

**UGANDA MARTYRS UNIVERSITY**  
**FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT**  
**END OF COURSE EXAMINATIONS**  
**December 2013**

**LAW OF CONTRACT**

**DATE: Monday 16<sup>th</sup> December 2013**

**TIME: 2.00 – 5.00**

**INSTRUCTIONS:**

1. Do not write anything on the question paper
2. Time allowed is 3 hours.
3. Candidates are required to attempt any 4 questions. including the compulsory question.
4. All questions carry equal marks.
5. The examination is closed book.
6. Clarity of expression and citing relevant authorities will earn credit marks.
7. Read each question carefully before you answer.

**Compulsory Question**

**Q.1**

a. By an agreement executed between Moze and Weasel on 10<sup>th</sup> November 2013, Moze sold his car to Weasel for shs 20,000,000. Although Weasel took immediate delivery of the car, he did not make any payment at the time. Six months later, Weasel has not paid a shilling. Desperate for payment, Moze tells Weasel that if Weasel could raise at least shs 15,000,000 he (Moze) would not seek to recover the balance. Weasel immediately raised the shs 15,000,000 which Moze acknowledged and received. Moze has now approached Weasel and

demanded for the balance of shs 5,000,000 and has indicated that he will sue Weasel unless the money is paid within a week.

b. Edema is a mad man who lives in Metu in moyo District. He has been mad for the last 20 years. Last week he went to Lugogo shopping mall and bought a television and DSTV set on credit after signing the contract and promised to pay the money within two months. This was his first time to visit Lugogo Mall. He started acting strangely again after he signed the contract. He has now refused to pay the money and Lugogo mall wants to sue him.

c. Ladit and lawino have been married for 10 years and together have 3 beautiful girls. Ladit is desirous of having a son and an heir and promised to buy Lawino a block of flats if she gives birth to a baby boy. (months later Lawino gives birth to a bouncing baby boy from Nakasero Hospital. Immediately Lawino is discharged from hospital, she asks Ladit for the block of flats which he promised her but Ladit now says that he has no money to buy the flats.

Discuss all the issues involved and advise the parties

(25 marks)

✓ Q.2 Critically examine under what circumstances an offer can be determined. (10 marks)

b) With the aid of decided cases examine the phrase that an invitation to treat is a preliminary statement expression a willingness to receive offers. (15 marks)

- auction  
- advertisement  
- mere statement of price  
- mere sales

Q.3 It is now established that no stranger to the consideration can take advantage of a contract although made for his benefit. Per Whiteman J in Tweedle vs Atkinson. Discuss the above statement. (25 marks)

Q.4 Explain the circumstances how terms of a contract can be distinguished from representations in a contract. (25 marks)

✓ Q.5 Discuss the following

- (a) The postal rule of acceptance( 9 marks)
- (b) Consideration must not be past(7 marks)
- (c) Distinguish between conditions and warranties and effects of their breach.(6 marks)
- (d) Silence does not amount to acceptance.(2 marks)
- (e) Capacity of a company to contract.(1 mark)

✓ Q.6 a) Explain the term exemption clauses.(2 marks)

b) Explain the rules governing the enforceability of exemption clauses in a contract.(23 marks)

- notice
- exclusions
- allocation
- reasonableness
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GOOD LUCK