

**T.C.**  
**Yıldız Teknik Üniversitesi**  
**İktisadi ve İdari Bilimler Fakültesi**  
**Law of Obligations – Final Examination**  
**18/01/2023 10:00**

**NAME:**

**SURNAME:**

**STUDENT NUMBER:**

**EXAM INSTRUCTIONS**

- Follow all instructions given by the examiners.
- Please do not leave your seat.
- Do not communicate in any way with any other students in the examination room.
- Do not open the question paper until told to do so.
- All answers must be written or marked in the space provided. Pencils cannot be used.
- Students **MAY NOT** bring any written or printed materials into the examination hall. This is a close book examination; It is forbidden to consult with any written materials including any dictionaries.
- Students may not bring any electronic device into the examination hall.
- Students will be given 50 minutes to complete the examination.
- There are 25 questions. Students will get 4 points from each correct question.
- Please read all questions carefully and make sure you understand the facts before begin answering.
- Students may raise their hand to ask the examiner a question. The examiner may decide not to answer the question: students are expected to know the requisite terminology and understand the examination questions.
- Once a student has seen the examination paper, the student is assumed to be in good health at the time of the examination
- At the end of the examination, remain seated until your paper has been collected and you have been told you may leave.
- Leave your scrap paper on the desk when you leave the examination room.

I have read and understood the examination rules. I will not cheat, copy from other students, or use unauthorized materials or devices, and I have not brought such materials or devices into the examination hall. Signed:

.....

- 1) A contract that is binding on one party but gives the other party the option to set it aside is known as which of the following?
  - a) Void contract.
  - b) An unenforceable contract.
  - c) **Voidable contract.**
  - d) Unilateral contract.
- 2) Dai texts Pip offering to sell his car to her for £2,000. Pip replies offering to buy the car for £1,500. Dai texts back 'no way'. Pip replies by text stating she will accept the car for £2,000. Which of the following statements is correct?
  - a) An offer has been made by Dai and acceptance by Pip.
  - b) An offer has been made by Pip and acceptance by Dai.
  - c) Dai first statement is an invitation to treat.
  - d) **Pip's second statement is an offer to buy the car for £2,000.**
- 3) Which of the following does not amount to acceptance of an offer?
  - a) When the acceptance is put in the post by the offeree.
  - b) When the acceptance is received by the offeror.
  - c) **When a third party informs the offeror that the offeree is accepting the offer.**
  - d) When the acceptance is received by the offeror's agent.
- 4) Which of the following statements is correct, in relation to the withdrawal of an offer?
  - a) Communication of withdrawal of an offer may only be by the offeror.

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- b) Communication of withdrawal of an offer may be made by the offeror or a reliable third party.
- c) Once an offer has been made it can never be withdrawn.
- d) An offeror has one week to withdraw his offer.
- 5) Jake e-mails Ali offering to sell his computer to her for £1,000. Ali replies asking if he will accept a cheque or does he want cash? Ali's statement will be treated as which of the following.
- a) A counter offer terminating the offer made by Jake.
- b) A refusal of the contract.
- c) Acceptance of Jake's offer.
- d) A request for information.
- 6) Where an agreement is made in a social or domestic context what is the general rule relating to intention to create legal relations?
- a) The courts presume the parties intended to create legal relations.
- b) Social or domestic agreements are never legal binding because the parties cannot create legal relations.
- c) All social or domestic agreements are legally binding.
- d) The courts presume the parties did not intend to create legal relations.
- 7) What is meant by executory consideration?
- a) Consideration provided by an executor
- b) Where there is a promise to do something in the future.
- c) Where consideration has already been completed.
- d) The exchange of consideration.
- 8) Which of the following statements is correct?
- a) consideration must be of adequate value.
- b) performance of a duty imposed by law is good consideration.
- c) consideration must always be greater than £1.
- d) consideration must be sufficient. it must have some measurable and material value.
- 9) Jens agrees to pay JC Builders £5000 on completion of the building works. Before the work is completed JC Builders agree to accept an early payment of £4,000 in full settlement for the work. JC Builders have now completed the work and have demanded the extra £1,000. Are JC Builders likely to succeed in their claim?
- a) No, a promise to accept payment of a smaller sum of money than owed is enforceable in the above scenario.
- b) Yes, provided the agreement was in writing.
- c) No, because JC builders continued working after a payment was made.
- d) Yes, because the doctrine of promissory estoppel would apply.
- 10) In which type of agreement is the intention to create legal relations presumed to exist?
- a) Agreements between friends or family.
- b) Commercial or business agreements.
- c) All written agreements.
- d) The intention to create legal relations is never presumed in an agreement.
- 11) A pre contractual statement that induces the making of a contract is known as?
- a) A condition
- b) Trader's hype
- c) A warranty
- d) A representation
- 12) Which one of the following statements is true?

