



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

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MAY – AUGUST 2021

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REGULAR PROGRAMME

CLS 204: LAW OF PARTNERSHIPS AND COOPERATIVES

Date: AUGUST 2021

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

QUESTION ONE

a) Maina and Omondi organized and operated the Mwamko Firm. They agreed to share profits and losses equally. They also agreed to pay rent of either 18,000 Shillings a month or 2 percent of their gross revenues, whichever amount was greater, for use of Ogendo's building. In addition, Kerubo was hired as a manager for 25,000 Shillings a month plus 3 percent net profits. Are the four individuals partners in the Mwamko Firm?

(10 marks)

b) Maria, Rehema and Aisha are partners. Aisha, on behalf of the firm, contracted for the purchase of some goods from Jenny. As a reward for entering into the contract, Jenny gave a TV set to Aisha. Nahid did not mention this gift to Maria and Rehema, who have since found out about it. Advise Maria and Rehema.

(10 marks)

c) Ileri and Mugo are in a partnership as green-grocers. While negligently driving the firm's van to Thika on the firm's business, Ileri injured Murad. Murad is now suing the firm for damages and it is found out that Ileri is insolvent. Advise Mugo on the extent of his own liability and that of the firm.

(10 marks)

QUESTION TWO

Provide a critical analysis of only one development of cooperatives and cooperatives law in Kenya as per the list below:

- i. Sacco Societies Regulatory Authority (SASRA);
- ii. Ethics Commission for Co-operative Societies (ECCOS);
- iii. Sharia compliant co-operatives
- iv. East African Cooperative Societies Act 2015.

(20 Marks)

QUESTION THREE

Mrs. Kamau, who is a personal representative of Mr. Kamau, a deceased member of Kahawa Co-operative Society has discovered that the co-operative society owes Mr. Kamau, a debt of 10,000 Shillings. Unaware of any legal knowledge, in relation to this issue, she has come to your firm to seek your advice. Kahawa Co-operative Society claims that they have already cleared the debt when Mr. Wanjala was alive. Describe the procedure for solving the contested claims and suggest how the courts should determine the matter.

(20 Marks)

QUESTION FOUR

Discuss the legal status of the Cooperatives Tribunals in Kenya.

(20 Marks)

QUESTION FIVE

Discuss the concept of joint and several liability, and give instances which it comes into effect in partnerships.

(20 Marks)

END