

**UNIVERSITY EXAMINATION**

**March 2021**

**FACULTY OF LAW**

**BACHELOR OF LAWS (LLB) YEAR 1 END OF SEMESTER ONE FINAL  
ASSESSMENT ACADEMIC YEAR 2020/2021**

**LAW OF CONTRACT I**

**LLB 1102**

DATE: Friday, 19<sup>th</sup> March 2021

TIME: 9:30 AM– 1: 00 PM

DURATION: 3 & HALF HRS

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**Instructions:**

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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**

**QUESTION ONE**

- i. Discuss the law relating to capacity of minors to contract
- ii. Under what circumstances may an infant be liable for breach of a contract?
- iii. Odinga Dirisa is a mad man who lives in Kamwokya- Kampla District. He has been mad for 13 years. He went to Nakumat mall last weekend and bought a television set on credit after signing a contract promising to pay in 4 months. This was his first time to visit Nakumat mall. He started acting strangely again shortly after he signed the contract. He has now refused to pay the money and Nakumat mall wants to sue him.

**Advise the parties involved about their rights. (25marks)**

## **QUESTION TWO**

“Domestic and Social agreements are generally not binding on the parties, the rationale being that parties to such agreements never really intend to attract legal consequences.”

Discuss the above statement, highlighting the situations, if any, under which domestic and social agreements may be legally enforceable. (25 Marks).

## **QUESTION THREE**

- a) List and authoritatively explain the essential requirement for a valid contract(10marks)
- b) In what ways may an offer be terminated? (15marks)

## **QUESTION FOUR**

Explain the approaches used by the courts to protect a weaker party from the unfairness of exclusion clauses (25Marks)

## **SECTION B**

## **QUESTION FIVE**

Okello, your client comes to you for assistance with the following story;

- a) That Nabulime a trader in Kikuubo offered to buy his house in Kasanga, and that when he informed her he was selling at 500 million shillings, she responded that she can only buy it at 450 million shillings only. That in response Okello told her to make it 480 million shillings and take the house. After failing to get a positive response from Nabulime, Okello has now agreed to sell at 450 million shillings but Nabulime is no longer interested. Okello has heard that Nabulime is proposing to buy a house in a nearby area at the same price. He now wants to sue for breach of contract.
- b) That he travelled from Lira to buy one of the cars to be auctioned by UNDP. He however found out that the auction had been postponed to the nearby future. Efforts to find out the new date of auction from UNDP have been futile. Okello is now frustrated and wants to sue UNDP for damages which include the cost of travelling to Kampala, the wasted time and the disappointment.
- c) Okello also informs you that at 10:00am on the 10<sup>th</sup> of September 2014, he arrested Kiberu a wanted terrorist and took him to Kampala central police station. And that at 1:00pm of the same day, his friend Mukiibi went to his house to congratulate him upon his good fortune. That's when he found out that a reward 5 million shillings had been advertised for the arrest of Kiberu. Okello went back to the police station that afternoon to ask for his reward but the police refused to pay. Okello thinks that the police officers are conniving to steal what is rightfully his.
- d) Okello informs you that when his neighbour, Annet travelled to visit her sick mother in the village on her return after two weeks, she found he, Okello had mowed her compound and pruned the flowers, her compound was sparkling with beauty. Annet was impressed with this work and went to thank her neighbour, Okello for his kindness and she promised to pay him 100,000/= after two days for the marvellous work he has done on her compound. It is now two weeks and Annet has not made good her promise to pay him and when he went to demand for the money, she rudely told him that she is no longer going to pay him

so he should stop disturbing her. Okello now wants to sue her for breach of contract on the promise to pay him.

**Discuss all the issues raised in the above stories, what advise would you give to Okello? (25Marks)**

### **QUESTION SIX**

**Read the following scenario carefully and answer the questions that follow**

- a) Mukisa buys the latest version of a “Subaru Forester” from an experienced car dealer for shs.25 million. While driving home, the car breaks down after covering five miles, upon which Mukisa calls a mechanic who discovers on checking the vehicle that its engine is for a very old Honda car. In fact the front part of the car is a mere shell. Before purchasing the said car, Mukisa had signed a sale agreement that read: “Any express or implied condition, statement or warranty, statutory, or otherwise is hereby excluded.” Mukisa actually signed the sale agreement but had not read the relevant clauses. He now wants to sue in respect of the unsatisfactory nature of the car sold to him demanding for a refund of his shs. 25 million and for damages for breach of contract. Please advise him.
- b) Nicole hands in her wedding gown for dry-cleaning to Kleenem CC, 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 Keenem that it excluded the firm from damages done to sequins and beads when in fact it excluded the firm from “any damage howsoever caused”. Nicole signs without reading. On getting her gown suit back, Nicole finds that it is torn and frayed in a number of places. Advise Nicole
- c) Paul, while on a business trip went to a hotel, 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.
- d) In yet another incident, Jennifer 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 through an exemption clause that was placed at the rear of the yard. The garage argued that Jennifer 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. Jennifer now wants to sue the garage for the recovery of her car, please advise her on her chances of success.

### **QUESTION SEVEN**

**Read the following scenario carefully and answer the questions that follow**

Adam and Amina are planning their wedding for December. Their respective fathers, Imran and Rajab entered into an agreement that each of them would pay 30m shillings to Adam and Amina towards the cost of the wedding.

Imran has paid his 30m shillings however Rajab died before paying his 30m shillings. Adam and Amina ask Hassan, Rajab's personal representative for Rajab's 30m shillings but Hassan has refused to pay.

Adam and Amina own a house in Kibuli. While they were away on honeymoon, Anna, their neighbor watered their plants and mowed the lawn. When Adam and Amina returned, Amina was so pleased with the garden that she promised to pay Anne 180.000/= but she later refused to pay.

Some week later, while in the garden Adam witnessed an assault on James. Adam received witness summons to attend court to give evidence. Adam was frightened to do so, as he believed James's attackers knew where he lived. James offered Adam 100.000/= to give evidence. After Adam gave evidence in court, James refused to pay.

- a) Identify and explain the rules governing consideration
- b) Explain, using the rules of consideration, whether Adam and Amina can bring a successful suit against Hassan for the sum of 30m shillings
- c) Explain whether Anne could bring a successful action against Amina for the sum of 180.000/=
- d) Explain whether Adam could bring a successful action against James for the sum of 100.000/=

### **QUESTION EIGHT**

Explain the following terms and discuss the underlying principles/ rules as known in the law of contract

- a) Conditions (5marks)
- b) Warranties (5marks)
- c) Past consideration (5marks)
- d) Counter offer (5marks)
- e) Equitable estoppel can only be used as a shield and not a sword (Combe v.Combe) (5marks)