

2906/205

**COMMERCIAL AND ADMINISTRATIVE LAW**

**July 2019**

**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN BUSINESS MANAGEMENT**

**MODULE II**

**COMMERCIAL AND ADMINISTRATIVE 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) Outline **six** disabilities of a limited partner. (12 marks)
- (b) Highlight **four** functions of administrative law. (8 marks)
2. (a) Explain **six** essentials of a contract of insurance. (12 marks)
- (b) Besa purchased four vacuum cleaners from a local shop. In the shop was a notice informing customers to inspect goods before they leave with them. Besa was seemingly more interested in the colour. He picked four blue vacuum cleaners, paid for them and left. He later realised that two of the vacuum cleaners were defective when he tried using them. However, when he returned them to the shop for replacement, the shopkeeper declined. Besa is aggrieved and intends to take legal action against the shopkeeper. Explain the legal principles in this case. (8 marks)
3. (a) In relation to a contract of guarantee, explain:
  - (i) **three** rights of a guarantor against the creditor; (6 marks)
  - (ii) **three** rights of a guarantor against the debtor. (6 marks)
- (b) The authority of a banker to pay a cheque drawn on the bank by a customer is terminated under certain circumstances. Explain **four** such circumstances. (8 marks)
4. (a) In relation to the law of bankruptcy, explain **four** disabilities of an undischarged bankrupt. (8 marks)
- (b) Outline **six** reasons that may lead to a businessman preferring to settle a commercial dispute through arbitration rather than through a court of law. (12 marks)
5. (a) Highlight **five** instances when a director of a company shall vacate his office. (10 marks)
- (b) Outline **five** forms of errors that may occur in the administration of law. (10 marks)
6. (a) Winnie delivered her gold bracelet to Patel's shop for polishing. The agreement was for Winnie to collect it in two day's time. The following day, one of Patel's workers stole the bracelet and quit employment. After two days, Winnie went to collect her bracelet as they had earlier agreed. However, Patel was unable to handover the bracelet to Winnie as it had been stolen. Winnie intends to take legal action against Patel. Explain the legal principles applicable in this case. (8 marks)
- (b) Outline **six** reasons that make it necessary to have national legislation in Kenya. (12 marks)

7. (a) Explain **five** shortcomings of delegated legislation. (10 marks)
- (b) Outline **five** factors that should be considered by a tribunal in deciding to allow legal representation to parties in a dispute. (10 marks)

**THIS IS THE LAST PRINTED PAGE.**