

UGANDA MARTYRS UNIVERSITY NKOZI

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

THIRD YEAR BACHELORS OF BUSINESS

ADMINISTRATION AND MANAGEMENT

MASAKA CAMPUS

END OF SEMESTER 1 LAW OF CONTRACT EXAMINATION

Instructions

1. This is a closed book examination
2. Question one is compulsory
3. A candidate must answer atleast 3 questions in total.
4. Well thought out and properly illustrated answer will earn you bonus marks.

Examination

1. “Not every agreement is a binding contract”. (“Per Steven Kasujja” BAM II student UMU”) Discuss. [20 marks]
2. Kato Herbert a prominent businessman in Bulenga Kampala, owns a construction company. It’s business acumen and reputation reached far. Mr. Arocha Joseph of Jinja heard of Kato Herbert and his construction company called “Darky Construction Ltd. Arocha Joseph therefore contracted with Darky Construction Company Ltd to build him his dream home at Seeta, Mukono District. Darky Construction was in charge of procuring all building materials. Half way through the job Darky construction Ltd through its director Kato Herbert started complaining that the tiles which were used and shipped from Kenya had become almost impossible to get because the manufacturers closed their business in Kenya.
That it would be difficult to import them from Ethiopia where the manufacturers had another factory. After some time Arocha received a note from Darky construction contending that the contract was frustrated because of the circumstances a fore mentioned.
(a) Advise the parties [08 marks]
(b) Darky construction Ltd has further complained that the constant rain in Seeta has truly inconvenienced him and he had not predicted that it would rain like that. Arocha has informed you that in the contract he signed they specifically provided that rain would not be an excuse to permit Darky construction from non performance of their side of the bargain.
Advise the parties [07 marks]

3. On breach of the terms of the contract parties are entitled to various remedies
 - (a) Discuss the types of terms in a contract and their consequences of their breach.
 - (b) Explain the remedies available to the innocent parties to the contract in case of breach
4. Write short notes on any three of the following
 - (a) Principle in *Carlill v Carbolic Small Ball Company*.
 - (b) Doctrine of fundamental breach
 - (c) Offer
 - (d) Acceptance
 - (e) Consideration
5. Parties to a contract are free to contract on any terms that they deem fit and can exclude their liability expressly provided they agree on the same. Discuss [15 marks]

-GOOD LUCK-

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EXAMINATION

1. On the execution of a contract, parties to it are bound by the terms and conditions that they have agreed to. Nevertheless there are ways through which rights and obligations of parties under the contract may be extinguished/ discharged, Discuss. [20 marks]
2. (a) Kanyamunyu a prominent Radio personality in Masaka signed an agreement for the sale of hoofers to Akena Peter. He did not read the contents of the sale agreement and he thought he was selling off his hoofers at 300,000/= each, yet the agreement read 200,000/= each. Kanyamunyu insists that he wants his full amount of shs. 300,000/=. Advise the Parties. [5 mark].

(b) Lunkuse Martha went to a car bond to purchase a car. However she did not get an opportunity to inspect it. But she specified to the car dealer that she wanted a primo. The agreement which she signed specified that the car was sold on, "as it is" basis and that the seller would not in any way be liable for the deficiencies discovered later. Lunkuse paid for the car. However when she later saw the car, it was a primo but without an engine, not tyres. Lunkuse is up in arms and has demanded a refund of all her money but the car dealer has refused. Advise Lunkuse. [10 marks].

3. Write short notes on any three of the following
- | | |
|-------------------------|-----------|
| (a) Consideration | [5 marks] |
| (b) Offer | [5 marks] |
| (c) Acceptance | [5 marks] |
| (d) Freedom of contract | [5 marks] |
| (e) Part payment | [5 marks] |
4. (a) Martha Mayega's dad in a bid to ensure that her daughter performs very well at campus, promised to buy her a car if she excelled. Indeed Joan excelled and she is now demanding for her car, but Joan's dad says he was only joking and his promise was just a mere puff. Advise the parties. [5 marks]
- (b) Naka Kimuli Kyabasajja got misunderstandings with her husband, they decided to divorce. However during that time, her husband promised to pay her 200,000/= every month for her maintenance and her agreeing not to interfere with his life any more. The husband has now refused to fulfill his end of the bargain contending that he has never intended his promise to be taken seriously, Advise the parties [5 marks].
- (c) Kimbowa Malevu entered into a contract with Mulefu Mbalangu where malevu agreed to supply Muleefu with guns and cocaine. Malevu has fulfilled his end of the bargain but Muleefu has refused to pay. Muleefu wants to sue for his money. Advise Muleefu [5 marks].
5. For a contract to be binding, it's important that parties to it have freely consented to it. Discuss the factors that negate the free consent of the parties to a contract and their effect. [15 marks]

-GOOD LUCK-