



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja
2022_1 EXAMINATION

COURSE CODE: CLL332

COURSE TITLE LAW OF COMMERCIAL TRANSACTIONS II

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 ALLOWED: 3 Hours

QUESTION 1

- (a) Wavelength Equipment Leasing Services Ltd concluded a hire purchase agreement with Mr. Kehinde Yusuf, a hardworking young man, in respect of a Volkswagen Golf 2007 Model at the hire purchase price of NGN2.5 million (two million five hundred thousand Nigeria Naira) only over five years. Mr. Yusuf intends to use the vehicle for intracity services within the Abuja metropolis. Clause 2.2 of the Hire Purchase Agreement provided that the *“If HIRER defaults in the payment of any instalment at any time during the period of the hire, the right of the OWNER to determine the hire purchase agreement and repossess the motor vehicle is hereby preserved: provided that the right shall not avail the OWNER where the HIRER has paid not less than three fourths of the hire purchase price at the point of default.”*
- i. Advise Mr. Kehinde Yusuf on the Clause 2.2 in relation to the statutory regime. (10 marks)
 - ii. If the subject matter of the hire purchase agreement is a set of household furniture, what would be the relevant proportion of the hire purchase price? (3 marks)
- (b) With the help of a decided case, set out the position of the law in respect of the principal’s vicarious liability where crime is committed. (12 marks)

QUESTION 2

In a Hire Purchase Agreement between Peace Motors (Hirer) and Toyota Nigeria Limited (Owner), the hirer exercised its right and determined the hire purchase agreement. The Owner, desirous of retaining your services, has sought your professional advice on the following points:

- (a) What are the conditions the Hirer must comply with under the Hire Purchase Act for the termination to be legally binding on the Owner? (10 marks)
- (b) To help the owner appreciate your points, define the term “hire purchase price” according to the Hire Purchase Act. (5 marks)

QUESTION 3

Write short notes on the following:

- (a) Doctrine of irrevocable authority (10 marks)
- (b) Termination of agency by effluxion of time (5 marks)

QUESTION 4

- (a) Discuss the concept of notice as an incidence of termination of agency. (8 marks)
- (b) List the conditions for the application of statutorily implied condition of merchantability in a hire purchase agreement. (7 marks)

QUESTION 5

Mallam Shafi believed that he had contracted with Chief Balogun. Mallam never fathomed the thought that Chief Balogun was acting for Asiwaju Ahmed Musa. Nevertheless, Asiwaju could and is entitled to intervene and enforce the contract as the circumstances of the case may demand.

- (a) Briefly explain nature of the agency situation disclosed above. (3 marks)
- (b) Identify any four exceptions to the agency situation. (8 marks)
- (c) In the context of agency, state the principle in *Kelner v Baxter & Ors* (1866) 36 LJCP 94. (4 marks)

QUESTION 6

“The hire-purchase agreement is essential to the contract of hire-purchase and is precipitated on the premise of offer and acceptance and that mere delivery of the goods is not enough as acceptance must be communicated to the hirer. This explains the concern of common law particularly with respect to the doctrine of offer and acceptance, the capacity of the contracting parties and the rudiments of the obligations of the parties to the contract.” Discuss this statement. (15 marks)