

1. (a) (i) Explain the exceptions to the rule in Pinnel's case. (8 marks)
- (ii) The general rule is that acceptance of an offer is ineffective unless and until it is communicated to the offeror. Explain the exceptions to this rule. (4 marks)
- (b) Abel put the following advertisement in the daily papers:
- "One ivory chessboard for sale at a reasonable price."
- Caleb called Abel's office but found the answering machine and left a message accepting to buy the chessboard.
- Abel's secretary on returning from tea break, accidentally deleted the message without listening to it. Later in the evening, Andrew tells Caleb that he has bought the chessboard from Abel. Caleb is aggrieved and seeks your legal advice.
- (i) Explain the legal position.
- (ii) Advise Caleb. (8 marks)
2. (a) Explain **five** circumstances under which an agent may be held personally liable on the contracts he enters into on behalf of the principal. (10 marks)
- (b) Petro instructs Albert, an agent, to sell his house. Petro withdraws Albert's authority but Albert goes ahead and sells the house to Tito. Discuss the legal position of Albert regarding the sale. (10 marks)
3. (a) Explain **four** exceptions to the doctrine of caveat emptor. (8 marks)
- (b) Maloba entered into a sale agreement with Mwangi under which Mwangi was to deliver 500 bags of maize to Maloba's milling company. The maize was to be delivered in five batches of 100 bags each. Each batch was to be paid for separately. The first 400 bags of maize were fit, however, the last batch of 100 bags was affected by aflatoxin.
- (i) Explain the options available for Maloba. (8 marks)
- (ii) Explain the legal position if the contract were to be settled by a single payment. (4 marks)