

Name \_\_\_\_\_ Index No. \_\_\_\_\_ / \_\_\_\_\_

2906/106

2924/106

2903/106

**BUSINESS LAW****November 2015****Time: 3 hours**

Candidate's Signature \_\_\_\_\_

Date \_\_\_\_\_

**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN BUSINESS MANAGEMENT  
DIPLOMA IN INVESTMENT MANAGEMENT  
DIPLOMA IN SUPPLY CHAIN MANAGEMENT**

**MODULE I****BUSINESS LAW****3 hours****INSTRUCTIONS TO CANDIDATES***Write your name and index number in the spaces provided above.**Sign and write the date of examination in the spaces provided above.**This paper consists of **SEVEN** questions.**Answer any **FIVE** questions in the spaces provided in this question paper:**All questions carry equal marks.**Maximum marks for each question are as indicated.**Do **NOT** remove any pages from this booklet.**Candidates should answer the questions in English.***For Examiner's Use Only**

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

**This paper consists of 20 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.**

1. (a) Explain **six** rules of interpretation of statutes adopted by the courts in Kenya. (12 marks)
- (b) Outline **four** functions of the executive arm of the government. (8 marks)
2. (a) Distinguish between law and morality. (10 marks)
- (b) Linda who works as a cleaner in an office heard over the radio that the president was visiting their town. Based on this information, she entered into a contract with Wendan Traders for supply of 50 crates of soda to sell during the visit. The president's visit was factored as a term of contract. Subsequently, it was announced over the radio that the visit had been cancelled. Wendan Traders nevertheless, delivered the sodas to Linda but who declined to accept the delivery of the goods. Wendan Traders are aggrieved. Explain the legal position. (10 marks)
3. (a) Explain **five** types of mistakes that may invalidate a contract. (10 marks)
- (b) Linet made an offer to Kevote, an employee of Deko Limited, to sell a photocopying machine to the company. Kevote, without the authority of the company, accepted the offer on the same day it was made. He then briefed the management of the company about the contract which ratified the contract. Two days later, Linet sent a letter of revocation of the contract to the company and declined to deliver the photocopying machine. Deko limited is aggrieved Explain the legal position of this case. (10 marks)
4. (a) Explain **five** defences available to a defendant in a suit of nuisance. (10 marks)
- (b) Outline **five** functions of the rent tribunal. (10 marks)
5. (a) Explain **five** types of agents. (10 marks)
- (b) Juma, a neighbour to Merida, noted a big fire in Merida's house. He broke the main door in order to put off the fire. When he entered the house, he noted that the fire was coming from one of the bedrooms whose door was also locked. He then broke the bedroom door and put off the fire. Merida is aggrieved and intends to sue Juma for the damage of her doors. Explain the legal position of this case. (10 marks)
6. (a) In relation to the law of property, explain **four** ways in which co-ownership may be terminated. (8 marks)
- (b) Highlight **six** responsibilities of an employer to the employee. (12 marks)

