

2903/106
2906/106
2924/106
BUSINESS LAW
July 2016
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL
DIPLOMA IN SUPPLY CHAIN MANAGEMENT
DIPLOMA IN BUSINESS MANAGEMENT
DIPLOMA IN INVESTMENT MANAGEMENT

BUSINESS LAW

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of SEVEN questions.

Answer question 1 and any other FOUR questions in the answer booklet provided.

All questions carry equal marks.

Candidates should answer the questions in English.

This paper consists of 2 printed pages.

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

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Turn over

1. (a) Explain **five** differences between common law and the doctrines of equity. (10 marks)
- (b) In relation to the law of contract, explain **five** rules of consideration. (10 marks)
2. (a) Explain **five** circumstances under which the authority of an agent may be terminated. (10 marks)
- (b) Highlight **five** functions of the Employment and Labour Relations Court (ELRC), formally the industrial court. (10 marks)
3. (a) In relation to the law of property, explain **four** ways in which co-ownership may be terminated. (8 marks)
- (b) Explain **six** ways in which the independence of the judiciary is guaranteed. (12 marks)
4. (a) Linda Nduti, had authority to buy horticultural goods on behalf of her principal. Without consulting her principal, she bought goods which were not in good condition. Soon after, the goods got damaged and the principal suffered heavy losses. The principal holds her liable for the loss. Explain the legal principles in this case. (10 marks)
- (b) Explain **five** remedies to trespass to land. (10 marks)
5. (a) Explain **five** grounds that may justify the termination of employment by an employer. (10 marks)
- (b) James Mwaria owed Ksh. 20,000.00 to Paten Traders. Paten, the promoter of Paten Traders, threatened to sue James for non-payment of the debt. The father of James, who became aware of this threat offered to pay Ksh. 18,000.00 to Paten in full settlement of the debt. Paten agreed to this offer and accepted the amount. Two months later, Paten Traders intends to take an action against James for the balance of Ksh. 2,000.00. Explain the legal principles applicable in this case. (10 marks)
6. (a) Explain **six** duties of a personal representative of a deceased person's estate. (12 marks)
- (b) Ben Kimati had leased out the premises of Lenda Estates for five years. In the fourth year of the lease, Ben was declared bankrupt. Lenda, aware of the bankruptcy declaration, gave Ben a notice to vacate the premises, which Ben ignored. Explain the legal principles involved in this case. (8 marks)
7. (a) Explain **four** elements of defamation. (8 marks)
- (b) Explain the jurisdiction of the Supreme Court. (12 marks)