

T.C.
Yıldız Teknik Üniversitesi
İktisadi ve İdari Bilimler Fakültesi
Contract Law - Midterm Exam 2
13/12/2022 12:00

NAME:

SURNAME:

STUDENT NUMBER:

EXAM INSTRUCTIONS

- I. This is a close book examination; It is forbidden to consult with any written materials including any dictionaries.
- II. You will be given 50 minutes to complete the examination. There are 25 questions. You will get 4 points from each correct question.
- III. Please read all questions carefully and make sure you understand the facts before you begin answering.

MULTIPLE CHOICE QUESTIONS

- 1) When does a contract become legally binding?
 - a) On a date agreed by the parties
 - b) When there is an offer rather than an invitation to treat
 - c) **As soon as an offer has been accepted**
 - d) At midnight on the day it was made
- 2) It is presumed the parties intend to create legal relations in
 - a) Social agreements
 - b) **Commercial and business agreements**
 - c) Domestic agreements
 - d) All agreements

- 3) A agrees to purchase B's mobile phone for 10p. Is this a valid contract?
 - a) **Yes - 10p is sufficient it need not be adequate consideration**
 - b) Yes - but B can ask for more money if he wishes
 - c) No - the phone is worth more than 10p
 - d) No - the contract is unfair
- 4) Which one of the following usually amounts to an offer?
 - a) **Goods sold through a machine.**
 - b) Advertisements.
 - c) Displays of goods.
 - d) An invitation to submit a tender.
- 5) A condition is
 - a) Something you should seek medical advice for a promise which must be fulfilled to make the contract valid
 - b) **A major term of the contract which goes to the root of the contract**
 - c) A term of the contract which is not central to the existence of the contract
- 6) Which of the following statements is correct, in relation to the withdrawal of an offer?
 - a) An offer may only be withdrawn by the offeror.
 - b) **An offer may be withdrawn by the offeror or a reliable third party.**
 - c) Once an offer has been made it can never be withdrawn.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.

- 7) If a condition has been breached, the innocent party may
- Claim damages only
 - Repudiate the contract
 - Repudiate the contract and claim damages**
- 8) What is the contra proferentem rule?
- Buyer beware - the onus is on the purchaser to ask questions
 - A rule that where a contract is in writing only the written statements are contractual terms
 - A rule of interpretation of contractual terms where any ambiguity is resolved against the person seeking to rely on it**
- 9) A term may be implied into a contract by:
- The courts
 - Statute
 - Trade custom
 - A term can never be implied, it must always be expressed by the parties
- (a) and (b) only
 - (a) (b) and (c) only**
 - (d)
 - (b)
- 10) Gita gave police information about a jewel thief on Monday. On Tuesday she learns that the owner has offered a reward of £200 for giving information on the thief. Is the owner contractually obliged to pay Gita the reward monies?
- No, because a party cannot accept an offer of which he has no knowledge.**
 - Yes there is a unilateral contract.
 - Yes there is a bilateral contract.
 - No, a person is never contractually obliged to pay reward monies.
- 11) A pre contractual statement that induces the making of a contract is?
- A condition
 - Trader's hype
 - A warranty
 - A representation**
- 12) Where a term of a contract is worded broadly to cover a number of potential breaches and it is not possible to decide whether breach of the term would have important or trivial consequences that term is described as:
- A condition
 - A representation.
 - A warranty.
 - An innominate term.**
- 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:
- Binding on the parties.
 - Invalid.**
 - Invalid unless it is reasonable.
 - Only valid if it is brought to the attention of the other party.
- 14) Where an agreement is made in a social or domestic context what is the general rule relating to intention to create legal relations?
- The courts presume the parties intended to create legal relations.
 - Social or domestic agreements are never legal binding because the parties cannot create legal relations.
 - All social or domestic agreements are legally binding.
 - The courts presume the parties did not intend to create legal relations.**

- 15) Which one of the following statements is incorrect?
- a) A contract with a minor for necessities is binding on the minor.
 - b) Certain types of contract are voidable by a minor.
 - c) A loan to a minor is unenforceable.
 - d) **All contracts with minors are unenforceable in the courts.**
- 16) Fred finds George's lost dog. George is so pleased he promises to give Fred £350. George has failed to give Fred the £350 promised. Can Fred enforce the promise?
- a) Yes, because Fred did something in return for the £350.
 - b) Yes, because it is a unilateral contract.
 - c) **No, because the promise to pay was made after the act in returning the dog and past consideration is not good consideration.**
 - d) No, because the dog was only worth £50.
- 17) 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**
- 18) What is a unilateral contract?
- a) A contract in which both parties are legally bound to perform their side of the agreement.
 - b) **A unilateral contract is a contract whereby only one party promises to perform an act if the other party performs a stipulated act, but the other party is not under an obligation to perform the stipulated act.**
 - c) A contract involving only one party.
 - d) A contract that either party can withdraw from at any time.
- 19) What is the principal effect of a counter-offer?
- a) **A counter-offer destroys the original offer and replace it with a new offer.**
 - b) A counter-offer creates a binding contract based on the terms of the counter-offer.
 - c) A counter-offer creates a new offer, but the original offer is still capable of being accepted.
 - d) A counter-offer creates a binding contract based on the terms of the original offer.
- 20) It is vital to be able to distinguish between terms and mere representations. In relation to this, which one of the following statements is true?
- a) **Generally, statements of opinion tend not to amount to representations or terms of the contract.**
 - b) If a party makes a representation that turns out to be untrue, the other party can obtain a remedy by commencing an action for breach of contract.
 - c) When determining whether or not a statement amounts to a term or representation, the courts will examine the subjective intentions of the parties.
 - d) The importance of the statement is irrelevant in determining whether it is a term or a representation.

- 21) Which one of the following statements correctly describes the difference between express and implied terms?
- Express terms are regarded as conditions, breach of which allows the innocent party to terminate the contract. Conversely, implied terms are regarded as warranties only, permitting the innocent party to recover damages only.
 - Express terms are in writing, whereas implied terms usually derive from oral negotiations.
 - Express terms are more important than implied terms.
 - Express terms are terms that the parties have specifically negotiated should form part of the contract. Implied terms are terms added to the contract by the law or based upon the facts of the case.**
- 22) Elen enters into a contract with Simon. She signs the contract, but does not read its terms. Simon performs the contract negligently, but points to an exclusion clause that excludes his liability for negligence. Elen states that she knows nothing about this clause. Based on the information provided, can Simon rely on the exclusion clause?
- Yes**
 - No
- 23) There are several differences between terms implied in fact and terms implied in law. Which one of the following statements provides a valid difference between the two types of implied terms?
- Terms implied in fact are based on the imputed intentions of the parties, whereas terms implied in law are not based on the intentions of the parties.**
 - Terms implied in fact are not subject to the parol evidence rule, whereas terms implied in law are.
 - Where the court implied a term in fact, a precedent will be created so that a similar term will be implied into all similar contracts. Such a precedent is not set where a term is implied in law.
 - Terms implied in law are always implied by statute, whereas terms implied in fact are implied by the courts.
- 24) 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?
- Void contract.
 - An unenforceable contract.
 - Voidable contract.**
 - Unilateral contract.
- 25) When is revocation of an offer effective?
- When it is put in the post by the offeree.
 - When it is received by the offeror or his agent.**
 - After acceptance.
 - An offer cannot be revoked.

GOOD LUCK TO ALL OF YOU

Asst. Prof. Fatih SERBEST