Question 1

When there is a breach of a condition, the only available remedy is to sue for damages.

Select one:

True

False

Question 2

Which of the following statements is the best description of the object of damages for breach of contract?

Select one:

a. To punish the person responsible for the breach.

b. To put the parties into the position they were in before the contract was breached.

c. To restore the parties to their pre-contractual position.

d. To put the parties into the position they would have been in if the contract had been performed.

Question 3

Which of the following statements is the best description of a ‘voidable’ contract?

Select one:

a. There are no legal rights or obligations from the outset, and the contract cannot be enforced by either party.

b. A contract that has been terminated.

c. While the contract is valid on its face, no legal action can be brought on it.

d. The contract remains valid and binding unless and until it is rescinded or terminated by the injured party.

Question 4

Parties to a commercial agreement who do not wish the agreement to be legally binding:

Select one:

a. Can expressly declare that they do not intend to create legal relations.

b. Need not do anything.

c. Are unable to prevent the agreement from being legally enforceable.

d. Can expressly exclude the jurisdiction of the courts.

Question 5

Which of the following situations appears to involve ‘Undue Influence’?

Select one:

a. The directors of a company issued a prospectus which contained information that was incorrect.

b. An elderly Italian couple sign a mortgage in favour of a Bank guaranteeing their son’s debts; the Bank manager knows the couple are unaware of the son’s financial difficulties.

c. A woman gave all of her property to the religious order of which she was a member.

d. A man induced another to sign a contract by telling him that if he did not, he would report his son to the police for committing a criminal offence.

Question 6

Which of the following involves the discharge of a contract by performance?

Select one:

a. The parties carry out the terms of the contract.

b. Performance of the contract becomes impossible due to the occurrence of an unforeseen event.

c. Each party discharges the obligation of the other to perform the contract.

d. One of the parties becomes bankrupt.

Question 7

Corporate contracts are enforceable:

Select one:

a. Against the corporation as an artificial person.

b. Against the directors of the corporation only.

c. Against the shareholders of the corporation only.

d. Against the shareholders and directors of the corporation.

Question 8

In Carlill v Carbolic Smoke Ball Co [1893] 1 QB 256, the advertisement placed by the company was:

Select one:

a. An offer

b. A statement of intention

c. An invitation to treat

d. None of the above

Question 9

Which of the following statements is incorrect:

Select one:

a. Agreements between family members are not legally enforceable.

b. Normally it is presumed that parties to a commercial agreement do intend to create legal relations

c. Normally it is presumed that parties to a social or family agreements do not intend to create legal relations

d. The question of intention is determined by an objective hypothetical reasonable person test

Feedback

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Question 10

Which of the following is NOT one of the possibilities identified by the High Court in Masters v Cameron (1954) 91 CLR 353?

Select one:

a. That the parties had reached final agreement.

b. That the parties had reached agreement but wanted it to be recorded.

c. That the parties had reached agreement but just wanted the deposit to be paid.

d. That the parties had postponed agreement until a formal contract was signed.

Question 11

Which of the following is a relevant factor to consider in determining the validity of a restraint of trade clause?

Select one:

a. The type of business involved.

b. The geographic extent of the restraint.

c. Length of time of the restraint

d. All of the above

Question 12

If an offer and acceptance cannot be identified, there can never be a contract.

Select one:

True

False

Question 13

In relation to contract law an invitation to treat is best described as:

Select one:

a. An offer.

b. An offer to offer an offer.

c. An offer to consider offers

d. An offer to accept an offer

Question 14

It is important to understand the differences between illegal and void contracts because:

Select one:

a. they may have different statutory and common law consequences.

b. they form legal contracts.

c. they belong to identical categories of consideration.

d. all of the above.

Question 15

In the context of contract law, which of the following best describes the element of ‘consideration’?

Select one:

a. Something of value passing from one party to another in return for a promise to do something.

b. An offer by one party and an acceptance by the other.

c. The parties must intend that their promises create legally enforceable obligations.

d. A and B only

Question 16

Contracting with an infant renders the contract void in all circumstances.

Select one:

True

False

Question 17

In contract law, the element of ‘intention’ requires:

Select one:

a. Something of value pass from one party to another in return for a promise to do something.

b. An offer by one party and an acceptance by the other.

c. The parties to intend that their promises create legally enforceable obligations

d. All of the above.

Question 18

Which of the following situations appears to involve ‘unconscionability’?

Select one:

a. A property developer promised their accountant a share in a business venture in return for a reduction in their bill.

b. A man induced another to sign a contract by telling him that if he did not, he would report his son to the police for committing a criminal offence.

c. A woman gave all of her property to the religious order of which she was a member.

d. An elderly Italian couple sign a mortgage in favour of a bank guaranteeing their son’s debts; the bank manager knows the couple are unaware of the son’s financial difficulties.

Question 19

Which of the following cases is authority for the principle that a restraint of trade clause will be valid if it is reasonable?

Select one:

a. Nordenfelt v Maxim Nordenfelt Guns and Ammunition Company Ltd [1894] AC 535.

b. Anderson Ltd v Daniel [1924] 1 KB 138.

c. Public Service Employees Credit Union Cooperative Ltd v Campion (1984) 56 ACTR 39.

d. Forster & Sons Ltd v Suggett (1918) 35 TLR 87.

Question 20

An agreement or promise that does not have any consideration, can still be enforceable if:

Select one:

a. It is written in the form of a Deed.

b. It is held in escrow and all other elements are present.

c. The parties agree that the consideration already occurred in the past.

d. None of the above. An agreement or promise without consideration can never be enforceable.

Question 21

Contracts in restraint of trade are generally unenforceable because they:

Select one:

a. discourage industry and enterprise and reduce competition.

b. injure one of the parties by reducing their means of earning a livelihood.

c. deprive the public of the services of one of the parties.

d. all of the above.

