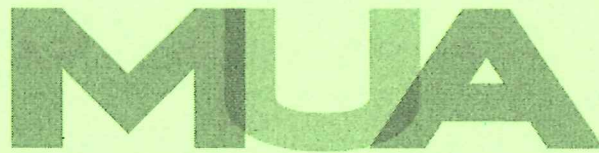


The
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CERTIFICATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
CERTIFICATE IN INTERNATIONAL RELATIONS AND
DIPLOMACY/ CERTIFICATE IN
ENTREPRENEURSHIP/CERTIFICATE IN MANAGEMENT AND
LEADERSHIP

**CIR 101/ CML 104/CES 102: FOUNDATIONS OF BUSINESS LAW/
INTRODUCTION TO BUSINESS LAW AND
ETHICS**

DATE: 1ST APRIL 2025

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **FOUR** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

An “agent” is a person employed to do any act for another or to represent another in dealings with third persons. The person for whom such act is done, or who is so represented, is called the “principal. The relationship between agents and third parties is influenced by a disclosed principal, a principal whose identity is known to the third party. If an agent discloses the principal, he can be held personally responsible if the agent exceeds his/her authority. It is important that the principal and the third-party posse's contractual capacity but is immaterial whether the agent himself has contractual capacity or not.

An agency may be created by contract or agreement, referred to as express agreement. Agency may also arise by implication or by necessity. Where a duly appointed agent exceeds his authority or having no authority purports to act as an agent, the principal is not bound. Regardless of the way the agency is created, both the agent and the principal must be bound by their duty to each other. For instance, an agent must carry out his principals’ lawful instructions, he must exercise reasonable care and skill in the performance of his duties, and he must act in good faith and for the benefit of his principal. On the other hand, the principal must pay the agent the commission or other remuneration that has been agreed upon and he must indemnify the agent for losses and liabilities incurred by him in the course of the agency. Agency can be categorized as either a general agent, a special agent or as a universal agent.

Required:

- a) Define the following as used in the law of agency
 - i. An agent (1 Mark)
 - ii. A principal (1 Mark)
- b) With regards to the above case, discuss four ways through which an agency may be created (8 marks)
- c) From the case study both the agent and the principal are bound by duties to each other. Mention six duties of an agent to his/her principal (6 marks)
- d) List four duties of a principal to his/her agent (4marks)

- e) Examine three general categories of agents (6marks)
- f) Identify four alternative ways that may be used to solve matters in case of breach of contract (4marks)

QUESTION TWO

- a) Explain any five contracts that must be supported by written evidence otherwise they are unenforceable (5 marks)
- b) Discuss five factors that may affect the validity of a contract (5 marks)

QUESTION THREE

- a) Assess seven duties of an employer to his/her employee (7 marks)
- b) Explain three ways of termination of an agency (3 marks)

QUESTION FOUR

- a) With the aid of a diagram, describe the hierarchy of the Kenyan courts(10 marks)

QUESTION FIVE

- a) The doctrine of equity was created to guide the court in coming up with fair decisions. Identify the five maxims of equity under this doctrine (5 marks)
- b) Highlight five features of a sole trader in sole proprietorship form of business (5 marks)

QUESTION SIX

- a) Define a simple contract (1mark)
- b) Examine five essential features of a specialty contract or contract under deed (5 marks)
- c) Differentiate between criminal law and civil law and state one type of punishment/remedy for each (4 marks)

