

Name _____ Index No. _____ / _____

2906/106
BUSINESS LAW
 July 2015
 Time: 3 hours

Candidate's Signature _____

Date _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN BUSINESS MANAGEMENT
 MODULE 1**

BUSINESS 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 **six** points of distinction between a sub-agent and a substituted agent. (12 marks)
- (b) The relationship of agency is based upon a contract. Explain **four** essentials of a contract of agency. (8 marks)
2. (a) In relation to the Law of Contract, outline **four** points of distinction between liquidated damages and a penalty. (8 marks)
- (b) Explain **three** circumstances under which the remedy of specific performance may be granted by a court. (6 marks)
- (c) For the doctrine of frustration of a contract to apply, **three** conditions must be satisfied. Outline these conditions. (6 marks)
3. In relation to the law governing employment:
 - (a) Explain deductions which an employer may lawfully effect from an employee's salary. (12 marks)
 - (b) Outline **four** reasons which may lead to summary dismissal of an employee. (8 marks)
4. (a) Explain the shortcomings of delegated legislation. (10 marks)
- (b) Outline the advantages of administration tribunals. (10 marks)
5. (a) Explain **five** functions of the Constitution of Kenya. (10 marks)
- (b) In relation to the arms of government of Kenya, explain the doctrine of separation of powers. (10 marks)
6. In relation to the law of Torts:
 - (a) Explain circumstances when the defence of absolute privilege may be pleaded. (12 marks)
 - (b) Outline **four** circumstances when slander is actionable *per se*. (8 marks)
7. (a) In relation to the law of succession, outline the characteristics of a valid will. (10 marks)
- (b) In relation to the law of succession, outline **five** particulars to be set out in an application for letters of administration. (10 marks)