



THE TECHNICAL UNIVERSITY OF KENYA
FACULTY OF SOCIAL SCIENCES AND TECHNOLOGY
SCHOOL OF BUSINESS AND MANAGEMENT STUDIES
UNIVERSITY EXAMINATION 2015/2016 ACADEMIC YEAR

Bb504111/ABBQ/2013S: BACHELOR OF COMMERCE
ABAQ/2013S: BSC ACCOUNTANCY

ABBQ3161/ABAQ2261: COMMERCIAL LAW

DATE: JANUARY - APRIL 2015 SERIES

TIME: 2 HOURS

INSTRUCTIONS:

1. Answer Question ONE and any other TWO.
2. Mobile phones and any written material are prohibited in the examination room.
3. No writing should be done on this question paper. Any rough work should be done at the back of the answer booklet and canceled.

QUESTION ONE

- a. Explain five essential elements of a valid contract. (10 marks)
- b. Enumerate five exceptions to the rule that "a stranger to a contract cannot sue". (10 marks)
- c. Clearly outline five characteristics of a negotiable instrument. (10 Marks)

QUESTION TWO

- a. Define the term "partnership". (02 marks)
- b. Using clear examples, distinguish between a partnership firm and a company. (08 marks)
- c. Explain exhaustively any two standard form contracts. (10 marks)

QUESTION THREE

- a. Define the following terms as used in Law of Contract:
 - i. Condition (02 marks)
 - ii. Warranty (02 marks)
- b. Discuss five benefits an organization is likely to gain by investing in good corporate governance and the general rule is that, "only the principal can enforce, and can be held liable on a contract entered into by an agent". Explain five exceptions to this rule. (10 marks)
- c. Explain three conditions which are applied in a contract of sale of goods under the sale of Goods Act Chapter 31, Laws of Kenya. (06 marks)

QUESTION FOUR

- a. Explain the terms "unascertained goods" under the contract of sale of goods as provided for under the sale of goods Act Chapter 31, Laws of Kenya. (02 marks)
- b. Explain four modes of payment of price under the Contract of sale of goods. (08 marks)
- c. Enumerate the duties of the seller and buyer under the "C.I.F" contract. (10 marks)

QUESTION FIVE

- a. Enumerate five exceptions to the rule that "no man can sell goods and give a good title unless he is the owner". (10 marks)
- b. Discuss five rules regarding delivery of goods under the sale of goods Act. (10 marks)