Question 22

Which of the following is NOT a requirement for enforcement of ALL contracts?

Select one:

a. The purpose of the contract must be legal.

b. The parties must consent to the contract.

c. The parties must have capacity to contract.

d. The contract must be in written form.

Question 23

"Damages" is a remedy which enables the innocent party to receive monetary compensation.

Select one:

True

False

Question 24

An oral contract for the sale of land is unenforceable.

Select one:

True

False

Question 25

Which of the following is NOT an example of a contract?

Select one:

a. The lease of a house

b. The hiring of an employee.

c. The purchase of food from a takeaway restaurant.

d. The payment of tax.

Question 26

Out of the following groups, who are NOT presumed to have limited contractual capacity?

Select one:

a. Mentally ill people.

b. Intoxicated people.

c. Very young people.

d. Very old people.

Question 27

Which of the following statements is NOT correct in respect to determining when an agreement is a contract?

Select one:

a. Sometimes the law implies the existence of a valid contract.

b. It is generally not necessary that a contract be in writing to be enforceable.

c. The courts are not concerned with the intention of the parties as it is a private matter.

d. The parties in an agreement do not always intend to create legal relations.

Question 28

Which of the following statements is the best description of a ‘condition’?

Select one:

a. An innominate term in a contract which cannot be classified until after the breach has occurred and the seriousness of the effects of the breach can be ascertained.

b. A term which must be satisfied before a contract can come into existence.

c. A term in a contract which provides that the contract will terminate on the happening of a particular event.

d. An essential term in a contract, non-performance of which may result in termination and/or damages to the injured party.

Question 29

Which of the following statements is the best description of a ‘void’ contract?

Select one:

a. While the contract is valid on its face, no legal action can be brought on it.

b. The contract remains valid and binding unless and until it is repudiated by the injured party.

c.

The purpose of the contract implements a statute or the common law.

d. There are no legal rights or obligations from the outset, and the contract cannot be enforced by either party.

Question 30

Which of the following situations appears to involve ‘duress’?

Select one:

a. A woman gave all of her property to the religious order of which she was a member.

b. A man induced another to sign a contract by telling him that if he did not, he would report his son to the police for committing a criminal offence.

c. An elderly Italian couple sign a mortgage in favour of a Bank guaranteeing their son’s debts; the Bank manager knows the couple are unaware of the son’s financial difficulties.

d. A property developer promised their accountant a share in a business venture in return for a reduction in their bill.

Question 31

Which of the following involves the discharge of a contract by agreement

Select one:

a. One of the parties becomes bankrupt.

b. Performance of the contract becomes impossible due to the occurrence of an unforeseen event.

c. Each party discharges the obligation of the other to perform the contract.

d. One of the parties fails to carry out their obligation completely, and the other party refutes this.

Question 32

Which of the following situations is likely to be seen as an offer rather than as a mere invitation to treat?

Select one:

a. An email containing the question ‘Can I buy your copy of Business Law for $50?’

b. A copy of Business Law in the window of a book shop with a price tag attached to it.

c. A catalogue containing a description of Business Law and the statement ‘Special offer!’.

d. A poster advertising Business Law at a reduced price.

Question 33

Which of the following is the best description of ‘privity of contract’?

Select one:

a. A third party is entitled to bring an action to enforce a contract to which they are not a party if they have the consent of one of the parties to do so.

b. The parties to the contract are only obliged to comply with the terms of the agreement and are not obliged to do any more than this.

c. Only the persons who are parties to the contract can acquire rights and incur liabilities under it.

d. The parties to the contract are under an obligation not to disclose the details of the contract to third parties.

Question 34

Which of the following statements is the best description of a ‘warranty’?

Select one:

a. A less important term in a contract, non-performance of which entitles the injured party to damages only.

b. A term in a contract, non-performance of which may result in rescission of the contract and/or damages to the plaintiff.

c. A term in a contract which provides that the contract will terminate on the happening of a particular event.

d. A term which must be satisfied before a contract can come into existence.

Question 35

In order to be contractually binding on the parties, an agreement:

Select one:

a. Must be expressed in writing and signed.

b. Must be either expressed in writing or expressed verbally.

c. Must be expressed in writing but need not be signed in all cases.

d. May arise by implication as a result of the conduct of the parties.

Question 36

In the context of contract law, which of the following is an example of the element of ‘agreement’?

Select one:

a. Something of value passing from one party to another in return for a promise to do something.

b. An offer by one party and an acceptance by the other.

c. The parties must intend that their promises create legally enforceable obligations.

d. All of the above.

Question 37

Which of the following statements is the best description of ‘undue influence’?

Select one:

a. The improper use of a superior bargaining position to induce a contract.

b. The improper use of violence or of threats of violence to induce a contract.

c. The improper use of fraudulent information.

d. The improper use of a position of influence or power to induce a contract.

Question 38

Which of the following statements is correct in respect to the nature of a contract?

Select one:

a. All agreements are legally enforceable contracts.

b. Not all contracts are agreements.

c. The terms ‘contract’ and ‘agreement’ mean the same thing

d. A contract is a type of agreement

Question 39

To establish consideration, the price must be:

Select one:

a. valuable and sufficient, but need not be adequate.

b. valuable and either adequate or sufficient.

c. valuable, adequate and sufficient.

d. valuable and adequate, but need not be sufficient.

Question 40

Which of the following statements is the best description of ‘duress’?

Select one:

a. The improper use of a position of influence or power to induce a contract.

b. The improper use of fraudulent information.

c. The improper use of a superior bargaining position to induce a contract.

d. The improper use of violence or of threats of violence to induce a contract.