

# **COMMERCIAL LAW 1 SET TWO QUESTIONS**

## **COMPILED BY; MR. SOWAH**

What is consideration?

- a) Nothing to care about
- b) The third tort case
- c) A necessary element make agreements binding contracts
- d) The judge is using consideration to instruct the jury in a trial

2. What is the age of capacity to enter into a valid and a binding contract in Ghana?

- A. 18
- B. 21
- C. 16
- D. 22

3. All the following are elements of a valid and a binding contract except

- A. Offer and acceptance
- B. Dispute resolution clause
- C. Capacity
- D. Consideration

4. Executory consideration is \_\_\_\_\_

- a) An act that is performed in exchange for a promise given earlier
- b) A promise to be performed in the future in exchange for another promise
- c) An act that is performed before a promise is made
- d) A promise that is executed by one party to the contract

5. All the following are examples of "invitations to treat except

- a. Advertisement of goods in a newspaper
- b. Display of goods in a shop
- c. Auction sales
- d. Letter inviting family members for a treat

6. The postal rule applies to all the following except\_\_\_\_

- A. Letter communicating an offer by post
- B. Letter communicating an acceptance by post
- C. Communication of acceptance by post but the letter eventually got lost or damaged
- D. Communication of acceptance by post but the offeror never received the letter.

7. A box of chocolate is labelled as Ghc15.00 on the top shelf in a super mart. This is an

- a. offer to the customer to buy the chocolate for Ghc15.00
- b. opportunity for the customer to make a counter offer

- c. invitation to the customer to ask about the chocolate
- d. invitation to the customer to make an offer for the chocolate

8. The postal rule principle was first established in which English case

- a. Hyde v Wrench
- b. Carlil v Carbolic Smoke ball Co. Ltd
- c. Smith v Hughes
- d. Adams v Lindsell

9. Hyde Wrench [1840] EWHC Ch 390 is a leading English Contract Law case on the issue of

- a. Postal Rule
- b. Counter offers
- c. Acceptance by conduct
- d. Capacity to contract

10. The case of Nash v Innman best illustrates which principle in contract law.

- a. Minors do not have capacity to contract with adults
- b. the capacity of people non compos mentis to contract
- c. the intention to create legal relations in social contracts
- d. Illegality.

11. In the Law of Contract, consensus ad idem" means

- a. Mutual partnership
- b. Mutual understanding
- c. Mutual intentions.
- d. Mutual engagement

12. The Law of Contract is nothing but

- A. a child of commercial dealing
- B. a child of religion.
- C. a child of day-to-day politics.
- D. a child of economics.

13. An agreement consists of reciprocal promises between at least

- A. four parties.
- B. six parties.
- C. three parties.
- D. two parties.

14. Contractual rights and duties are created by

- A. static
- B. statute
- C. parties
- D. custom or usage.

15. Contracts classified on the basis of performance are

- A. executed contracts
- B. executory contracts
- C. partly executed or partly executory contracts
- D. all of the above

16. Express contract means a contract made by

- A. words either spoken or written
- B. documents
- C. both words and documents
- D. all of the above

17. A. promised to marry B. Later on B. died. This contract of marriage

- A. becomes void
- B. is void from very beginning
- C. is valid
- D. is illegal now.

18. An implied contract is one which comes into existence on account of

- A. conduct of the parties
- B. non-availability of a paper for writing
- C. inability of parties to write or speak
- D. directions given by a court

19. A contract in which, under the terms of a contract, nothing remains to be done by either party is known as

- A. executed contract.
- B. executory contract.
- C. Unilateral contract.
- D. none of the above.

20. A contract in which, under the terms of a contract, one or both the parties have still to perform the obligations in future is known as:

- A. executed contract.
- B. executory contract
- C. unilateral contract.
- D. none of the above.

21. All illegal agreements are void; but all void agreements are not illegal.

- A. True
- B. Partly true
- C. False
- D. None of the above

22. An offer and its acceptance is the basic requirement of an agreement and as per this requirement an offer by one party\_

- A. should be made to the other who is related to him.
- B. may also be made to himself.

