

COUNCIL OF LEGAL EDUCATION

EXAMINATION FOR AWARD OF DIPLOMA
IN LAW (PARA-LEGAL STUDIES)

JULY, 2009

LAW OF CONTRACT 1

Instructions

- (a) Answer QUESTION 1 and ANY OTHER THREE QUESTIONS
 - (b) QUESTION 1 is COMPULSORY and carries 25 marks
 - (c) All other questions carry 15 marks each
 - (d) Marks may be lost for illegibility
 - (d) Time allowed is **Two (2) Hours**
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1. (a) Explain the meaning of contract and briefly highlight the basic elements of a valid contract. (10 marks)
- (b) Outline any FIVE arguments that one may advance to justify the existence of a law governing contractual relationships. (5 marks)
- (c) "Contracts of record are not true contracts strictu sensu" *Anonymous*.
Briefly discuss the foregoing legal proposition and highlight two examples of contracts of record. (4 marks)
- (d) Explain the meaning of the following contracts:
(i) void contract
(ii) voidable contract
(iii) illegal contract (6 marks)
2. (a) A contract originates from the standpoint of an offer. Highlight any FIVE rules relating to the concept of offer. (10 marks)
- (b) Highlight any FIVE ways in which an offer may be terminated. (5 marks)

3. (a) Lynda received a letter of offer for a job from XY Ltd by way of post on the 15th March, 2009. The envelope to the letter indicated that it had been posted on 1st March, 2009 although it was dated 29th February, 2009. The letter provided that she should signify her acceptance of offer not later than 30th March, 2009 and report for her new appointment not later than 30th April 2009. She wrote a letter of acceptance of the offer to XY Ltd and posted it on the same day she had received the letter of offer by registered mail. On reporting to work on 30th April 2009 she found that her position had been given to someone else on account of having not signified her acceptance of the appointment at all. She is contemplating suing XY Ltd for breach of contract.

Advise her on the possibility of success on the contemplated action.

(5 marks)

- (b) "Generally however, consideration will in law be regarded as insufficient where the defendant promises to discharge a duty already imposed on him on account of other reasons." *Anonymous*.

Highlight instances where the aforesaid may arise.

(10 marks)

4. (a) Explain the meaning of intention to create legal relations and the approach adopted by the courts in determining whether there was the intention to create legal relations in a contract or not.

(5 marks)

- (b) Briefly discuss the concept of contractual capacity in the law of contract.

(10 marks)

5. (a) Explain the meaning of misrepresentation and instances when statements made could not amount to misrepresentation in law.

(7 marks)

- (b) Highlight any FOUR instances when third parties may enjoy rights or become subject to liabilities arising under a contract.

(8 marks)

6. (a) Contracts that offend public policy are illegal at common law. Highlight FIVE such contracts.

(5 marks)

- (b) Explain the meaning of frustration in the law of contract and the things a person may have to prove in court for him to rely on the doctrine of frustration.

(10 marks)