



**kasneb**

**ATD LEVEL I**

**DCM LEVEL I**

**PRINCIPLES OF BUSINESS LAW**

**MONDAY: 20 May 2019.**

**Time Allowed: 3 hours.**

**Answer any FIVE questions.**

**ALL questions carry equal marks.**

**QUESTION ONE**

- (a) Paul Mbabu appointed Andrew Bata as his estate agent. Andrew has since received a notice from Paul threatening to dismiss him for allegedly breaching his fiduciary duties. Andrew is ignorant about these duties and approaches you for advice.

In light of the above facts:

- (i) Explain to Andrew Bata six fiduciary duties of an agent. (6 marks)
- (ii) Outline two contractual duties of the principal. (4 marks)
- (b) In the context of partnerships:
- (i) State five ways through which a partner might exercise his apparent authority. (5 marks)
- (ii) Summarise five circumstances when a partnership might automatically terminate without a court order. (5 marks)

**(Total: 20 marks)**

**QUESTION TWO**

- (a) (i) Explain the term “supremacy of the constitution”. (6 marks)
- (ii) Distinguish between a “Republican” and “Monarchical” constitution. (4 marks)
- (b) (i) Summarise six legal ways through which a person might lose ownership of property. (6 marks)
- (ii) Outline four circumstances through which a leasehold ownership might be terminated. (4 marks)

**(Total: 20 marks)**

**QUESTION THREE**

- (a) Describe three types of domicile. (6 marks)
- (b) Explain three criticisms levelled against the doctrine of separation of powers. (6 marks)
- (c) Distinguish between a “company” and a “partnership”. (8 marks)

**(Total: 20 marks)**

**QUESTION FOUR**

- (a) With reference to hire purchase law:
- (i) Outline six characteristics of a hire purchase agreement. (6 marks)
- (ii) Explain two effects of not registering a hire purchase agreement. (4 marks)
- (b) Describe the jurisdiction of the High Court in your country. (10 marks)

**(Total: 20 marks)**

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**QUESTION FIVE**

- (a) Explain three advantages of a contract of guarantee. (6 marks)
  - (b) List four principles that govern a contract of insurance, other than subrogation. (4 marks)
  - (c) In relation to offers under the law of contract, describe five methods of accepting an offer. (10 marks)
- (Total: 20 marks)**

**QUESTION SIX**

- (a) Explain the three elements of the tort of negligence. (6 marks)
  - (b) Describe four factors that might invalidate a contract under the law of contract. (8 marks)
  - (c) Highlight three conditions that must be met for the doctrine of subrogation to apply in a contract of insurance. (6 marks)
- (Total: 20 marks)**

**QUESTION SEVEN**

- (a) Explain three conditions implied in a contract of sale of goods by sample. (6 marks)
  - (b) Discuss three advantages of a bill of exchange. (6 marks)
  - (c) State four advantages of mediation over arbitration. (4 marks)
  - (d) State four types of intellectual property. (4 marks)
- (Total: 20 marks)**
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