



**CRAWFORD UNIVERSITY**  
FAITH CITY, IGBESA  
COLLEGE OF BUSINESS AND SOCIAL SCIENCES  
DEPT. OF ADMIN & MANAGEMENT

**HARMATTAN SEMESTER EXAMINATIONS**  
**BUS 303: BUSINESS LAW**

**2021/2022 Session**  
**Date: February, 2022**  
**Time Allowed: 2½ hours**

**PART A: Multiple Choice Questions.**

**INSTRUCTION: Attempt ALL Questions in this part.**

1. An offer may lapse by.....
  - A. Revocation
  - B. Counter Offer
  - C. Rejection of offer by offeree
  - D. All of these
  
2. Which of the following statement is true?
  - A. There can be a stranger to a contract
  - B. There can be a stranger to a consideration
  - C. There can be a stranger to a contract & consideration
  - D. None of the above
  
3. Ordinarily, a minor's agreement is .....
  - A. Void ab initio
  - B. Voidable
  - C. Valid
  - D. Unlawful
  
4. On the valid performance of the contractual obligations by the parties, the contract...
  - A. Is discharged
  - B. Becomes enforceable
  - C. Becomes void
  - D. None of these
  
5. On the acceptance of an offer by an offeree.....
  - A. Only the acceptor becomes bound by accepting the offer
  - B. Only the offeror becomes bound as his terms are accepted
  - C. Both the acceptor and offeree becomes bound by the contract
  - D. None of these
  
6. Regarding the system of equity, which one of the following statements is untrue?
  - A. If the common law and equity conflict, the common law prevails.
  - B. Equity refers to the supplementary system of law that originally derived from the decisions of the Court of Chancery.
  - C. The rules of equity are more concerned with fairness than the rules of the common law.

- D. The administration of the common law and equity is fused, so any court may apply common law or equitable principles.
7. When the consent of a party is obtained by coercion, undue influence, fraud or misrepresentation, the contract is .....
- A. Void
  - B. Voidable
  - C. Valid
  - D. Illegal
8. Where the consent of a party is obtained by misrepresentation, the contract is .....
- A. Valid
  - B. Void
  - C. Voidable
  - D. Illegal
9. An agreement to do an illegal act (e.g.: sharing the earnings of smuggling business) is .....
- A. Valid
  - B. Void
  - C. Voidable
  - D. Contingent
10. Can a person who is usually of unsound, but occasionally of sound mind, make a contract?
- A. Yes, he can always make a contract
  - B. Yes, but only when he is sound mind
  - C. No, he cannot make contract
  - D. Can't be determined
11. Which of the following is false? An acceptance:.....
- A. Must be communicated
  - B. Must be absolute and unconditional
  - C. Must be accepted by a person having authority to accept
  - D. May be presumed from silence of offeree
12. Which of the following is false? Consideration.....
- A. Must move at the desire of the promisor
  - B. May move from any person
  - C. Must be illusory
  - D. Must be some value
13. Consent is not said to be free when it is caused by.....
- A. Coercion
  - B. Undue influence
  - C. Fraud
  - D. All of these

14. As a general rule, an agreement made without consideration is.....
- A. Void
  - B. Voidable
  - C. Valid
  - D. Unlawful
15. A contingent contract dependent on the non-happening of a future uncertain event becomes void when such event .....
- A. Happens
  - B. Does not become impossible
  - C. Does not happen
  - D. Both (a) and (b)
16. When offer is made to a definite person, it is known as.....
- A. General offer
  - B. Cross offer
  - C. Counter offer
  - D. Special offer
17. When an agreement is discovered to be void, or when a contract becomes void, any person who has received any ----- under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.
- A. Advantage
  - B. Benefit
  - C. Consideration
  - D. Favour
18. The term 'common law' has three different meanings. Which of the following is NOT a meaning of the term 'common law'?
- A. The body of law as made by judges through the determination of cases
  - B. A legal system that is based on that of England.
  - C. Laws created by Parliament.
  - D. The system of law that emerged following the Norman Conquest in 1066.
19. Regarding the system of equity, which one of the following statements is untrue?
- A. If the common law and equity conflict, the common law prevails.
  - B. Equity refers to the supplementary system of law that originally derived from the decisions of the Court of Chancery.
  - C. The rules of equity are more concerned with fairness than the rules of the common law.
  - D. The administration of the common law and equity is fused, so any court may apply common law or equitable principles.
20. Statute law refers to .....
- A. Laws created by the judges through the deciding of cases.

- B. The doctrine that seeks to mitigate the harshness of the common law by deciding cases based on fairness and equality.
- C. The body of law that regulates the relationship between the State and its citizens.
- D. The body of laws created by Parliament in the form of legislation.

21. Which one prevails when there is conflict between laws?

- A. Customary Law
- B. Country Constitution
- C. By- Law
- D. National Assembly Bill.

22. Agency may be terminated by operation of law through the following, except.....

- A. Subsequent incapacity of a party
- B. Death of principal
- C. Lapse of time
- D. Frustration

23. Bayo buys a vase from Taiye for N20. Taiye believes the vase is worthless but Bayo believes it is valuable. Bayo later sells it for N10,000. What legal action can Taiye take against Bayo?

