

BOWEN UNIVERSITY, IWO, OSUN STATE
COLLEGE OF LAW
FIRST SEMESTER EXAMINATION, 2023/2024 SESSION
COURSE CODE: PCL 201 COURSE TITLE: LAW OF CONTRACT I
INSTRUCTIONS

a. Answer **any two** questions from Section A and **any two** questions from Section B.

b. Each question carries 17%.

c. Time allowed: 3 hours.

1. The general rule is that where a party performs an act that is merely a discharge of a pre-existing obligation, there is no consideration for a promise made to him. Such a party is already bound to render the performance in question, and so he offers nothing new for a further promise.

Discuss with the aid of relevant judicial authorities.

2. Standard Estate Agents Nig. (Ltd) leased a block of flats to a group of tenants for 20 years in 2020. As a result of COVID-19 pandemic, many people left the cities to live in the countryside, and young persons joined the medical profession, rendering various kinds of health services in other places. The parties then agreed that the tenants should pay half the rent from the commencement of the lease. By 2023, the flats were fully occupied again. A new management has just taken over the company and insists that the defendants should pay the rent in full henceforth, and pay the arrears for the half rents they did not pay between 2020 and 2023.

With the aid of judicial authorities, examine the legal issues/limitations involved in this matter and advise the parties.

3. (a) Abel Wire and Cable wrote to Okrika University, offering to sell cable at a particular price per ton for the wiring of their ultra-modern sports complex. On the same day, Okrika University wrote to Abel Wire and Cable offering to buy cable at the same price per ton. The letters crossed in the post. The management of Okrika University is contending that there is a valid contract, while Abel Wire and Cable is claiming otherwise.

Advise both parties on the legal effect of their actions. (10 marks)

- (b) Examine briefly the various ways an offer could be terminated. (7½ marks)

4. (a) Write **explanatory but brief notes** on the following:

- i. The capacity of a drunken person to enter into a contract.
- ii. The capacity of a person who is mentally unstable to enter into a contract.
- iii. The capacity of an illiterate to enter into a contract. (10½ marks)

- (b) Miss Nancy signed a document incorporating by reference another document containing an exclusion clause printed by the sellers of an automatic slot machine, which she ordered from them. In addition to the essential terms of the contract in legible prints, an exclusion clause in very small prints contained the following terms that, *'Any express or implied condition, statement, or warranty, statutory or otherwise, not stated herein is hereby excluded'*. When it was delivered, the machine did not work satisfactorily, and Miss Nancy instituted an action for

breach of contract against the sellers. The sellers however relied on the exemption clause in their defence, and Miss Nancy pleaded that at the time she signed the order form, she had not read it, therefore she knew nothing about the contents, and that the exclusion clause could not be easily read because of the smallness of the prints.

With the aid of decided cases, advise Miss Nancy on the position of the law on signed contractual documents. (7 marks)

5. (a) With the aid of judicial authorities, comment on the validity of the following transactions:
- i. An infant haulage contractor agreed to buy a lorry on hire purchase agreement for the purpose of business. He later failed to pay the instalment due.
 - ii. A minor obtained an unpaid loan by falsely misrepresenting his age.
 - iii. Anna was betrothed to Denis when she was only 12 years. When she clocked 22, Denis wrote a letter of his intention to formalise the relationship at the Mapo Marriage Registry, Ibadan. Two years after writing the letter of intention to marry Anna, Denis got married to Zabel. Anna instituted an action against Denis for a breach of the promise to marry. **(7½ marks)**
- (b) Company 'A' and Company 'B' are both in the business of hiring out heavy earth-moving equipment. Company 'B' engaged in drainage work arranged by telephone for a dragline crane from the Company 'A'. Although the fee was agreed, nothing was said about the conditions of hire. Company 'A', in accordance with usual practice, sent a printed form of the agreement to the Company 'B' for signature. Before it was signed, the crane, without anyone's fault, sank in marshy ground. Under the conditions in the printed but unsigned form, which was similar to those used by all firms in the crane hiring business, including Company 'B', hirers are liable to indemnify owners against liability in the sort of situation that happened. Company 'B' however resists the incorporation of this term into the contract. **Advise both parties. (10 marks)**
6. (a) Mr Harrison agreed to buy a car under a hire-purchase agreement, which included a clause that, "No condition for fitness for any purpose is given by the owner or implied herein." One night, the car was towed to Mr Harrison's house by the agent of the Jiggis Financial Ltd. When Mr. Harrison inspected the car the next morning, parts of the car were missing, others were broken, and it was incapable of self-propulsion. Mr Harrison refused to pay the instalments, and an action was instituted against him by the Jiggis Financial Ltd, who relied on the exclusion clause in the agreement to protect them from liability. **Advise both parties. (10 marks)**
- (b) With the aid of decided cases, distinguish between conditions and warranties. **(7½ marks)**