La-Net

TAX313

BUSINESS LAW

TAX 313: Business Law (Mercantile Law) (2 Units C: LH 30)

Course Code: TAX 313

Course Title: Business Law (Mercantile Law)

Course Unit: 2 Units C

Series 1 Foundations of Nigerian and International Business Legislation

Part 1.1 Sources of Nigerian Law
- 1.1.1 Historical development of Nigerian law
- 1.1.2 Primary sources: Constitution, legislation, case law
- 1.1.3 Secondary sources: Customary law, Islamic law, received English law

Part 1.2 International Business Legislation
- 1.2.1 Role of international treaties and conventions
- 1.2.2 Influence of global trade organisations
- 1.2.3 Harmonisation of business laws across borders

Part 1.3 Administration of Justice in Nigeria

1.3.1 Structure of the Nigerian judiciary
1.3.2 Court hierarchy and jurisdiction
1.3.3 Challenges in the administration of justice

Introduction

Business transactions are never carried out in isolation, they are governed by rules that ensure fairness, order, and predictability. In Nigeria, these rules are derived from a variety of sources, including constitutional provisions, legislation, customary practices, and judicial decisions. Alongside these, international conventions and treaties influence how businesses operate across borders, ensuring that commerce is not restricted by national boundaries alone. A clear understanding of these foundations is vital for learners who wish to appreciate the environment in which business law functions.

The aim of this Series is to equip you with knowledge of the sources of Nigerian law, the role of international legislation in shaping business activities, and the administration of justice in Nigeria.

We shall commence this Series by examining the sources of Nigerian law, tracing their historical development and identifying the key elements that shape the legal system. Next, we will consider international business legislation, focusing on treaties, conventions, and the role of global organisations in harmonising laws. Finally, we will analyse the administration of justice in Nigeria, looking at the judiciary, the hierarchy of courts, and the challenges encountered in enforcing business legislation.

Series Learning Outcomes

Upon completing this Series, you should be able to:

SLO 1.1 define the historical and primary sources of Nigerian law,
SLO 1.2 explain the role of international treaties and conventions in regulating business,
SLO 1.3 analyse the structure and jurisdiction of the Nigerian judiciary.

1.1 Sources Of Nigerian Law

1.1.1 Historical development of Nigerian law

The **historical development of Nigerian law** refers to the gradual evolution of the legal system from indigenous customs to the modern framework influenced by colonial rule and post-independence reforms. Before colonialism, communities relied on **customary law**, which consisted of unwritten rules based on traditions and practices. With British colonisation, **received English law** was introduced, including statutes of general application and common law principles. After independence in 1960, Nigeria began to develop its own legislative framework, guided by the Constitution as the supreme law.

Fill in the blank: Nigerian law before colonialism was largely based on __________.

Figure 1.1 *Timeline of Nigerian law development*

1.1.2 Primary sources: Constitution, legislation, case law

The **primary sources of Nigerian law** are the most authoritative and binding rules. The **Constitution** is the supreme law, providing the framework for governance and fundamental rights. **Legislation** refers to laws enacted by the National Assembly and State Houses of Assembly. **Case law**, also called judicial precedent, consists of decisions made by courts that interpret statutes and establish binding principles. These sources ensure consistency and predictability in the legal system.

Fill in the blank: The supreme law of Nigeria is the __________.

