION SIX

Write explanatory note on any TWO (2) of the following:

- a) Role of finance company in hire purchase transactions.
- b) Sale of goods by a non-owner
- c) Recovery of possession of goods on let on hire purchase by the owner.
- credit sale - leave bottle - confirmed - transfer*

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