



UNIVERSITY OF NAIROBI

FIRST SEMESTER EXAMINATIONS 2007/2008

MODULE II

SECOND YEAR EXAMINATIONS FOR THE DEGREE OF BACHELOR OF LAWS

GPR: 205 SALE OF GOODS AND AGENCY

DATE: 21ST APRIL 2008

TIME: 6:00 P.M. – 8:00 P.M

YOU ARE REQUIRED TO ANSWER QUESTION ONE AND ANY TWO OF
THE OTHER QUESTIONS PROVIDED

QUESTION ONE

Patel is a businessman dealing in the production and sale of high quality timber furniture. Shah, a businessman as well, is involved in the development of a block of exclusive furnished apartments in Parklands. Shah visits Patel's showroom and is extremely impressed with the workmanship with which Patel's furniture is produced. Shah enters a contract with Patel in which Patel is to supply one sofa set, one coffee table and two beds for each of Shah's 33 apartments. Patel is only too glad to enter the arrangements especially in view of the difficult economic times that he has been facing. What would your advice to Shah be in the following circumstances-

- (a) Patel produces the furniture as per the agreement with Shah. On the day prior to transportation of the furniture to the apartments, a fire breaks out at Patel's workshop. Everything in the workshop, including what was destined for Shah's apartments, is burnt to the ground. (10 marks)

- (b) Patel produces the furniture and informs Shah that the furniture is ready. Shah comes to Patel's workshop and confirms that the furniture is truly as exquisite as promised. Shah makes full payment for the furniture and promises to return the following day to collect the furniture. Due to unforeseen delays Shah is not able to come back as promised and returns two weeks later. To Shah's shock and dismay Shah finds that Patel has since sold half of the consignment to another customer who has since collected the half. (10 marks)

- (c) Patel produces the furniture and delivers the consignment to Shah's premises. Shah, on inspecting the goods finds that about one quarter of the goods are defective in that the colours used are different and the design is completely different. In addition, of the 33 coffee tables expected, 3 are missing while instead of 33 sofa sets 38 have been delivered. (10 marks)

QUESTION TWO

Discuss the following-

- (a) The meaning of "goods" under the Sale of Goods Act, Chapter 31 of the Laws of Kenya. (10 marks)
- (b) The passing of risk in goods under the Sale of Goods Act, Chapter 31 of the Laws of Kenya. (10 marks)

QUESTION THREE

Briefly discuss the following-

- (a) Payment of the price under a sale of goods contract; (5 marks)
- (b) *Del credere* agents; (5 marks)
- (c) Domestic agency of necessity; (5 marks)
- (d) Remedies available to the principal in an agency relationship (5 marks)

QUESTION FOUR

The law of agency is founded on two theories: the consent theory and the authority theory. Explain and critique these theories. (20 marks)

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