



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2017/2018

**SECOND YEAR SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH INFORMATION
TECHNOLOGY**

CITY CAMPUS

ABA 208: BUSINESS LAW II

Date: 5th May 2018

Time 5.30 – 7.30pm

INSTRUCTIONS:

- Answer Question one and any other three questions.
- Question one carries 25 marks and the rest 15 marks each

QUESTION ONE

- (a) Define partnership and its essential characteristics. (10 marks)
- (b) Discuss the important facts which help in determining the existence of partnership firm. (10 marks)
- (c) A, the father of a minor, paid a sum of money as the minor's share in the capital of a partnership and it was agreed that during the son's minority, the profits should be paid to A's account. Will A be regarded as a partner in this case? Give reasons for your answer. (5 marks)

QUESTION TWO

- (a) Discuss the privileges of a holder in due course of a negotiable instrument. (10 marks)
- (b) X obtains Y's acceptance to a bill by fraud. X endorses it to Z who takes it as a holder in due course. Z endorses the bill to F who knows of fraud. Explain if F can recover from X. (5 marks)

QUESTION THREE

- (a) Discuss the modes of delivery under Sale of Goods Act. (10 marks)
- (b) A sold the wood of some fallen trees to B. B after cutting up the trees was about to remove them, when he was prevented from doing so by C. B sued A for refund of the purchase price. Explain if B will succeed. (5 marks)

QUESTION FOUR

- (a) Give comprehensive meaning of Doctrine of subrogation in a contract of insurance and the essential characteristics of the doctrine of subrogation. (10 marks)
- (b) M owned two vessels "R" and "S", which were insured with different insurers. The two vessels collided due to fault of the vessel "S". The insurer of the vessel "R" indemnified the owner "M", under the policy. Can the insurer of the vessel "R" sue "M", as the owner of the vessels by virtue of the doctrine of subrogation? (5 marks)

QUESTION FIVE

- (a) Discuss effects of the order of adjudication in bankruptcy proceedings. (10 marks)
- (b) A trader takes a loan under an agreement that he will deliver to the lender the next day goods of an equivalent value lying in his godown as security for the loan. Both the borrower and the lender put their own locks on the door of godown. The borrower absconds the same night and is subsequently adjudged bankrupt. The official assignee claims the goods. Decide. (5 marks)

QUESTION SIX

Explain the powers of official receiver. (15 marks)