- A. Sue Bayo for the return of the vase as the contract is void for unilateral mistake.
- B. Sue Bayo for breach of contract.
- C. Taiye has no legal remedy.
- D. Sue Bayo for the return of the vase as the contract is void for common mistake.

24. Sally contracts with her employer that she will have a salary of N135,000 per annum plus a cash payment of N60,000 at the end of the year which will not be declared thereby avoiding tax. Sally's employer has now refused to pay her the N60,000. Can Sally take legal action to enforce the payment of N60,000?

- A. Yes, Sally has completed the work as agreed.
- B. Yes, provide the contract is in writing.
- C. No, the contract is void for illegality.
- D. No, the contract is void for mistake.

25. In a normal agency relationship where the agent acts within his authority, a binding contract is usually created between which parties?

- A. The principal and agent
  - B. The principal and a third party
  - C. The agent and a third party
  - D. The principal, agent, and third party
26. Regarding the capacity of principal and agent, which one of the following statements is NOT true?
- A. A minor cannot enter into a normal trading contract simply by employing an adult agent.
  - B. A mentally disordered person can appoint an agent to purchase necessities.
  - C. An agent who lacks full contractual capacity can only be made personally liable on those contracts that he would have had capacity to make on his own behalf.
  - D. A minor cannot act as an agent in a transaction which he would not have capacity to enter into on his own behalf.
27. There are numerous limitations and conditions regarding when agency by ratification can arise. Which one of the following is NOT a valid limitation or condition?
- A. An act that is void in law cannot be ratified.
  - B. Ratification must take place within a reasonable time.
  - C. In order to ratify, the agent must have contractual capacity to enter into the contract on the date which he entered into the contract on the principal's behalf.
  - D. Ratification will not take place if it would unfairly prejudice a third party.
28. An agent is subject to a number of duties. Which one of the following statements regarding the duties of an agent is NOT true?
- A. If an agent appoints a sub-agent, that sub-agent is not normally regarded as an agent of the principal.
  - B. An agent cannot accept commission from both parties to a transaction without his principals' consent.
  - C. An agent can only disobey his principal's instructions if he honestly believes that disobeying those instructions is in his principal's best interests.
  - D. A gratuitous agent is not under a duty to act.
29. Agents have a number of rights. Which one of the following statements regarding these rights is NOT true?

- A. An agent has a lien over any goods lawfully in his possession if the principal has not paid the agent money due.
  - B. Both commercial and non-commercial agents have a right to be paid.
  - C. A principal is not obliged to provide non-commercial agents with relevant information.
  - D. An agent who has incurred tortious liability whilst carrying out his principal's instructions is entitled to be indemnified by his principal.
30. The *ratio decidendi* of a case refers to?
- A. A statement said by the way.
  - B. The reason for deciding a case.
  - C. The principle whereby lower courts are bound by the decisions of higher courts.
  - D. The process whereby a court avoids a binding precedent on the ground that the current case differs materially from the precedent.

**PART B: Theory Questions.**

**INSTRUCTION:** Attempt Question 1 and any other Question in this part.

1. (a). Briefly explain the hierarchy of the Nigerian courts. (4 marks)
1. On January 5, Robert wrote to John offering to sell 15 bags of rice at ₦25,500 per bag. On January 7 John posted a reply in which he accepted Robert's offer but added that if he did not hear to the contrary he would assume that the price included delivery to his (John's) warehouse. The following morning, before John's letter arrived at Robert's office, Robert read a posting on the internet which stated that the price of rice was about to fall and he immediately sent an email to John stating 'our price of ₦25,500 includes delivery'.
- On receiving Robert's email at 10am on January 8, John posted a letter to Robert confirming his acceptance of Robert's terms. By mid-day, however, John also saw the posting on the internet which indicated that rice prices were about to fall and, having considered the matter, sent an email to Robert stating 'I do not accept your offer of rice'.
- The price of rice fell to ₦23,800 per bag and John refuses to accept any rice from Robert.

**Required:**

As a good student of business law, *advise* Robert regarding the case above, supporting your opinions with relevant decided cases where applicable. (11 marks)

2. a) The Doctrine of Equity is the body of rules originally enforced by the court of Chancery. Discuss. (5 marks)

- b). One of the major sources of Nigerian Laws are the legislations that were made locally. Explain the composites of those legislations. (10 marks)
3. a). Briefly summarize the contents of section 12 (ss.1-3) of the Sales of Goods Act (1893). (3 marks)
- b). There are five principal ways an agency can come into existence. Discuss them. (12 marks).
4. (a). The fact that a rule of custom is acceptable in a given community; and is deemed applicable as law regulating a set of circumstances, is not enough to persuade the court to apply it. Therefore, rule of custom are subject to tests of validity prescribed by statute. Discuss the tests with relevant decided cases as applicable. (6 marks)
- (b). Citing relevant decided cases, and other examples, distinguish between "Offer" and "Invitation to Treat". (9 marks)

Good Luck.

ESS, 02/22