

Name: \_\_\_\_\_

Index No: \_\_\_\_\_

2906/205  
**COMMERCIAL AND  
 ADMINISTRATIVE LAW**  
 July 2015  
 Time: 3 hours

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

Date: \_\_\_\_\_



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN BUSINESS MANAGEMENT**

**MODULE II**

**COMMERCIAL AND ADMINISTRATIVE LAW**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*Write your name and index number in the spaces provided above.*

*Sign and write the date of the 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.*

*Do **NOT** remove any pages from this question paper.*

*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 16 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** essential requirements of a valid bill of exchange. (10 marks)  
(b) Explain the circumstances under which a collecting bank may be deemed to have acted negligently. (10 marks)
2. (a) Explain **five** implied rights of a partner in a partnership. (10 marks)  
(b) Explain the obligations of the lessee under a lease agreement. (10 marks)
3. (a) Explain the circumstances under which a court may adjudicate a debtor bankrupt. (8 marks)  
(b) Explain the legal significance of each of the following principles of insurance:
  - (i) contribution;
  - (ii) subrogation
  - (iii) insurable interest(12 marks)
4. (a) Explain **five** circumstances under which a company may, by a special resolution, alter the objects in its memorandum. (10 marks)  
(b) Ashiq, a shareholder intends to file a suit against Harado Ltd. in connection with a dispute as to his expulsion from the company. The Articles of Association of the company provides for the reference of disputes between a member and the company to arbitration.
  - (i) Explain the legal principles applicable in this case.
  - (ii) Advise Ashiq. (10 marks)
5. (a) Explain the circumstances under which the High court may declare delegated legislation invalid. (10 marks)  
(b) Parliament may be called upon to address abuse of power by an administrative body.
  - (i) Explain the ways by which parliament may be called upon to address the abuse. (6 marks)
  - (ii) Explain the effectiveness of each of the methods in (i) above. (4 marks)

6. (a) In relation to the public security Act, Cap 57 laws of Kenya.
- (i) Outline the circumstances under which a member of the security forces may use arms against a person in a prescribed area. (4 marks)
  - (ii) Outline **three** issues that constitute preservation of public security. (6 marks)
- (b) Nimrod obtained permission from the commissioner of police to hold a race meeting at the Kwa Wote grounds on 15 March 2002 in compliance with the provisions of Cap 56 laws of Kenya. Two days before the meeting, the commissioner of police learnt that a rival group calling itself MATATA planned to disrupt the meeting and beat the members of Nimrod group. Nimrod group have however, vowed to go ahead with their planned meeting irrespective of the threats. In view of the above facts.
- (i) Explain the legal steps the commissioner of police may take to avert confrontation between the MATATA group and Nimrod group. (4 marks)
  - (ii) In the event that Nimrod group goes ahead with the intended meeting. Give your advice to the commissioner of police. (6 marks)
7. (a) The constitution of Kenya protects persons from forced labour. There are however occasions when forced labour may be justified. Describe such occasions. (10 marks)
- (b) Explain the circumstances under which the discretionary remedy of declaration may be granted. (10 marks)