

Name: _____ Index No. _____ / _____

2902/203

3174

LEGAL ASPECTS OF SALES
AND MARKETING

November 2015

Time: 3 hours

Candidate's Signature: _____

Date: _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN SALES AND MARKETING
BUSINESS SINGLE AND GROUP EXAMINATIONS STAGE III**

LEGAL ASPECTS OF SALES AND MARKETING

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.

Sign and write the date of the examination in the spaces provided above.

This paper consists of SEVEN questions.

Answer any FIVE questions in the spaces provided in this question paper.

All questions carry equal marks.

Maximum marks for each part of a question are as shown.

Do NOT remove any pages from this booklet.

Candidates should answer the questions in English.

For Examiner's Use Only

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

This paper consists of 16 printed pages.

**Candidates should check the question paper to ascertain that
all the pages are printed as indicated and that no questions are missing.**

1. (a) In relation to the law of contract, explain **six** ways in which a contract may be discharged. (12 marks)
- (b) On 1st January 2015, Kama made an offer to Njoro, an agent to Mr. Charo, to buy Charo's car at Ksh850,000. On 5th January 2015, Njoro accepted the offer. However, Njoro had no actual or apparent authority from Charo to sell the car. On 8th January 2015, Kama wrote to Njoro informing him that he will not buy the car. He also informed Charo that he no longer needed to purchase the car. But on 10th January, Charo ratified the acceptance of Njoro. Advise Kama if he was bound by the contract. (8 marks)
2. (a) Highlight **four** differences between an insurance contract and a wagering agreement. (8 marks)
- (b) Explain **six** ways through which consumer protection may be achieved by government initiated methods. (12 marks)
3. (a) Explain **four** circumstances under which one is considered to be a holder of a cheque in due course. (8 marks)
- (b) In relation to a contract for the sale of goods, explain **six** rights of a buyer. (12 marks)
4. (a) Explain **five** remedies available to an aggrieved party for the breach of contract. (10 marks)
- (b) Explain **five** characteristics of a contract for the sale of goods. (10 marks)
5. (a) Explain **four** types of endorsement of a bill of exchange. (8 marks)
- (b) In relation to a hire purchase agreement, explain **six** duties of a hirer. (12 marks)
6. (a) Explain **four** circumstances under which an agent may incur personal liability. (8 marks)
- (b) As regards the law of carriage of goods, outline **six** differences between a bill of lading and charter party. (12 marks)
7. (a) Explain **four** reasons that make arbitration preferable to litigation in dispute resolution. (8 marks)
- (b) (i) Explain the meaning of the following terms:
 - Indemnity;
 - Under insurance. (4 marks)
- (ii) Saka insured his car worth Ksh800,000 with company A for Ksh600,000. The car had an accident and repair costs amounted to Ksh300,000. Determine the amount that Saka can get for compensation from company A. (8 marks)