

UGANDA MARTYRS UNIVERSITY

NKOZI

UNIVERSITY EXAMINATION

7<sup>th</sup> MARCH 2022

FACULTY OF LAW

BACHELOR OF LAWS (LLB) YEAR 1 END OF SEMESTER ONE FINAL  
ASSESSMENT

ACADEMIC YEAR 2021/2022

LAW OF CONTRACT I

CODE

DATE: Monday, 7<sup>th</sup> March 2022

TIME: 9.30am-1:00pm 7<sup>th</sup> March, 2022

DURATION: 3 & 1/2 HRS

---

**Instructions:**

---

1. Carefully read through ALL the questions before attempting
2. This examination is composed of eight (8) questions. Answer any (4) questions.
3. This examination is composed of two sections, A, & B. Attempt at least one question from each section
4. All questions carry equal marks (25)
5. This is a **STRICTLY CLOSED BOOK** examination. No materials whatsoever shall be permitted in the examination room.
6. No **names** should be written anywhere on the examination booklet.
7. Ensure that your **registration number** is indicated on all pages of the examination answer.
8. **Clarity of expression, proper use of relevant authorities/examples and logical arguments will earn you extra marks.** Your English must be comprehensible, and your handwriting must be legible.
9. Any type of examination Malpractice will lead to automatic disqualification

- 10. All examination regulations and rules of the University still apply to these examinations, violation of which amounts to exam irregularities and to resulting consequences.**

## **SECTION A**

### **QUESTION 1**

Prima, a sole proprietor displays an "Edna Model Kitenge Wear" in her shop window, with the price marked on it as Shs.25, 000/=. Kesha visited the shop and told Prima that she was willing to buy it for Shs.20, 000/=Prima replied that he could give it only for Shs.22, 000/=. but Kesha insisted that she was willing to pay only Shs.20, 000/= and left the shop. However, Kesha realized that it was worth Shs.22, 000/= and returned to the shop to buy the Kitenge for Shs.22, 000/=. Prima refused to sell it. In the meantime, Nambi visited the shop and expressed her willingness to purchase it for the price marked on it. Prima refused to sell the Kitenge to both Kesha and Nambi.

- (a) Advise Prima whether there is a contractual obligation binding her with Kesha and Nambi on this incident. **(10 marks)**
- (b) With reference to the contracts Act No.7 of 2010 and judicial decisions, what are the main ways in which an offer can be terminated? **(15 marks)**

### **QUESTION 2.**

Waswa's land in Kashagama Lyantonde District is just proximate to that of Janet Mugisha. Janet Mugisha has over the years been interested in purchasing the said land for expansion of her farm. Last week while Waswa was on his land, he was approached by Janet together with her lawyers with the intention of purchasing the said land. Janet while in a distant place from Waswa shouted at the peak of her voice that she is ready to pay UGX. 50,000,000/= for the said land. However, as Waswa was accepting her offer the sound of a by passing plane could not let her know whether Waswa had accepted her offer or not. In light of the above;

- Define the term acceptance? **(5 marks)**
- Was there acceptance of Janet's offer by Waswa? Explain your answer. **(5 marks)**
- List and explain the rules governing acceptance? **(15 marks).**

### **QUESTION 3**

- Luca a Pop Star Musician plans to stand as a presidential candidate in the forthcoming general elections under ZAPO political party whose colors are red and white. He sought to have a campaign car and has approached MOTO Motors Car dealers and ordered for a 'Red Land cruiser' 2021 model which he stated would be his official campaign car since it has a wide-open roof and fit for both central and upcountry campaigns given the road conditions. He was told that the car costs 150,000,000/= which he paid and was informed that the same will be



shipped in within a week. After the lapse of the said time period, Luca goes to collect his car but to his dismay, he has found that the 2021 Land Cruiser is Yellow in color. Lucas is now claiming the refund of his Shs 150, 000,000/= and damages for the inconvenience caused as presidential campaigns are scheduled to start in 5 days time.

- b. On 10<sup>th</sup> November 2021, Sakkara advanced Salome a loan of Shs. 100,000,000/= to be payable on 20<sup>th</sup> February 2022. Salome used the money to start a poultry farm and also do Agro- forestry. Salome's poultry farm is growing steadily and she has won a tender to supply a 5-star Hotel with Chicken weekly. On 5<sup>th</sup> February 2022, Sakkara approached Salome and told her that he is in great need of the money. He informed her that should she be able to find him 60,000,000/= within the next four (4) days, he was willing to forego the Shs. 40,000,000/= in full settlement of the debt. Salome sold some off her young pine trees, borrowed 30,000,000/= from the Poultry Farmers Association and sold her 30 Friesian cows and Boer goats. Indeed, on the 4<sup>th</sup> day Salome put the 60,000,000/= in her hand bag and drove to Sakkara Office. On reaching there, Salome is informed by Sakkara that he had already solved the problem he had which required the said money. He nevertheless took the money. However, on 21<sup>st</sup> February 2022, Sakkara called Salome in the wee hours of the morning claiming his balance of Shs. 40,000,000/=.
- c. Lucas and Kezia have been married for 2 weeks. Lucas wakes up very early in the morning and irons his wife's clothes, prepares breakfast and drives her to her law firm. He most of the times picks her up and takes her for dinner and then back home. Kezia is bothered by the husband's behavior and tired of the marriage. Lucas on the other hand has revealed to you that he loves his wife so much and he is willing to accept that they separate and give each other a break. However, before the separation agreement is concluded, Kezia moves out of their matrimonial home to an apartment off Wampewo Avenue. Lucas promises Kezia Shs. 2,000,000/= if only she could return home. Kezia returns home after 2 weeks and claims Shs. 2,000,000/= from her husband who in turn informs her that he is broke as he used the money to service their mortgage.

