

**NATIONAL UNIVERSITY OF LESOTHO**  
**FACULTY OF LAW**  
**LL.B EXAMINATION**  
**L281: LAW OF CONTRACT**

**MAY 2018**

**MARKS: 100**

**TIME: 3 HOURS**

---

**INSTRUCTIONS:**

1. Answer any **FOUR (4)** questions.
2. Each question carries 25 marks.
3. Underline any decided cases that you refer to in support of your arguments.

### QUESTION 1

Turpin CC in 'Contract and imposed terms' 1956 *SALJ* 144 says:

Obviously the law cannot stand aside and allow such traps to operate unchecked, and the courts have protected the public from the worst abuses of exemption clauses by setting limits to the exemptions they will permit and by interpreting exemption clauses narrowly.

Bearing in mind the above statement, discuss how the law protects consumers from possible abuses of exemption clauses? **[25 MARKS]**

### QUESTION 2

G sends a letter to F on August 22 which reads as follows;

Will you sell me 100 bales of wheat at M14 000.00 per bale? Please let me have your reply no later than 5pm close of business this Friday 26th August.

F receives the letter of offer on the 26th August and immediately writes a letter back accepting the offer. She posts the letter on that same day. G receives the letter of acceptance on 1st September. The price of wheat has suddenly dropped in value and G no longer wants to pay such a high price for F's wheat.

Advise G as to his legal position.

**[25 MARKS]**

### QUESTION 3

A owns a flat in *Hatabutle*. She places an advertisement in the *Licampus* news tabloid which reads as follows:

**QUESTION 4**

A owns a very successful horse-riding business in a large country town. She sells the business to B for M900 000. In the contract of sale, A agrees that for the next four years she will not open a similar business within 500 kilometers of the business sold. The next month A opens up a horse-riding business only 10 kilometers away. B wants to prevent her from doing this.

Advise B on the prospects of his success.

**[25 MARKS]**

**QUESTION 5**

Write short notes on the following, making reference to decided cases where appropriate:

- |               |                |
|---------------|----------------|
| a) Cession    | <b>5 Marks</b> |
| b) Novation   | <b>5 Marks</b> |
| c) Delegation | <b>5 Marks</b> |
| d) Set off    | <b>5 Marks</b> |
| e) Merger     | <b>5 Marks</b> |

**[25 MARKS]**

**QUESTION 6**

Critically discuss the legal position of a person entering into a contract with a minor.

**[25 MARKS]**



“To let: attractive 2 bedroom flat in good condition. 10 minutes walking distance from campus main gate. Has a study room, bathroom with shower and lounge. 3 people can share. M1500/month neg. Available 1<sup>st</sup> August 2009. Contact owner at 6200 0000, 24/7.”

B, C and D phone A on the 1<sup>st</sup> August and they agree to meet in the flat the following afternoon. After inspecting the flat, B, C and D tell A that they need some time to think about the matter. A agrees to give B, C and D until the 10<sup>th</sup> August to decide whether they want to take the flat. On the 7<sup>th</sup> August A receives a letter from B in which B indicates that she, together with C and D are interested in renting the flat, but that they would only be prepared to pay M1300 per month as they are only students. Furthermore, since they do not like the bright red walls they would require A to have the flat painted white before they rent it. A receives this letter in the post on the morning of the 7<sup>th</sup> August and immediately writes an email addressed to B forwarded to C and D saying:

**“The flat is yours! Remember that I will need you to pay a deposit of one month’s rent into my bank account on 1<sup>st</sup> September. The number is 0121043932901, Lesotho Bank, Tour Branch.”**

A spends M1500 to have the flat painted white, but when she does not find a deposit in her account on the 1<sup>st</sup> September, she phones B to find out what has happened. B says that she and her two friends have not received A’s mail, and that in the meantime they decided to rent a flat in Mafikeng.

Is there a contract between A and B, C and D? Explain the reasons for your answer.

**[25 MARKS]**

**QUESTION 4**

A owns a very successful horse-riding business in a large country town. She sells the business to B for M900 000. In the contract of sale, A agrees that for the next four years she will not open a similar business within 500 kilometers of the business sold. The next month A opens up a horse-riding business only 10 kilometers away. B wants to prevent her from doing this.

Advise B on the prospects of his success.

**[25 MARKS]**

**QUESTION 5**

Write short notes on the following, making reference to decided cases where appropriate:

- |               |                |
|---------------|----------------|
| a) Cession    | <b>5 Marks</b> |
| b) Novation   | <b>5 Marks</b> |
| c) Delegation | <b>5 Marks</b> |
| d) Set off    | <b>5 Marks</b> |
| e) Merger     | <b>5 Marks</b> |

**[25 MARKS]**

**QUESTION 6**

Critically discuss the legal position of a person entering into a contract with a minor.

**[25 MARKS]**