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- a) If a condition in a contract is breached the injured party may treat the whole contract as discharged.
- b) If a warranty in a contract is breached the injured party may treat the whole contract as discharged.
- c) If a condition in a contract is breached the injured party may claim damages but must continue with the contract otherwise he will be in breach of contract.
- d) If a warranty in a contract is breached the injured party has no remedy.
- 13) Where a person acting in the course of a business includes a term in a contract which excludes liability for death and personal injuries through negligence, the term is:
- a) Binding on the parties.
- b) Invalid.
- c) Invalid unless it is reasonable.
- d) Only valid if it is brought to the attention of the other party.
- 14) Which one of the following statements is incorrect?
- a) A restraint of trade clause in a contract of employment may restrict an employee's freedom to contract both during and after the termination of his employment.
- b) In some circumstances where severance is possible a court will strike out an unreasonable part of a restraint of trade and allow the reasonable part of the clause to be enforced.
- c) A restraint of trade clause may be valid if the person seeking to enforce it can show it is reasonable in the circumstances.
- d) If a restraint of trade clause is too wide the courts can change its wording it to make it reasonable.
- 15) What is a solus agreement?
- a) A contract that is not legally binding.
- b) A contract made with only one other party.
- c) A contract that contains an invalid clause.
- d) A contract where one party agrees to buy goods from only one supplier (usually in return for a discount).
- 16) The possible remedies for negligent misrepresentation in a non-consumer contract are:
- a) Rescission and damages.
- b) Damages only.
- c) Rescission only.
- d) Specific performance.
- 17) What does rescission of a contract mean?
- a) The contract is set aside and the parties are put back in the same position as if the contract had never been entered into.
- b) The parties are put into the same position as if the contract had been completed.
- c) Monetary compensation.
- d) A false statement of fact.
- 18) When will the courts presume that there has been undue influence is the signing of a contract?
- a) Where there is a fiduciary relationship with the party against whom the undue influence is alleged.
- b) In all contracts made between a married couple (or a co-habiting partner).
- c) The courts will not presume undue influence. The party alleging undue influence must prove it has occurred.
- d) Where the contract is oral.
- 19) Drugs Ltd contracts with Supermarket Ltd to manufacture and supply 50 cases of a drug called SuperX.

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- Supermarket Ltd pay the contract money, £5,000, to Drugs Ltd but before delivery takes place the Government introduces a law banning the manufacture and supply of SuperX. Can Supermarket Ltd enforce the contract?
- a) **No, the contract is frustrated.**  
b) No, there is a breach of contract.  
c) Yes, because Supermarket Ltd has already paid the contract price of £5,000.  
d) Yes, the contract was legal when it was made.
- 20) What is the aim of an award of damages for breach of contract?
- a) To punish the party who has broken the contract.  
b) To restore the innocent party to the position he was in before the contract was made.  
c) To ensure the party who has broken the contract suffers a reasonable penalty.  
d) **To put the innocent party in the same financial position he would have been in if the contract had been carried out.**
- 21) Where a contract states the sum to be paid in the event of a breach of contract, the stated sum is known as:
- a) Unliquidated damages.  
b) **Liquidated damages.**  
c) Contract sum.  
d) Stated damages.
- 22) Which of the following is a common law remedy?
- a) Injunction.  
b) Specific performance.  
c) **Damages.**  
d) Penalty.
- 23) The parole evidence rule is circular and says no more than that oral statements are inadmissible when a contract is wholly recorded in writing, but admissible when the contract is part written or wholly unwritten.
- a) **True**      b) **False**
- 24) In January, A, a rich maths professor, promises his colleagues (B and C) a prize of £10,000 to whomever is first to present him with the solution for a fiendish mathematical problem that he has set for them, the problem to be solved no later than the end of December. B has spent all of his spare time trying unsuccessfully to solve it, when A announces that he is withdrawing his offer at the end of November. C, who has done nothing up to this stage, is annoyed by A's conduct and spends most of December trying to solve the problem, presenting his correct solution to A on 24 December. B, meanwhile, has continued his efforts and finally (and independently) manages to solve it on 31 December and presents it to A on that day and claims his prize. Who is entitled to the prize?
- a) B is entitled to the prize.  
b) C is entitled to the prize.  
c) **Neither B nor C is entitled to the prize.**  
d) B and C are entitled to share the prize.
- 25) The key difference between a representation and a term of the contract is that:
- a) terms are written down on a contractual document but representations are spoken out loud.  
b) **breach of a term gives an automatic right to damages, but misrepresentation gives only rise to the equitable right to rescind the contract and a possible right to damages**  
c) a representation is given once the contractual terms have been agreed.  
d) a representation is a rough estimate of what the contents of the contract will involve, whereas a term is expressed very carefully.