



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS 2018/2019 ACADEMIC YEAR *FIRST YEAR FIRST SEMESTER*

SCHOOL OF BUSINESS AND ECONOMICS BACHELOR OF SCIENCE IN HUMAN RESOURCE MANAGEMENT

COURSE CODE: BHR 1104

COURSE TITLE: COMMERCIAL LAW

DATE: 29TH APRIL 2019

TIME: 14.30-16.30HRS

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

*This paper consists of **TWO** printed pages. Please turn over.*

QUESTION ONE

- (a) Alex is in the business of selling and buying second hand vehicles. The vehicles are usually displayed at a large yard located at Ngong Road in Nairobi. Alex also receives and sells cars on commission. In August 2018 Janet went into Alex's yard and saw a car which she wanted to buy. The owner of the car, Max, had left it with Alex with instructions that Alex was to obtain "good Offers" but that Alex was not to accept any offer without consulting with Max. Unfortunately Max had forgotten the Cars Logbook in the car's glove compartment. Using this document and pretending to be Max, Alex sold the car to Janet. Janet paid the full purchase price in cash. She also obtained from Alex (who was pretending to be Max) the car's logbook together with a transfer agreement. Janet did not however drive away the car on that day as she was travelling to naivasha. On the same day in the afternoon, Max came and took away the car telling Alex that he had changed his mind and that he was no longer interested in selling it. Upon returning Janet made several attempts to collect the car from Alex. She has now discovered what transpired but is not sure what to do.

Required: identify and discuss all the legal issues raised in the above fact pattern. **(10 marks)**

- (b) State the principles on which remedies are awarded. **(7 marks)**
(c) Briefly explain the remedies that are available to an aggrieved party on the breach of contract. **(8 marks)**

QUESTION TWO

- (a) What is the scope of mercantile law? **(5 marks)**
(b) Explain the main sources of mercantile law in Kenya. **(10 marks)**

QUESTION THREE

- (a) Explain the legal rules governing a valid offer? **(8 marks)**
(b) State the different ways in which an offer lapses. **(7 marks)**

QUESTION FOUR

- (a) State the principles on which remedies are awarded. **(7 marks)**
(b) Briefly explain the remedies that are available to an aggrieved party on the breach of contract. **(8 marks)**

QUESTION FIVE

- (a) state the essentials of a valid ratification. **(9 marks)**
(b) explain the following in brief: (i) void contracts **(2 marks)**
(ii) voidable contracts **(2 marks)**
(iii) binding contracts **(2 marks)**