



KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2011/2012

FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF LAWS

LCC 100: LAW OF CONTRACT

DATE: Tuesday, 20th December, 2011

TIME: 9.00 a.m. – 11.00 a.m.

INSTRUCTIONS:

- 1) Answer question ONE and any other TWO questions
- 2) You will be penalised for failing to answer question One
- 3) Support your answer with relevant case law, statutes and any other relevant references
- 4) Write neatly and legibly
- 5) Your answer sheet must bear your student registration number

QUESTION 1 (COMPULSORY) 30 MARKS

- (a) What do you understand by the term “nature of the law of contract” to mean?
(5 Marks)
- (b) Identify and discuss the sources of the law of contract of Kenya. (10 Marks)
- (c) Discuss in **broad terms all** the essential elements required in the formation of a valid contract that the law will enforce. (15 Marks)

QUESTION 2 (20 Marks)

Statements made by the parties to a contract during negotiation may be classified as either terms or mere representations. Discuss the importance of the distinction and the test used by courts in distinguishing terms of a contract from mere representations.

QUESTION 3 (20 Marks)

The City Council of Nairobi (CCN) invites tenders for the supply of such pens as it may require for use in its offices during 2010. Its advertisement seeking tenders stated that the trader whose tender was accepted would be informed by letter sent to him by post addressed to the postal address given in the tender. Kimani & Co. submitted a tender dated November 1st 2009 from an address in Mombasa. On December 1st, the Clerk to the City Council of Nairobi wrote to Kimani & Co. Advocates (in practice in Nakuru) to the effect that Kimani & Co.'s tender had been accepted.

On October 1st the CCN Town Clerk wrote to Kimani & Co. at their Mombasa address requiring twenty dozen pens to be supplied at the price quoted in the Company's tender. Kimani & Co. replied to the effect that prices had gone up since November 2009 and declined to supply the pens otherwise than at the higher price prevailing. "The same goes for any further pens required."

Advise the City Council of Nairobi of its legal options.

QUESTION 4 (20 Marks)

Discuss the nature and relevance of the doctrine of consideration as known in the law of contract.

QUESTION 5 (20 Marks)

Write short notes **on any two** of the following:

- (a) the doctrine of equitable estoppel **(10 Marks)**
- (b) The doctrine of intention to create legal relations. **(10 Marks)**
- (c) Discuss the meaning "offer" clearly distinguishing it from an invitation to treat. **(10 Marks).**
- (d) Legal requirements relating to capacity to contract. **(10 Marks)**