INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF LAW

END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: LLB
YEAR/SEM: YEAR 1/SEMESTER 1
COURSE CODE: LLB 1107
NAME: LAW OF CONTRACTS I

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

This Question is COMPULSORY.

Question 1:

(a) Jake owns a small antique shop and places a rare pocketknife in his shop window with a price tag of UGX 200.000/= [Two hundred thousand shillings]. A customer, a one Lisa, sees the knife and enters the shop, offering to buy it for the displayed price.
However, Jake refuses to sell it, stating that it was never actually for sale. Lisa insists that Jake is legally obligated to sell the knife because it was advertised in the shop window.

(b) James, a car dealer, offers to sell a vintage sports car to Linda for UGX 30.000.000/= [Thirty million shillings], on the condition that Linda deposits the said amount on James' bank account in Proof Bank. Linda accepts the offer but instead deposits the money on James' cellphone number. James, seeing no deposits made to his bank account, sells the car to another buyer. Linda later comes to James asking for the vintage car claiming that a contract was formed.

(c) Kewell offered his house for sale at a value of UGX 2.000.000/= [Two million shillings] and stated that the house would be available for sale for a period of seven weeks. In the ninth week, Joseline decided to buy the house and sent a letter of acceptance to Kewell.

However, Kewell informed her that he was no longer selling the said house. Joseline is furious claiming that this is a breach of contract.

Citing relevant applicable laws, identify the legal issues raised by the facts above and advise the parties accordingly.

Question 2:

(a) John, a shop owner, places a designer handbag in his store window with a price tag of UGX 1.000.000/= [One million shillings]. Sarah sees the handbag and enters the store, stating that she wants to buy it for the displayed price. However, John refuses to sell it, claiming that the price was mistakenly placed and the actual price is UGX 1.500.000/= [One million five hundred thousand shillings].
Sarah insists that John must sell the handbag for UGX 1.000.000/= [One million shillings] since it was advertised in the window.

(b) On the 1st of Febraury 20225, Redmond offered his car for sale at a value of UGX 20.000.000/= [Twenty million shillings]. on the 15th of Febrauary 2025, Hughes accepted to

buy the car but at UGX 15.000.000/= [Fifteen million shillings]. Redmond refused to sell to him at the said UGX 15.000.000/= [Fifteen million shillings].

On the 20th of February 2025, Hughes returned with UGX 20.000.000/= [Twenty million shillings] and was ready to pay for the car.

However, Redmond informed him that he was no longer selling the said car. Hughes claims that this is a breach of contract.

(c) Kim, a car dealer, enters into a contract with Olivia to sell her a "brand-new 2024 Tesla Model S with autopilot and full self-driving capability." Upon delivery, Olivia discovers that the car is a 2023 model and lacks the advertised self-driving features. When she raises the issue, James insists that the car is still in excellent condition and offers a small discount instead of replacing it.

Citing relevant applicable laws, identfity the legal issues raised by the facts above and advise the parties accordingly.

SECTION B

Choose ONE from TWO.

Question 1:

Write short notes on the following:-

(a) Void contract.

(b) Voidable contract.

(c) Express contract.

(d) Executory contract.

(e) Executed contract.

Question 2:

Write short notes on the following:

(a) Display of goods for sale.

(b) Sales by auction.

(c) Advertisements.

(d) Tickets.

(e) Tenders.

Question 3:

Write short notes on the following:

(a) Contra preferentum rule.

(b) The doctrine of Fundamental breach

(c) Difference between a condition and warrant.

(d) Difference between a void and voidable contract.

(e) The rule in Pinnel’s case.

Question 4:

Write short notes on the following:

(a) Acceptance by post.

(b) Termination of an offer by lapse of time.

(c) Past consideration.

(d) Accord and satisfaction.

(e) Warrant of quiet enjoyment and possession.

SECTION C

Choose TWO from FOUR.

Question 1:

"The rule of payment of a lesser sum in satisfaction of a bigger sum is ancient and has no place in our modern Law of Contracts" Per Jayden an LLB I student of Fountain School of Law.

Citing relevant applicable Laws discuss the veracity of the above statement.

Question 2:

"A party that wants to rely on an eclusion clause must make sure that such clause is incorporated into the contract" Per Powell the Chaiperson of Modern Traders Association.

CitIng relevant applicable laws discuss the various ways through which an exclusion clause can be incorporated into the contract.

Question 3:

Citing relevant applicable laws discuss the various modes through which an offer can be extinguished.

Question 4:

With the aid of relevant applicable laws, discuss the rules governing consideration.

Question 5:

Citing relevant applicable laws discuss the terms implied in a contract of sale of goods.