

2903/106  
2906/106  
2907/106  
2924/106  
**BUSINESS LAW**  
**July 2017**  
**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**  
**DIPLOMA IN SUPPLY CHAIN MANAGEMENT**  
**DIPLOMA IN BUSINESS MANAGEMENT**  
**DIPLOMA IN CO-OPERATIVE MANAGEMENT**  
**DIPLOMA IN INVESTMENT MANAGEMENT**

**MODULE I**

**BUSINESS LAW**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of **SEVEN** questions.*  
*Answer any **FIVE** questions in the answer booklet provided.*  
*All questions carry equal marks.*  
*Candidates should answer the questions in English.*

**This paper consists of 3 printed pages.**

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

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**Turn over**

1. (a) (i) Outline **four** features of each of the following types of contracts:
- (I) Simple contracts;  
 (II) Contract of record. (8 marks)
- (ii) State **four** contracts that must be supported by written evidence. (4 marks)
- (b) Explain the following classes of agents:
- (i) Factor;  
 (ii) Delcredere agent;  
 (iii) Universal agent;  
 (iv) Special agent. (8 marks)
2. (a) (i) Explain each of the following defences against tort:
- (I) Private defence;  
 (II) Inevitable accident;  
 (III) Statutory authority. (6 marks)
- (ii) Jared was standing next to a shop at 10.00 p.m., when he was arrested by a policeman on suspicion of being a thief. Outline a suitable line of defence that Jared may use in a court of law. (4 marks)
- (b) (i) Outline **two** distinctions between statute law and common law. (4 marks)
- (ii) Outline **three** factors that have encouraged the application of judicial precedents in Kenya, in determining court cases. (6 marks)
3. (a) (i) Highlight **three** ways of safeguarding the validity of a written will. (6 marks)
- (ii) Explain **three** ways by which a testator may revoke his will. (6 marks)
- (b) Outline **five** functions of the President as stipulated in the Constitution of Kenya. (8 marks)
4. (a) (i) Distinguish between:
- (I) real property and personal property;  
 (II) public property and private property. (8 marks)

- (ii) Explain the process of acquiring property through the following ways:
- (I) Operation of law;
- (II) Accession. (4 marks)
- (b) Explain five reasons why the High Court of Kenya may order an inferior court to present to it the records of proceedings. (8 marks)
5. (a) Describe the operation of the law of tort with regard to diplomats. (10 marks)
- (b) Highlight five responsibilities of an employer under a contract of employment. (10 marks)
6. (a) Explain five characteristics of a valid offer. (10 marks)
- (b) Explain five differences between a bill of exchange and a cheque. (10 marks)
7. (a) (i) Explain four rules that govern the validity of gifts in contemplation of death. (8 marks)
- (ii) Laswa contemplated death following an illness and therefore decided to leave his property as a gift to two relatives just in case. State the effect if:
- (I) Laswa later committed suicide;
- (II) Laswa finally recovered from the illness. (4 marks)
- (b) (i) Outline the remedies available in a civil wrong. (6 marks)
- (ii) State two kinds of civil wrongs. (2 marks)

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