

UGANDA MARTYRS UNIVERSITY

NKOZI

UNIVERSITY EXAMINATION

December 2019

FACULTY OF LAW

BACHELOR OF LAWS (LLB) YEAR 1 END OF SEMESTER ONE FINAL ASSESSMENT ACADEMIC YEAR 2019/2020

LAW OF CONTRACT I

LLB 1102

DATE: Thursday, 19th December, 2019

TIME: 9:30 AM– 1: 00 PM

DURATION: 3 & HALF HRS

Instructions:

1. Carefully read through ALL the questions before attempting
2. This examination is composed of eight (8) questions. Answer any four (4) questions, selecting at least one question from each section.
3. This is a STRICTLY CLOSED BOOK examination. No printed or written materials in any form should be taken into the examination room and/ or looked at therein.
4. No **names** should be written anywhere on the examination book.
5. Ensure that your **Registration number** is indicated on all pages of the examination answer booklet.
6. Ensure your work is **clear** and **readable**. Untidy work shall be penalized
7. **Clarity of expression, provision of relevant authorities/examples and logical arguments will earn you extra marks**
8. Any type of examination Malpractice will lead to automatic disqualification
9. Do not write anything on the questions paper.
10. Use the exam answer booklet for all your rough work

SECTION A

- 1) a) List, define and explain the essential requirement for a valid contract **(10marks)**
b) In what ways may an offer be terminated? **(15marks)**
- 2) Under what circumstances can a stranger to a contract sue or be sued? **(25marks)**
- 3) With the aid of decided cases, discuss the common statement that, “domestic and social agreements are not enforceable in law”. **(25marks)**
- 4) Explain the approaches used by the courts of law to protect a weaker party from the unfairness of exemption/ exclusion clauses **(25marks)**

SECTION B

- 5) Explain the following terms and discuss the underlying principles/ rules as known in the law of contract
 - i) Counter offer **(5marks)**
 - ii) Past consideration **(5marks)**
 - iii) Equitable estoppel can only be used as a shield and not a sword (Combe v. Combe) **(5marks)**
 - iv) Invitation to treat **(5marks)**
 - v) Consideration must be sufficient but need not be adequate **(5marks)**

6. a) What do you understand by the expression ‘contractual capacity’? Illustrate your answer with examples **(5marks)**

b) Catherine a 16 year old entered into stage dancing apprenticeship with Muhumuza a renowned dance instructor in Masaka. Under the agreement, Catherine was not to marry during the five years apprenticeship and could not take on professional engagements without Muhumuza’s authorization. On the other hand, Muhumuza made no commitment employ Catherine after the apprenticeship. Catherine was required to get Muhumuza’s consent if she wished to marry. She was paid 50,000/= per every evening performance for the first three years and 55,000/= for the remaining period. After one year of apprenticeship, Catherine terminated the contract thus annoying Muhumuza who has threatened legal action against Catherine for breach of contract.

In a related incident, during the apprenticeship with Muhumuza, Catherine bought a dance costume from Desire boutique to be used in the dance lessons as Muhumuza had not provided her with any. She paid 70% of the purchase price and was allowed to take the costume but failed to pay the balance. Desire boutique is threatening her with legal action.

Raise all the legal issues and advise the parties on their chance of success in the intended legal action **(15marks)**

Catherine also entered into a partnership agreement with Kazibwe, discuss whether the partnership agreement is binding on her. **(5marks)**

7. Andrew, while on a business trip went to a The Trendy Hotel where he signed in at the reception and when he went to his room he found a notice on the inside of the door excluding management from any liability for theft. Later on his suitcase was stolen with all the money he wanted to use for his business. He now wants to institute legal action against the Hotel and has sought your advice in that regard. Please advise him accordingly.

In another incident, Amina while travelling on a trip abroad decided to park her car at a garage at a fee. On her return, she found her car was stolen due to the negligence of the garage management. When she inquired from the garage, she was informed that the garage was not liable because it had discharged its liability brought an exemption clause that was placed at the rear of the yard. The garage argued that Amina had been to the garage on three different occasions and must have seen the notice. However, on closer examination, it was realized that the notice was at the rear of the yard and in very small print. Amina now wants to sue the garage for the recovery of her car.

In yet another incident, Sandra hands in her wedding gown dry-cleaning to Clean It Lt, a firm of 'steam and dry cleaning specialists'. She was asked to sign a document before leaving her gown with the firm, and asking what it was all about, she was told by the employee of Clean It Lt that it excluded the firm from damages done to sequins and beads when in fact it excluded the firm from "any damage howsoever caused" Sandra signs without reading. On getting her gown suit back, Sandra finds that it is torn and frayed in a number of places.

Raise all the legal issues and advise all the parties on their chances of success (25marks)

8. Write information notes on your understanding of the following terms as used in the law of Contract:

- a) Conditions **(5marks)**
- b) Warranties **(5marka)**
- c) Implied terms **(5marks)**
- d) Express terms **(5marks)**
- e) Postal rule **(5marks)**