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**BUSINESS LAW**

**July 2018**

**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  
DIPLOMA IN HUMAN RESOURCE 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.**

1. (a) Explain **five** ways in which operation of law terminates agency. (10 marks)
- (b) One of the key functions of the National Assembly is to make law. Explain **five** circumstances under which the National Assembly may undertake this mandate. (10 marks)
2. (a) Explain **five** rights of a tenant as against the landlord. (10 marks)
- (b) Explain **five** functions of the Supreme Court of Kenya. (10 marks)
3. (a) Explain **six** conditions that must be fulfilled for agency by ratification to arise. (12 marks)
- (b) Meritus and Wiber entered into a contract which Wiber was to sell a parcel of land to Meritus at Ksh. 1 M. The amount was payable over five months in equal instalments. Before the last instalment was paid, the government announced that all land in that area was to be compulsorily acquired for the construction of a dam. Meritus is aggrieved that the parcel of land would no longer be available to him. He intends to sue Wiber for breach of contract.  
  
Outline the legal principles applicable in this case. (8 marks)
4. (a) Highlight **six** grounds upon which gifts in contemplation of death would be valid. (12 marks)
- (b) Outline **four** differences between slander and libel. (8 marks)
5. (a) Explain **six** instances when an employee may by his conduct breach his obligations under contract of service. (12 marks)
- (b) Jane and Moses were friends for many years, however, Jane decided to terminate the relationship. She broke the news to Moses during his next visit. Moses, annoyed that Jane had broken their relationship stormed out of Jane's house and locked the door from outside. Twenty minutes later, Jane decided to walk out of her house only to realise that the door had been locked. After three hours of confinement, she used the window to get out. She is aggrieved and intends to sue Moses for the inconvenience caused to her. Explain the legal principles applicable in this case. (8 marks)
6. (a) Highlight **five** powers that may be exercised by the President of Kenya. (10 marks)
- (b) Outline **five** mistakes that may invalidate a contract. (10 marks)

7. (a) Outline **six** circumstances under which a judicial precedent may not bind a court of law. (12 marks)
- (b) Explain **four** ways in which a will may be revoked. (8 marks)

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