



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**

**SECOND YEAR EXAMINATION FOR THE AWARD OF**  
**THE DIPLOMA OF LAWS**  
**SECOND SEMESTER, 2023/2024**  
**(JANUARY-APRIL, 2024)**

**DLAW 0223: LAW OF BUSINESS ASSOCIATIONS**

**STREAM: Y2 S2**

**TIME: 2 HOURS**

**DAY: MONDAY, 12:00 – 2:00 P.M.**

**DATE: 08/04/2024**

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**INSTRUCTIONS**

- 1. Do not write anything on this question paper.**
- 2. Answer Question ONE and any TWO other Questions.**
- 3. Illustrate your answer with relevant cases and statutory provisions where applicable.**

**QUESTION ONE**

a) The purpose of a partnerships is to carry on business. It is also the relation between persons carrying on business in common with a view of making profit. With this in mind, deal with the following:

- i) Types of partners (2 marks)
- ii) Discuss essential elements of a partnership (8 marks)

b) State and explain the characteristics of a cooperative. (10 marks)

**QUESTION TWO**

a) “The greatest contribution attributed to cooperatives in Kenya’s social and economic development has been in the financial sector, where sacco and national financial cooperative organization, cooperative bank and Cooperative Insurance Company (CIC) hold substantial savings portfolio accounting for more than 31 percent of Kenya’s of Kenya’s gross national savings.”

From the excerpt above and your knowledge on Cooperatives, discuss the advantages of cooperatives. (10 marks)

- b) Analyze the Sacco societies Act bringing to fore at least two (2) legislative provisions through which the Legislator attempts to protect savings and deposits collected from unsuspecting members of the public by the deposit taking SACCOS. (10 marks)

### **QUESTION THREE**

Mr. Kapello, a partner in a law firm orders an expensive arm chair, saying that it is for the Partnership. His fellow partners did not authorize him to make the contract, or make any representation that had authority to make it and they have refused to be bound by it. Citing reasons explain;

- a) Who will be held liable on that contract. (5 marks)
- b) In what circumstances will fellow partners be liable for the individual tort of a partner? (5 marks)
- c) Highlight the advantages of a partnership. (10 marks)

### **QUESTION FOUR**

- a) Discuss two alternatives to winding up under the Insolvencies Act 2015 bringing out the pros and cons in each alternative. (15 marks)
- b) Discuss the advantages of a sole proprietorship. (5 marks)

### **QUESTION FIVE**

- a) Write short notes on the following (20 marks)
- i) Difference between general partnership and limited liability partnerships.
- ii) Duties of a cooperative.
- iii) the rights and various obligations that accrue the members of a cooperative
- iv) Disadvantages of sole proprietorship.