



## MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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### University Examinations 2011/2012

THIRD YEAR, SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR  
OF COMMERCE AND SECOND YEAR, SECOND SEMESTER FOR THE DEGREE OF  
BACHELOR OF PURCHASING AND SUPPLIES MANAGEMENT.

### HBC 2243 /HPS 2303– BUSINESS LAW II

DATE: DECEMBER 2011

TIME: 2 HOURS

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**INSTRUCTIONS:** Answer question *one* and any other *two*

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#### QUESTION ONE (30 MARKS)

- Define partnership (2 Marks)
- What are the main distinctions between partnership and a limited company under Kenya law? (8 Marks)
- With reference to a contract for the sale of goods, and in the absence of any special agreement, when does the property in the goods pass to the buyer. (6 Marks)
- Explain the requirements of hire-purchase agreements (8 Marks)
- Describe three types of insurance. (6 Marks)

#### QUESTION TWO (20 MARKS)

- State and explain the basic rules of insurance. (10 Marks)
- Discuss the various way in which an insurance contract may be discharged.(10 Marks)

#### QUESTION THREE (20 MARKS)

- Explain what time must the insurable interest exist in a contract of live, fire, and marine insurance. (10 Marks)
- Explain the rights and liabilities of a guarantor. (10 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Distinguish between a contract of guarantee and a contract of indemnity. (10 Marks)
- b) Explain how a guarantor may be discharged from his obligations under a contract of guarantee. (10 Marks)

**QUESTION FIVE (20 MARKS)**

- a) Write short notes on the following:-
  - (i) Auction sale (5 Marks)
  - (ii) Insurable interest in insurance (5 Marks)
  - (iii) Subrogation. (5 Marks)
  - (iv) Hire-purchase agreement. (5 Marks)