



RIARA LAW SCHOOL

UNIVERSITY EXAMINATION FOR BACHELOR OF LAWS (LLB) DEGREE

JAN-APRIL 2024

RLB 107: LAW OF CONTRACT 2

EXAMINER: Augustus Mutemi Mbila

INSTRUCTIONS

1. This is the final examination in Law of Contract 2. You will earn 70% of your final grade from this final examination and 30% from Continuous Assessment Assignments.
2. This examination has **FOUR** questions. Answer **ALL FOUR QUESTIONS**.
3. This examination has 3 pages, including this one.
4. Time allocated for this examination is **TWO** (2) hours.
5. This is a **CLOSED-BOOK** examination. This means that you are not allowed to refer to any material, whether in soft or hard copy.
6. This examination is governed by the **Riara University Academic Honesty Regulations**. Students who violate those regulations will be penalized. Students have an obligation to report to the course instructor any incidences of academic dishonesty compromising the integrity of this examination.
7. Indicate your registration Number and the Title of the Exam on the cover page of the answer booklet. **DO NOT** indicate your name on the answer script.
8. You must stop writing when the time is called.
9. It is in your best interest that you write legibly.
10. Marks will be earned for close interaction with the questions, use of relevant authorities, and providing relevant solutions to the problems. Marks will be lost for irrelevance

QUESTION ONE (20 Marks)

Wanjiru, a businesswoman based in Nairobi's Central Business District, has done cross-border business for over 10 years now. She buys fruits and vegetables in Tanzania and Uganda for resale in Kenya. In September 2020, she met Tausi, a Tanzanian businesswoman at the Namanga border market and agreed to purchase 20 bags of oranges and 10 bags of onions. The cargo was to be loaded aboard Tahmeed bus that plies the Nairobi-Dar es Salaam route. Tausi honestly believes that the oranges are ready for sale, because she has already harvested them and stored them in readiness for sale. Wanjiru has relied on Tausi's assurance and has even started receiving orders from her customers. She has assured her customers that the oranges and onions will be delivered according to plan. Unknown to Tausi, and from nothing on her fault, she finds that a huge fire had burnt down her store and reduced everything to ashes. She doesn't know where to start. She decides to call Wanjiru to inform her about the misfortune. Wanjiru is angry and thinks that Tausi is playing around with her. She claims that she had already received orders from her customers and cannot refund their money at this time. She plans to sue Tausi.

Whilst using relevant authorities, advise the two parties whether this contract is enforceable
(20 marks)

QUESTION TWO (20 Marks)

Mali Safi Co. Ltd is a medium-sized company dealing in the manufacture and sale of ready-to-drink mango juice in Kitui County. The company buys mangoes from fruit farmers in the entire Kitui County and the neighbouring counties like Machakos and Makueni. Mutunga is a largescale fruit farmer in Mwingi, which is in Kitui County. He entered a contract with Mali Safi Co. Ltd for the sale of 100 bags of mangoes. The contract price was agreed as Kshs 1000/= per bag, to be paid on delivery. The company offered to pick send its trucks to pick the mangoes on September 25th, 2020. Both parties signed the contract and sealed the deal. However, on September 23rd, 2020, the company's CEO called Mutunga and told him that he has to accept Kshs 500/= per bag or "look for another buyer." Mutunga has all along relied on the company as the only buyer for his mangoes. If he does not accept this reduced price, he will not get another buyer and the mangoes may go bad. That will mean 100% loss. If he accepts the reduced price, he will still register a loss and may not be in a position to pay all his workers. He will just have to accept the reduced price to avoid having all the mangoes go bad. He has, however, vowed to sue the company for the rest of the contract price. The company insists that nothing was cast on stone and it reserved the right to alter the price based on "market dynamics".

Does Mutunga have any rights in this case? **(20 marks)**

QUESTION THREE (20 Marks)

"...Causation is a mental concept, generally based on inference or induction from uniformity of sequence as between two events that there is a causal connection between them...The Common

Law, however, is not concerned with philosophic speculation, but is only concerned with ordinary every-day life and life and thoughts and expressions...” **Lord Wright in *Monarch Steamship Co. Ltd v Karlshamns*.**

Whilst making use of relevant authorities, discuss the nature of remedies for breach of contract and what the plaintiff must prove in order to be awarded a remedy for breach of contract by the defendant. (20 marks)

QUESTION FOUR (10 Marks)

Whilst citing relevant authorities, discuss the various ways in which a contract may be discharged. (10 marks)