



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja
2022_2 Examination

COURSE CODE: CLL233

COURSE TITLE Law of Contract I

CREDIT UNITS: 4

INSTRUCTIONS: (a) Indicate your Matriculation Number clearly
(b) Attempt Question one (1) and any other three (3) questions
(c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.
(d) Using appropriate statutory and judicial authorities, present all your points in a straightforward, coherent and orderly manner.

TIME 3 Hours

ALLOWED:

QUESTION 1

In January 2021, Onome bought a car from Ahmadu for =N=2,500,000 to be paid in two instalments of =N=1,250,000 in February and April 2021 respectively. Onome after paying the first instalment in February 2021, lost her job in March 2021. Onome did not pay the second instalment in April 2021 when it was due. Ahmadu felt sorry for Onome for the loss of her job not long after buying his car. He told her that if she paid him the half of what she owed him (=N=625,000) by the following month, May 2021, he would let her off with the rest. Onome paid him the N=625,000 on the 25th May 2021. She also sent a thank you card and carton of juice “in consideration of his kindness.”

On the 28th of May 2021 Onome was notified that she had been successful in one of her job applications and would be starting work at a much better salary than her old job on the 1st of June 2021. Ahmadu has heard about Onome’s new job and realizes that she is likely to be earning more than he is. He now wishes to claim the rest of the money which she had originally agreed to pay for the car.

Advise the Parties. 25 Marks

QUESTION 2

- a. Discuss the Postal Rule and the potential difficulties raised by the postal rule. Is the postal rule applicable in today’s commercial environment, with reference to new technologies such as email? **10 Marks.**

- b. Abah, an antiques dealer in Jabi Abuja, displayed a Portrait of Queen Amina in his window, marked N50, 000. Biola walked in and placed N50,000 on the counter. She asked for the portrait. However, Abah said, “sorry, Not for Sale, for display purposes only.”

Advise Biola. Would your advice be different if Abah is running his shop on a self-service basis and Biola placed the portrait at the cash register and tendered her N50,000?

5 Marks

QUESTION 3

Discuss the position of law in respect of contract entered into by the following people:

- a) A drunk- **5 Marks**
- b) Lunatic/Insane Persons- **5 Marks**
- c) Statutory corporations and unincorporated Association. -**5 Marks**

QUESTION 4

Consideration must be something “which is of value in the eye of the law,” Lord Thomas, Chappell & Co. v Nestlé Co. Ltd [1960] AC 87.

Evaluate what will and will not amount to value to satisfy the legal requirement that a bargain to be enforceable must be supported by sufficient consideration. **15 Marks**

QUESTION 5

Dada had a party to attend on Saturday, so he visited Sura ‘D Tailor’ to have him a special and trendy designed outfit he saw in fashion magazine. Sura made a bespoke well-fitting design that Dada was so impressed and pleased with the outfit that he said he would give Sura extra N20,000 on top of the N60,000 he had charged him for the material and sewing. Dada then found that he did not have enough money with him to do so and said he would call in on Monday to give it to Sura.

On Sunday, Dada agreed with his friends Idris and Chike that they should go to the local Casino while on their way, Idris said: ‘If any of us makes a winning let’s say more than N100, 000, how about we share the winnings?’ The others both agreed that this was a good suggestion. At the Casino, Chike was lucky in all his bets, and at the end of the evening had won N600,000. He then denied that he had agreed to share his winnings and refused to make any payment to Dada and Idris.

On Monday, Dada seeks your advice as to:

- a) whether he is obliged to pay the N20,000 to Sura (since Dada is now short of money after his visit to the betting centre). **8 Marks**
- b) Whether he can compel Chike to pay his share of his winnings. **7 Marks**

QUESTION 6

- a) What is the different between a term and representation? **10 Marks**
- b) Kabiru, a postal worker, bought a new computer from a department store. A prominently displayed notice in the store stated that refunds would not be given on any goods bought. The shop assistant pointed the notice out to Kabiru before the contract is made. At home Kabiru could not get the computer to work. He asked a friend, Mariam, to help him. Mariam discovered that the computer is faulty. She also agreed to give Kabiru her old computer. Consequently, Kabiru no longer wanted the bought computer and took the

computer back to the store. However, the store refused to refund the purchase price because the fault on the computer could easily be fixed and because the notice said that no refunds would be given.

Advise Kabiru of his legal position. 5 Marks