

UGANDA MARTYRS UNIVERSITY, NKOZI CAMPUS/ LUBAGA

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

DEPARTMENT OF MANAGEMENT SCIENCE

BAM II, BSC ACC & FIN II (JAN INTAKE)

SEMESTER TWO 2021/2022

COURSE UNIT: LAW OF CONTRACT

CODE: LAW2101

DATE: 21ST JULY, 2022

TIME: 9:30 AM -12:30 PM

Instructions:

- ✓ This is PARTIALLY OPEN BOOK exam. Students are allowed to carry clean copies of the Contracts Act of Uganda, 2010 ONLY. No other reading material shall be allowed into the examination room. Any student caught with a Contracts Act that is written in shall not be allowed to enter the exam room with it.
- ✓ Attempt FOUR questions of your choice in total.
- ✓ Each question carries 25 marks.
- ✓ Answers that are clearly thought out, well structured, and authoritatively supported will earn higher marks.
- ✓ Do not **write** anything on the **question paper**

QUESTION ONE

Discuss the law relating to capacity of minors to contract. (25 marks)

QUESTION TWO

Critically discuss the circumstances under which the rights and obligations of a party to a contract can be put to an end/be discharged. (25 marks)

QUESTION THREE

Write short notes on the following:

- i) Counter offer and conditional offer. (10 marks)
- ii) Exclusion clauses while citing examples of exclusion clauses you know. (10 marks)
- iii) Void and voidable contracts. (5 marks)

QUESTION FOUR

Discuss the legal position in the following situations:

- i) Muzimbi Co. Ltd, a company dealing in the business of real estate and construction, agreed to erect a two storey house for Omugaga Jude at UGX 500 Million. Omugaga Jude paid a deposit of UGX 300 Million. The house was supposed to be completed one year from the date of the agreement. Muzimbi Co. Ltd constructed the house and remained with only painting which required about UGX 40 Million only to complete. Nine months into the construction, Muzimbi Co. Ltd experienced financial problems. When the managing director of Muzimbi Co. Ltd wrote to Omugaga Jude for the balance, he refused to pay arguing that the company had breached the contract by failing to complete the house.
Advice Muzimbi Co. Ltd. (9 marks)
- ii) Kokorom agrees to sell her car to Ivan at 10 Million only. They enter into contract on Monday 4th July 2022 wherein Ivan is supposed to pick the car from Kokorom's home over the weekend on 9th July 2022. Unfortunately on Tuesday 5th July 2022, there is a huge storm that has never been experienced before. Due to the heavy storm, a huge tree falls onto the car and completely smashes it. As if that is not bad enough, lightening strikes the car and it catches fire. Its beyond repaid. Kokorom is scared about she is going to tell Ivan. Advice her. **(8 marks)**
- iii) Lady D and Lady H are fighting over the love and affection of Big Boss. Lady H takes things to a whole other level and decides to procure the services of Koni to finish Lady

D off so that she can have Big Boss to herself forever. Lady H promises Koni USD 20,000 once the job is done and she sees Lady D being buried 6-feet under. Koni finished the job and Lady H did not actually have the money to pay Koni. Advice Koni. (8 marks)

QUESTION FIVE

Charlotte Luwedde, a second year student of Business Administration and Management at Uganda Martyrs University Nkozi has finished studying the Law of Contract. She is now content that when she goes back home she can easily advise her mother who is a business woman in Kikuubo on the essential features of a valid contract. Imagine you are Charlotte Luwedde and you want to impress your mother that you have learnt something from the university, discuss for her the essential features of a valid contract. (25 marks)

QUESTION SIX

The cases below are widely known to be locus classicus cases that have set out principles of law that ought to be known by any businessman/woman. Narrate the facts of the cases below and the principles enunciated there from. (25 marks)

- 1) Pharmaceutical Society of Great Britain vs. Boots Cash Chemists (Southern) Ltd [1953] 1 ALL ER 482
- 2) Carlil vs. Carbolic Smoke Ball Company (1893).

QUESTION SEVEN

There are five vitiating factors that the existence of which nullifies an otherwise valid contract in the sense that it would not be proper to hold the affected party liable to the contract. Discuss them. (25 marks)