INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF LAW

END OF SEMESTER EXAMINATIONS - AUGUST 2025

PROGRAMME: LLB
YEAR/SEM: YEAR 1/SEMESTER 2
COURSE CODE: LLB 1207
NAME: LAW OF CONTRACTS II

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

This Question is COMPULSORY.

Question 1:

John entered a written contract with Bright Builders Ltd. on 1st May 2024, for the construction of a guesthouse on his land in Entebbe. The agreement stipulated that construction would begin on 1st July 2024 and be completed by 1st November 2024. John paid 40% of the contract sum upfront, as required.

However, on 15th June 2024, Bright Builders Ltd. wrote to John stating that due to a recent hike in building material costs and the resignation of key personnel, they had decided not to proceed with the contract. They further informed John that unless he agreed to revise the contract price by 30%, they would not commence the work as agreed.

In another contract on the 10th of January 2025, John entered into a contract with Bright Motors Ltd for the purchase of a brand-new luxury SUV for personal use. The contract specified that the car would be delivered within 14 days, fully equipped with a premium sound system, leather interior, and all safety features in perfect working order.

When the car was delivered 18 days later, it had several issues, the sound system was missing, the leather seats were replaced with cloth ones, and the anti-lock braking system (ABS) was not functioning. John immediately complained to Bright Motors Ltd, but the company insisted the issues were minor and could be rectified through routine servicing.

Frustrated by the condition of the vehicle and the delay in delivery, John returned the car and demanded a full refund. Bright Motors Ltd refused, arguing that John had no right to refuse the car since the problems could be fixed.

Assuming that you are an expert on the Law of Contracts, identify the legal issues raised by the facts and advise the parties accordingly.

Question 2:

On the1st of January 2024, Sarah contracted with Bright Builders Ltd to construct a residential house within six months. The contract read that the construction work would be started on the 1st of February 2024 and that the work of construction would be completed by the 30th of July 2024, with payment to be made in three equal instalments. However, on the 27th of January 2024, the contractor informed Sarah in writing that they would no longer be able to proceed with the construction contract. Sarah is now considering whether to take legal action against the contractor.

In another transaction on the 10th of February 2025, Sarah entered a contract with Elegant Events Ltd to organize her wedding reception at a luxury venue with a capacity of 300 guests. The contract expressly provided that the event would include a five-course meal, live music, and full decoration services. On the day of the event, the venue provided was different from the one agreed upon, had only 100 seats, the food was delayed and poorly prepared, and neither music nor decorations were provided. Sarah had paid in advance, and, due to these shortcomings, many guests left early, and the event was ruined. Sarah now contemplates legal action against Elegant Events Ltd.

Assuming that you are an expert on the Law of Contracts, identify the legal issues raised by the facts and advise the parties accordingly.

SECTION B

Choose ONE from TWO.

Question 1:

Citing relevant applicable laws write short notes on the following.

(a) Accord and satisfaction.

(b) Novation

(c) Waiver

(d) Alteration

(e) Rescission

Question 2:

Citing relevant applicable laws write short notes on the following terms as applied to frustration.

(a) Destruction of subject matter.

(b) Unavailability of subject matter.

(c) Subsequent illegality.

(d) Non-occurrence of event central to the contract.

(e) Act of God.

Question 3:

Citing relevant applicable laws write short notes on the following terms.

(a) Common mistake

(b) Mutual mistake

(c) Unilateral mistake

(d) Documents mistakenly signed.

(e) Cooper v Phibbs

Question 4:

Citing relevant applicable laws write short notes on the following terms.

(a) Partial performance.

(b) Substantial performance.

(c) Divisible contracts.

(d) Prevention of performance by one party.

(e) Impossibility of performance of a contract.

SECTION C

Question 1:

"Silence does not amount to a misrepresentation" Per Kendell the Chairperson of Kampala Independent Contractors' Association [KICA].

Citing relevant authorities discuss the veracity of the above statement.

Question 2:

With the aid of relevant applicable laws distinguish between the concepts of duress and undue influence.

Question 3:

Discuss the concept of contracts illegal as being contrary to public policy, citing appropriate authorities.

Question 4:

Citing relevant applicable laws discuss the remedies available to an aggrieved party in the event of breach of contract.

Question 5:

"The doctrine of mistake in the Law of Contracts operates to protect parties from being bound by agreements that were entered into under a fundamental misunderstanding". Per Liam a student of Law at Owens University Faculty of Law.

In line with the above statement discuss the concept of mistake in the Law of Contracts.