

2902/203  
3174  
LEGAL ASPECTS IN SALES AND  
MARKETING  
November 2022  
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN SALES AND MARKETING  
MODULE II  
BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE  
EXAMINATIONS  
STAGE III**

LEGAL ASPECTS IN SALES AND MARKETING

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of SEVEN questions.  
Answer 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.**

1. (a) Explain **five** vitiating elements that affect the validity of a contract. (10 marks)
- (b) Explain **five** circumstances under which an agent may be held personally liable for contract made on behalf of the principal. (10 marks)
2. (a) (i) Highlight **two** purposes of registering a hire purchase agreement. (4 marks)
- (ii) Highlight **three** reasons why the Registrar of Hire purchase may refuse to register a hire purchase agreement. (6 marks)
- (b) Outline **five** characteristics of a contract of guarantee. (10 marks)
3. (a) Explain **five** instances when a contract is discharged by performance even where performance was not complete and precise. (10 marks)
- (b) Highlight **five** rules relating to presentation of a bill of exchange to the drawee for acceptance. (10 marks)
4. (a) Explain **six** reasons why parties to a commercial dispute may refer their case to an arbitrator. (12 marks)
- (b) Ndambi ordered 50 bags of sugar from Riziki wholesalers and immediately paid the price. Riziki wholesalers delivered 35 bags to Ndambi who refused to take delivery. Ndambi demanded to recover from the wholesaler the price paid for sugar but Riziki wholesalers insisted they could only refund the price of the 15 bags not supplied. Ndambi intends to enforce recovery of the total price paid through legal action.  
  
Explain the legal principles applicable in this case. (8 marks)
5. (a) Highlight **six** circumstances when the doctrine of caveat emptor does not apply. (12 marks)
- (b) Collins drew a bill of exchange payable to "William or order". Roney, Collins', Manager stole it, forged Collins', endorsement and then endorsed it to Walter. Walter took the bill for value and in good faith.  
Explain the legal principles applicable in this case. (8 marks)

6. (a) In relation to carriage of goods,
- (i) Explain **three** types of a charter party. (6 marks)
  - (ii) Highlight **three** stipulations contained in a charter party. (6 marks)
- (b) Explain **four** types of authority an agent may have. (8 marks)
7. (a) With reference to double insurance, an insurer is entitled to contribution if certain conditions exist. Outline **five** such conditions. (10 marks)
- (b) Outline **five** principles of fair trade practices. (10 marks)

**THIS IS THE LAST PRINTED PAGE.**

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