

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELORS OF BUSINESS
ADMINISTRATION**

2nd YEAR 2nd SEMESTER 2019/2020 ACADEMIC YEAR

MAIN CAMPUS

COURSE CODE: BEB 1202

COURSE TITLE: BUSINESS LAW II

EXAM VENUE:

STREAM:

DATE:

EXAM SESSION: JAN- APRIL 2020

TIME: 2 HOURS

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Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

1)

(a) Define the term 'goods' as used in the Sale of Goods Act and distinguish a contract for the sale of goods and a contract for Hire Purchase. (5 Marks)

(b) Explain the meaning of the legal maxim '*nemo dat quad non habet*' and any 5 exceptions. (5 marks)

- (c) Define what a Cheque is and in what ways may a cheque be crossed. (5 Marks)
- (d) What do you understand by the term, conditional sale agreement.(5mks)
- (e) Explain the rules that must be adhered to by a principal when ratifying acts of an agent. (10 Marks)

2)

(a) Kamau has worked for his employer for five years. Last week, he was asked to sign a document entitled '**Covenant Not to Compete**'. In this agreement Kamau promised not to compete with his employer, regarding accounts that he had serviced, for a period of two years after leaving. Kamau did not receive anything for signing this agreement. Where is the consideration? Is this agreement enforceable?

(7Marks)

(b) Benedette was asked by "Mr. Onyango" to find a buyer for his restaurant in exchange for a payment of 15% of the sales price if she found a buyer. Benedette did not have a real estate license nor did she claim to have one. She obtained a buyer and was paid one-half of the commission. Onyango refused to pay any more commission saying that he did not have to since Benedette did not have a realtor's license as required by state law. Is he correct? He also said that Benedette had to return the part of the commission that he had already paid to her. Expound on the legality of Mr. Onyango's actions?

(8Marks)

(c) Hassan Abdi, a 15-year old boy who looks older, just signed a contract joining a health club which has "dues" of Kshs. 5,000 a month. Is this contract valid?

(5Marks)

3)

(a) A valuable consideration, in the sense of the law, may consist either in some right, interest, profit or benefit accruing to the one party or some forbearance, detriment, loss or responsibility, given, suffered or undertaken by the other" Discuss this statement.

(20 Marks)

4)

(a) What do you understand by the term agency by ratification? What are the effects of ratification if any?

(10marks)

(b) Under what circumstances is a contract of guarantee automatically discharged?

(10 marks)