- C. should be made to another who may or may not be related to him.
- D. should be made to another before the Registrar

23. According to enforceability, the contracts may be classified as

- A. valid contracts.
- B. void contracts.
- C. voidable contracts.
- D. all of the above.

24. In social agreements usual presumption is \_\_\_\_\_

- A. that parties do not intend to create social relations
- B. that parties intend to perform them.
- C. that parties do not intend to make legal and social relations
- D. that the parties do not intend to create legal relations between them

25. . An agreement is \_\_\_\_\_?

- A. enforceable by law if it meets the requirements of the law of the land
- B. enforceable by law if any one party to it wants
  - C. enforceable against the law
- D. enforceable by law if it is made by competent parties

26. Where the obligation in a contract is outstanding on the part of both parties, it is called

- A. void contract.
- B. illegal agreement
- C. unilateral contract
- D. bilateral contract

27. Bonds wrote McGuire, "I will sell you my house and lot at 419 West Lombard Street, San Francisco, California for \$950,000 payable upon merchantable deed, deal to be completed within 60 days of the date of your acceptance. Assuming that Bonds letter contains terms which are deemed sufficiently certain and definite, which of the following statements is correct?

- A. Bonds letter is not an offer unless Bonds intended it to be an offer.
- B. Bonds letter is not an offer unless McGuire thought Bonds intended to make an offer.
- C. Bonds letter is an offer if a reasonable person with full knowledge of the circumstances would be justified in thinking it was intended as an offer.
- D. Bonds letter is not a offer unless both Bonds and McGuire considered it as an offer.

28. Iverson Jewelers wrote a letter to Miller. "We have received an exceptionally fine selfwinding Rolox watch which we will sell to you at a very favorable price."

- A. The letter is an offer to sell
- B. A valid offer cannot be made by letter
- C. The letter contains a valid offer which will terminate within a reasonable time.
- D. The letter lacks one of the essential elements of an offer

29. Tom and Jerry entered into a contract whereby Tom agreed to sell Jerry \$1,000 worth of heroin, an illegal substance. This is an example of

- a A. quasi contract.
- B. void contract
- C. voidable contract
- D. secondary party beneficiary contract.

30. When referring to a system of law, common law refers to:

A. The legal system in which laws are based on precedent, i.e., the recorded reasons given by judges for their decisions, which are adopted by judges in later cases with similar facts.

B. The legal system derived from Roman law that focuses on the development of a comprehensive legislated code

C. The rules of law administered by the courts of equity.

D. The rights and duties that each person has in society.

31. An intention to create legal relations:

A. Is determined by a test of whether the parties themselves actually intended to enter into a contract.

B. Is determined by a test of whether a reasonable person would believe the parties intended to enter into a contract

C. Is usually presumed in a family context but not a business context.

D. Both b and c.

32. This method of termination of an offer occurs when the offeree responds with a willingness to enter into a contract but on different terms

A. Lapse

B. Revocation

C. Rejection

D. Counter-offer

33. Which of these is not consideration or acceptable in lieu of consideration

A. Something a party did prior to contemplation of the contract

B. A promise to perform a pre-existing contractual obligation to a third party.

C. Money.

D. A little red sticker.

4. A cell phone contract:

A. Is considered necessary since all minors need cell phones and therefore would be minor

B. Is considered a contract for beneficial service and therefore would be binding on the minor.

C. Would have to be repudiated by a minor promptly after becoming an adult or the minor would be liable under its terms as if he or she had been an adult all along.

D. Could be repudiated by the minor, and the minor would not have to pay for cell-phone services received before or after repudiation.

35. This is a term not expressly included in the contract by the parties but one that a reasonable person would have included had the person thought about it:

A. Express term.

B. Implied term.

C. Parol term

D. Mistaken term

36. A void contract is:

A. A contract that does not meet seven key requirements from intention to create relations

through legality.

