



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF THE
DEGREE OF BACHELOR OF LAWS
SECOND SEMESTER, 2023/2024
(JANUARY-APRIL, 2024)

LLBK 321: LAW OF BUSINESS ASSOCIATIONS II

STREAM: Y3 S2

TIME: 2 HOURS

DAY: FRIDAY, 12:00 – 2:00 P.M.

DATE: 05/04/2024

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

Bethuel, Mokeira, Emmaculate and Kimori (together the “winners”) have just received Kshs. 2,000,000 award from the Entrepreneurship Competition Board (ECB). The terms of the award is that all the award monies be invested into a business and that after 2 years of operations, 50% of the cumulative profits received from the business be paid back to the ECB. The ECB also require that the winners incorporate a business association and accompany the payment of the cumulative profits with a justification report on the business association formed.

- a) With your knowledge on ordinary partnerships, limited liability partnerships, and saccos, advise the winners on the best form of the business association to form. (5 marks).
- b) Premised on your advice above, the winners implement the same and are now required to submit the cumulative profit and a justification report on the business structure. Prepare the justification report. (15 marks).

- c) Assuming the winners opted to incorporate a limited liability company (LLC), bring out four legal rigidities or disadvantages they stand to suffer because of failing to take your advised route. (10 marks).

QUESTION TWO

Critically discuss the agency legal architecture present in the relationship between the Partner and the Partnership; and bring to the fore the limitations that can be visited on the agency relationship. (20 marks).

QUESTION THREE

Critically interrogate the functions and mandate of the Sacco Societies Regulatory Authority (SASRA) bringing to the fore the legislative justification for the establishment and operationalization of SASRA. (20 marks).

QUESTION FOUR

Propose at least four amendments, in total, to the Partnership Act No. 16 of 2012 and the Limited Liability Partnership Act No. 42 of 2011 legislative justifications for the proposed amendments. (20 marks).

QUESTION FIVE

Dichotomize the powers inherent in the General Meeting and the Committees in a cooperative society and bring to the fore the separation of roles in the two organs intended to promote good corporate governance. (20 marks).