

1. CONTRACT LAW – Revision Questions

- 1) (a) What are the essential elements of a binding contract under the Law of Contract?
(b) What are the main ways in which a contract can be discharged?
- 2) Briefly explain the following with reference to the contents of a contract:
 - (a) Terms.
 - (b) Conditions.
 - (c) Warranties.
 - (d) Innominate terms
- 3) Sarath, a sole proprietor displays a “Diana Model Hand Bag” in his shop window, with the price marked on it as Rs.25,000/-. Priyanka visited the shop and told Sarath that she was willing to buy it for Rs.20,000/-. Sarath replied that he could give it only for Rs.22,000/-, but Priyanka insisted that she was willing to pay only Rs.20,000/- and left the shop. However, Priyanka realized that it was worth Rs.22,000/- and returned to the shop to buy the hand bag for Rs.22,000/-. Sarath refused to sell it. In the meantime, Seetha visited the shop and expressed her willingness to purchase it for the price marked on it. Sarath refused to sell the hand bag to both Priyanka and Seetha.

Advise Sarath whether there is a contractual obligation binding him with Priyanka and Seetha on this incident.

- 4) Define the term “Misrepresentation” in relation to the Law of Contract and explain two(02) types of Misrepresentation.
- 5) “Acceptance of an Offer Forms a Binding Contract”. Explain whether there is a binding contract in the following instances:
 - a) “A” offers to sell his harvest of tomatoes to “B” at Rs.150/- per kilogram.
 - b) “X” offers to let his business premises to “Y” for Rs.10,000/- per month until the situation in the country returns to normalcy.
 - c) “C” who purchases a horse from “D” agreed to pay an additional sum to “D” if the horse wins at the horse races.
 - d) A company agrees with “X” that on the expiry of the existing contract of “X” with the company, the company would favourably consider an application by “X” for the renewal of his contract.
- 6) “An agreement between the parties is an essential element of a contract, but every such agreement does not form a valid contract”.
Do you agree with this statement? Justify your answer with reference to the Law of Contract.

- 7) “Saman, a keen collector of old cars has seen an advertisement for an auction of old cars in a weekend newspaper. He travelled to Colombo from Badulla to attend the auction in order to bid for the model mentioned in the list of vehicles to be auctioned. However, when Saman arrived at the auction site, he found a notice outside stating that the auction has been cancelled”.

Saman contemplates legal action against the auctioneer. In the context of law of contract, advise Saman whether he can succeed in an action against the auctioneer. Give reasons for your answer.