

THE OPEN UNIVERSITY OF SRI LANKA
LL.B. DEGREE PROGRAMME - LEVEL 4
CONTINUOUS ASSESSMENT TEST II - 2006/2007
LAW OF CONTRACT - LWU 2311
DURATION : 40 MINUTES



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DATE : 08th November 2006
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TIME : 1.30 p.m. - 2.10 p.m.
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ANSWER ONE QUESTION ONLY.

Illegible handwriting will be penalized.

01. Determine the legal consequences of the following transactions. Your answer should be supported with relevant decided cases, if any.
- (a) 'A' the owner of 'Anaga Cab Service' let a cab on hire to 'B', a prostitute, knowing that it was to be used as a mobile brothel house. Nevertheless, later 'B' refused to pay the agreed fare.
 - (b) 'C' contracted with 'D' to sale a consignment of Red Onions which was in 'C's warehouse. Nevertheless, the consignment of Red Onions was destroyed by a fire at the time of contract is made.
 - (c) 'E' agreed with 'X' to hire a concrete mixture machine. It is stated in the contract that "prompt payment of all installments due under the agreement is essential". Nevertheless, the hirer was late in payment of one installment.
02. 'Unfair Contract Terms Act No. 26 of 1997 imposes limits on contractual terms'.
Comment.

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