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**BUSINESS LAW**

**November 2022**

**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 ENTREPRENEURSHIP  
DIPLOMA IN HUMAN RESOURCE MANAGEMENT**

**MODULE I**

**BUSINESS LAW**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper has 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 **four** circumstances under which African customary law is applicable in Kenyan courts. (8 marks)
- (b) A principal is generally liable for the acts of the agent. Outline **six** exceptions to this rule. (12 marks)
2. (a) Explain **five** defences available to a person sued under the rule of Rylands vs Fletcher. (10 marks)
- (b) In relation to the law of contract, highlight **five** rules that the courts apply to distinguish liquidated damages from penalties. (10 marks)
3. (a) In relation to the law for succession, explain **five** characteristics of a will. (10 marks)
- (b) Explain **five** ways in which the supremacy of the constitution of Kenya is manifested. (10 marks)
4. (a) In relation to the law of property:
  - (i) explain **three** ways in which ownership may be acquired; (6 marks)
  - (ii) outline **two** characteristics that distinguish possession from ownership. (4 marks)
- (b) Waire entered into contract with Riuki Contractors in which Riuki Contractors was to construct a house for Waire. They expressly agreed that the house should be completed within four months. By the end of the four months, Riuki contractors had only done half of the work. Waire is aggrieved and intends to file a suit against Riuki Contractors.  
 Explain the legal principles that are relevant to this case. (10 marks)
5. (a) Explain **five** grounds that may justify summary dismissal of an employee from employment. (10 marks)
- (b) Jackson sneaked into Maiba's compound at dawn with the intention of stealing mangoes from a mango tree within the compound. As Jackson walked towards the tree, he fell into an open pit dug by Maiba to construct a latrine. Maiba found him still inside the pit, with a broken leg, where he confessed his intentions.  
 Explain whether Maiba can successfully sue Jackson for trespass. (10 marks)

6. (a) Explain **four** duties of an advocate in Kenya. (8 marks)
- (b) A married woman has authority to act as her husband's agent to take necessities on credit. Highlight **six** instances when such authority may come to an end. (12 marks)
7. (a) Outline **six** functions of the rent tribunal. (12 marks)
- (b) Outline **four** rights that the constitution of Kenya guarantees an individual. (8 marks)

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