B. A contract with no legal effect from the beginning, as though it never happened.

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- C. A contract that is valid unless and until it is rejected at the option of one of the parties.
- D. A contract with a mistake in it.

37. Statute law is:

- A. A law made by the legislature.
- B. law made by judges
- C. law found in the Quran
- E. established by country's constitution

38. Which ONE of the following correct? As general rule, in contract for the sale of goods, the

- A. expectations of the buyer
- B. description given the seller or given on behalf the seller
- C. recognized in the trade
- D. to description from course of dealings with the seller

39. In a contract for the sale of goods, the goods must be: \_\_\_\_\_

- A. Of a satisfactory size and sharp
- B. Satisfactory to the buyer
- C. Satisfactory to all involved in its sale
- D. Of satisfactory quality

40. Which following is not a discharge

- contracts? A. . Breach
- B. Frustration
- C. Performance
- D. Unilateral cancellation

41. Contract of the sale of goods is one where;

- A. A seller gives goods to another by way contract, for safe keeping
- B. Goods passed to another to use in his business
- C. A seller transfers or agrees to transfer, the property in goods to the buyer for a money consideration called the price
- D. Goods are loaned under a contract of hire to a customer

42. An agreement valid \_\_\_\_\_

- A. Which creates legal and social obligations the
- B. Which creates rights of a party
- C. Which is written a piece paper and signed by the parties
- D. Which creates legally binding right and obligations of the parties to it

43. Voidable contract is one \_\_\_\_\_

- A. Which is lawful.
- B. Which is invalid.
- C. Which is valid as long as it is not avoided by the party entitled to do so.
- D. Which is unlawful.

44. When the contract is perfectly valid but cannot be enforced because of certain technical defects. This is called  
A. Unilateral contract.  
B. Bilateral contract.  
**C. Unenforceable contract.**  
D. Void contract.

45. \_\_\_\_\_ is without any legal effect and cannot be enforced in a Court of Law  
. A. Valid contract  
**B. Void contract**  
C. Voidable contract  
D. Unenforceable contract.

46. A void agreement is void ab initio but a void contract is not void ab initio,  
A. True  
**B. False**  
C. Partly true  
D. Partly false

47. A contract needs to be written, registered and signed by the parties and witnessed  
**A. If any party wishes so.**  
B. If the Contract Act directs so.  
C. If any other Act provides so.  
D. If the consideration is a large amount.

48. A and B enter into a contract to marry each other. Before the time fixed for the marriage. A goes mad. The contract becomes  
A. Void.  
B. Illegal  
C. Valid  
**D. Voidable**

49. \_\_\_\_\_ is forbidden by law  
. A. Valid contract  
**B. Illegal agreement.**  
C. Voidable contract  
D. Unenforceable contract

50. Which of the following is not a source of Law in Ghana?  
a. Acts of Parliament  
b. Judgments of the Courts  
c. The 1992 Constitution  
**d. Commands of the President**

51. The branch of law which deals with resolving disagreements between private citizens is referred to as  
a. Criminal Law  
**b. Civil Law**  
c. Administrative Law



d. Common Law

52. In agreements made in a social setting, there is the usual presumption that:

- A. Parties do not intend to agree.
- B. Parties intend to perform them.
- C. Parties do not intend to make legal and social relations.
- D. **The parties do not intend to create legal relations between them.**

53. A seller of goods can only transfer all the right in goods to a buyer where

: A. He has the authority of the owner to do so

B. **He is the true owner of property**

C. All of the above

D. None of the above

54. A contract in which, under the terms of a contract, nothing remains to be done by either party known as

**A. Executed contract.**

B. Executory contract.

C. Unilateral contract.

D. None of the above.

55. Bubbly Soda Company hires Carlo to work on Bubbly's shipping dock, checking outgoing loads and dispatching Bubbly's drivers. With respect to Carlo, Bubbly is most likely

A. an employee.

B. an agent.

C. an independent contractor.

**D. a principal.**