



ATD LEVEL I

DCM LEVEL I

**PRINCIPLES OF BUSINESS LAW**

**MONDAY: 30 August 2021.**

**Time Allowed: 3 hours.**

**Answer any FIVE questions.**

**ALL questions carry equal marks.**

**QUESTION ONE**

- (a) With reference to the law of agency:
- (i) Define the term “agency by estoppel”. (2 marks)
  - (ii) State four requirements for agency by estoppel to arise. (4 marks)
  - (iii) Outline four duties owed by an agent to the principal. (4 marks)
- (b) Discuss five circumstances under which a buyer of goods might acquire a good title despite the seller not being the owner of the goods nor having the authority of the owner to sell. (10 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) Distinguish between “codification” and “consolidation” of law with an example of each. (4 marks)
- (b) Describe six roles played by law in a business. (6 marks)
- (c) With respect to the law of torts:
- (i) Explain the rule in **Rylands v. Fletcher**. (4 marks)
  - (ii) Outline three defences available to a person sued in an action under this rule. (6 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) With reference to alternative dispute resolution:
- (i) Explain five qualities of an effective mediation process. (5 marks)
  - (ii) Describe five powers of an arbitrator. (5 marks)
- (b) Define the term “contractual capacity”. (4 marks)
- (c) Past consideration is generally not good consideration to support a contractual claim. There are however, certain circumstances when past consideration is sufficient to support a contractual claim.
- Describe three of these circumstances. (6 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) Describe five advantages of carrying on a business as a partnership as opposed to a limited liability company. (10 marks)
  - (b) List four characteristics of a contract of guarantee. (4 marks)
  - (c) Explain in three ways the meaning of the phrase “rule of law” as used in administrative law. (6 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Describe five essential elements of a contract of insurance. (10 marks)
  - (b) Highlight five criteria necessary for a custom to be applicable as law. (10 marks)
- (Total: 20 marks)**

**QUESTION SIX**

- (a) With reference to the supervisory jurisdiction of the High Court:
    - (i) Define the term “certiorari”. (2 marks)
    - (ii) Describe three reasons why the High Court might issue an order of certiorari. (6 marks)
  - (b)
    - (i) Identify four categories of incompetent persons under the law of contract. (4 marks)
    - (ii) Discuss four requirements for a hire purchase agreement to be valid. (8 marks)
- (Total: 20 marks)**

**QUESTION SEVEN**

- (a) In the context of negotiable instruments:
    - (i) Highlight three obligations of a banker. (6 marks)
    - (ii) Describe two essential characteristics of a valid endorsement of a bill of exchange. (4 marks)
  - (b) Servitudes are rights over the property of another and might be either “easements” or “profits a prendre”.  
In light of the above statement:
    - (i) Highlight three ways through which servitudes could be acquired. (6 marks)
    - (ii) Explain the meaning of the phrase “profits a prendre”. (4 marks)
- (Total: 20 marks)**
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