Discuss all the legal issues arising therefrom and advise the Lucas, Sakkara and Kezia on their chances of success if they are to sue. (25 marks)

#### QUESTION 4

Africa One Ltd. decided to convert the residential premises of a former musical Star into a , five-star, luxury resort hotel and casino. Africa One Ltd ran an advertisement in the Amazing Gazette on January 1 inviting contractors to submit their bids for converting the premises to include hotel rooms, slot machines, and plenty of card tables. Numerous companies submitted bids to Africa One Ltd. including Vegas in Space ("Vegas"). After several weeks of research (at a cost of UGX 100M), Vegas prepared construction plans (the "Vegas Plans") to convert the Residential House into a luxury resort hotel and casino, and, on January 20, submitted its plans and the following bid: Dear Africa One Ltd, Per your January 1 advertisement, please find enclosed our bid



and plans to convert the Residential Home of the deceased Star into a luxury resort hotel and casino. We can complete all the work for UGX 1Billion and will require that you pay us in three instalments of UGX400M, 300M &300M respectively, the first instalment due immediately upon accepting our bid, the second due 90 days after accepting our bid, and the last due upon completion of the project 180 days after accepting our bid. We promise to leave this offer open until March 1. Yours, /s/ Sonny Black CEO, Vegas in Space. On February 1, Africa One Ltd sent off the following telegram to Vegas: Sonny, we are pleased to accept your bid of UGX1Billion. We will immediately review your plans and notify you by February 15. Africa One Ltd paid an engineering firm UGX 75M to examine the structural integrity of the Vegas Plans. On February 10, the engineering firm notified Empire that the Vegas Plans were structurally sound and up to Building Standard Requirements standards. On February 11, Empire began drafting a letter notifying Vegas of the engineering firm's approval of its plans when the phone rang. Africa One Ltd answered and was notified by Sonny that Vegas would no longer be able to undertake the Conversion of the deceased Star's Residential home construction project because it had just agreed to build a hotel and casino for another firm instead. Africa One Ltd decided to re-open the bidding process, but they were relatively happy with the Vegas Plans. Therefore, on February 15, Africa One Ltd took out another large advertisement in the Amazing Gazette, publishing the Vegas Plans and insisting that any bids submitted conform to, and implement, the Vegas Plans. The Experts Ltd, which originally submitted a losing bid of UGX1.2 billion, in response to the January 1 advertisement, submitted a bid of UGX 1Billion, in response to the February 15 advertisement. Although the bid implemented the Vegas Plans, The Experts Ltd informed Africa One Ltd that it would not be able to complete the project in the 180 days originally specified by Vegas but would require at least 270 days. Africa One Ltd accepted the Expert's bid.

**Discuss Africa One Ltd's rights against Vegas, and Vegas' rights against Africa One Ltd.**

## **SECTION B**

### **QUESTION 5**

Sharon, a 17 year old entered into the following agreements:

- a) A contract with a tailor to supply her with a new suit valued at 200,000shs
- b) Partnership agreement
- c) An apprenticeship
- d) A loan agreement of 2mshs at 10% interest to be repaid in two years.

Advise Sharon on which of the agreements are binding upon her.

### **QUESTION 6.**

"Privity of contracts involves two ideas. First, only a party to a contract can have any burdens from the contract and a third party cannot be sued for the breach of contract.

Second, only a party to a contract can enforce the contract and a third party cannot sue to enforce the contract, even if the contract was intentionally made for their benefit" Per Esa Dembe LL.B. student Umu, Main campus at Nkozi. Discuss the doctrine of privity of contract and the exceptions thereunder. **(25 marks)**

#### **Question 7**

Differentiation between the following terms as used in the law of contract

- a) Condition and warranty **(9marks)**
- b) Offer and invitation to treat **(8marks)**
- c) Implied and express terms **(8marks)**

#### **QUESTION NO.8**

What are the essential requirements for the formation of a valid contract? **(15marks)**

With the aid of relevant legal authorities and examples, discuss the circumstances under which an exemption/exclusion clause maybe enforced and when its enforcement may be rejected by court. **(10 marks).**