

2906/205  
COMMERCIAL AND  
ADMINISTRATIVE LAW  
November 2022  
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.**

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Turn over

1. (a) Explain **five** disadvantages of delegated legislation as a source of law. (10 marks)
- (b) Highlight **five** circumstances under which a court may wind up a partnership business. (10 marks)
2. (a) Outline **six** differences between a cheque and a bill of exchange. (12 marks)
- (b) In relation to the law of carriage, highlight **four** duties of a common carrier. (8 marks)
3. (a) Highlight **five** disabilities of an undischarged bankrupt. (10 marks)
- (b) Lubendi ordered for five sacks of pishori rice from Maira Traders. Upon delivery, Lubendi accepted the rice and paid the price by Mpesa. Two days later, Lubendi called Maira Traders, saying that she is returning the rice because most of the rice grains had crushed and wants to be refunded her money. However, Maira Traders held that they would neither take back the rice nor refund the money. Lubendi is aggrieved and intends to file a suit against Maira Traders. Explain the legal principles applicable in this case. (10 marks)
4. (a) Outline **five** rights of a guarantor against the creditor. (10 marks)
- (b) Highlight the functions of each of the following: (6 marks)
- (i) County Assembly; (4 marks)
- (ii) County Executive. (10 marks)
5. (a) Explain **five** categories of administrative functions. (10 marks)
- (b) Morris insured his house against fire with Desny Insurance Company. Before the insurance cover expired, Morris sold the house to Tony. Tony was aware that Morris had insured the house. However, Morris failed to inform Desny Insurance Company that the ownership of the house had changed. Two months later, the house got substantially damaged by fire. Tony claimed compensation from Desny Insurance Company but the insurer declined. Tony is aggrieved and intends to sue the insurer for compensation. Explain the legal principles applicable in this case. (10 marks)

6. (a) Outline five reasons that would make a court to set aside an arbitral award. (10 marks)
- (b) Outline five consequences of winding up a company. (10 marks)
7. (a) Explain five ways in which a contract of bailment may be discharged. (10 marks)
- (b) Outline five principles of natural justice that govern procedure and conduct of administrative bodies. (10 marks)

**THIS IS THE LAST PRINTED PAGE.**

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