



OFFICE OF THE DEPUTY CHANCELLOR
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 215

COURSE TITLE: BUSINESS LAW 11

DATE: 6th DECEMBER 2023

TIME: 9.00 A.M TO 12 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES
OVER

PLEASE TURN

MAIN EXAM

BBM 215: BUSINESS LAW 11

STREAM: BBM

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

QUESTION ONE

- (a) How true is it to say that in order for a contract to be discharged by performance, the performance must be precise and exact? (10 marks)
- (b) Annan agreed to paint Angela's house at an agreed price. When Annan had finished the work, Angela discovered that although most of the painting was satisfactory, Annan had forgotten to apply a coat of gloss paint on one of the doors. Annan fell ill and could not complete the work. Angela refused to pay Annan the contractual price, claiming that the contract had not been fully executed and that therefore he was entitled to be paid only a reasonable sum for the work he had actually undertaken. This, Annan claimed, was much less than the contract price. Advise Annan. (10 marks)
- (c) "A contract of insurance is a contract of *Uberrimae fidei* (utmost good faith)". Explain this statement. (5 marks)
- (d) What liability is imposed on the seller of goods as regards their merchantable quality and their fitness for the purpose of those goods? (5 marks)

QUESTION TWO

- (a) Discuss the ways in which a bill of exchange may be discharged. (6 marks)
- (b) Explain the characteristics of a promissory note. (6 marks)
- (c) Explain the various forms of a qualified acceptance of a bill of exchange. (8 marks)

Renouncing
non presentation of payment
Material alteration
Payment of due course
Cancellations
Acceptance of holder by maturity

Payable to order
Signed by drawer
Same person can be drawer and payee
Allowed

Local
Conditional
partial
Qualified as to time
acceptance by one or more drawers

QUESTION THREE

- (a) Simiyu wishes to buy his son a car as a birthday present. Wheeler-Dealer offers to sell to Simiyu a second-hand car explaining that the brakes need attention and that he would reduce the price to take account of this. Wheeler-Dealer says that he will take no responsibility for this or other defects. Simiyu accepts the offer without examining the car. If he had done so, he would have seen that the tyres were badly worn out. Simiyu drives away the car but because of defects it fails to negotiate a bend in the road. The car loses control, strikes a wall and is damaged beyond repair. Advise Simiyu of his rights, if any, against Wheeler-Dealer. (10 marks)
- (b) The Sale of Goods Act states that it is the duty of the seller to deliver goods and of the buyer to accept and pay for them in accordance with the terms of the contract of sale.
- (i) Explain the meaning and effect of this Act. (4 marks)
- (ii) Describe the seller's duties in connection with delivery and indicate what constitutes acceptance by the buyer. (6 marks)

QUESTION FOUR

- (a) In relation to the law governing insurance, explain five basic principles of insurance. (10 marks)
- (b) Explain five duties of a landlord in a tenancy agreement. (10 marks)

*maintain safe environment
Purchase renter's insurance
Clean environment*

*Respond to repairs
Properly store tenants security deposits*

QUESTION FIVE

- (a) In relation to the Law of Agency, explain five circumstances under which an agent may be held personally liable to third parties. (10 marks)
- (b) Raju appointed Kariuki to transport fresh fish from Mombasa to Nairobi. As Kariuki was preparing to leave Mombasa to Nairobi, it rained heavily and the Thange River Bridge was swept off. As a result, Kariuki chartered a flight to Nairobi to deliver the fish as he feared the fish would go bad and he was unable to immediately contact Raju. However, upon arrival in Nairobi and delivery of fish, Raju refused to reimburse Kariuki charges for the flight Kariuki intends to sue Raju. Advise him. (10 marks)