Box 1.1: Primary sources of Nigerian law

Source	Description & Authority	Real-World Application (2026)
The Constitution	The **1999 Constitution (as amended)** is the supreme law (Grundnorm). All other laws must align with it.	If a section of the **NTA 2025** is found to violate constitutional rights, the court will strike it down.
Legislation (Statutes)	Laws enacted by the **National Assembly** (Acts) or **State Houses of Assembly** (Laws). This is the most prolific source.	The **Nigeria Tax Act 2025** is the primary legislation governing current corporate and personal income taxes.
Judicial Precedent	Also known as **Case Law** or *Stare Decisis*. Lower courts must follow the legal reasoning of higher courts.	A 2026 Supreme Court ruling on "Digital Presence" binds all lower Tax Appeal Tribunals across the country.
Received English Law	Consists of **Common Law**, **Doctrines of Equity**, and **Statutes of General Application** in force in England as of Jan 1, 1900.	Used to fill gaps in local law, such as basic principles of contract or tort that haven't been codified yet.
Customary & Islamic Law	Indigenous norms and Sharia law, applicable primarily to personal matters (marriage, inheritance) among consenting parties.	In Northern Nigeria, Sharia Courts of Appeal resolve tax-related inheritance disputes for Muslim estates.
International Law	Treaties and conventions signed by Nigeria. These must be "domesticated" (passed into local law) to be enforceable.	Double Taxation Agreements (DTAs) with countries like the UK are enacted as local statutes to provide relief.

1.1.3 Secondary sources: Customary law, Islamic law, received English law

The **secondary sources of Nigerian law** supplement the primary sources. **Customary law** is based on traditions and practices of local communities, provided they are not repugnant to natural justice. **Islamic law** applies mainly in northern Nigeria, particularly in personal matters such as marriage and inheritance. **Received English law** includes statutes of general application and doctrines introduced during colonial rule, which still influence Nigerian jurisprudence today.

Fill in the blank: Customary law is valid only if it is not __________ to natural justice.

Table 1.1 *Comparison of secondary sources of Nigerian law*

Feature	Customary Law	Islamic Law (Sharia)	Received English Law
Origin	Indigenous traditions and norms of various ethnic groups.	Divine revelation (Quran/Sunnah) and juristic schools (Maliki).	British colonial legacy (Common Law, Equity, Statutes).
Nature	**Organic and Flexible:** Evolves with the social conscience of the community.	**Fixed but Interpreted:** Based on religious texts and scholarly consensus.	**Formal and Precise:** Based on recorded judicial precedents and old statutes.
Primary Scope	Marriage, land ownership, and succession (inheritance).	Personal status, inheritance, and (in some states) criminal law.	Commercial law, contracts, torts, and criminal procedure.
Test of Validity	Must not be **repugnant** to natural justice, equity, and good conscience.	Must be applicable to Muslims or those who consent to its jurisdiction.	Applies only where local Nigerian statutes are silent.
Evidence	Must be proved as a fact by witnesses (unless judicially noticed).	Proven through recognized Islamic texts and expert testimony.	Judicially noticed (the court is presumed to know the law).
Geographic Reach	Nationwide, but varies by ethnic group (Yoruba, Igbo, etc.).	Primarily Northern and parts of Southwestern Nigeria.	Nationwide as the "residual" law of the land.

Pilot Questions 1.1

Which source of Nigerian law is considered the supreme law of the land?
What type of law was practised in Nigeria before colonial rule?
Define case law and explain its importance in the Nigerian legal system.
Which secondary source of Nigerian law applies mainly in northern Nigeria?
Fill in the blank: Received English law was introduced during __________ rule.

1.2 International Business Legislation

1.2.1 Role of international treaties and conventions

International treaties are formal agreements between countries that establish rules governing trade, investment, and other aspects of commerce. A **convention** is a multilateral treaty that sets out common standards for participating nations. These instruments help to reduce barriers to trade, promote cooperation, and ensure fairness in international business dealings. For example, conventions on carriage of goods by sea provide uniform rules that protect both exporters and importers.

Fill in the blank: A convention is a type of __________ that sets common standards for nations.

Figure 1.2 *Treaties and conventions in international business*

1.2.2 Influence of global trade organisations

Global trade organisations such as the World Trade Organization (WTO) play a central role in regulating international commerce. The WTO establishes rules for trade, resolves disputes, and promotes free and fair competition among nations. Other organisations, such as the International Chamber of Commerce (ICC), provide guidelines and model contracts that businesses can adopt. These institutions ensure that international transactions are conducted transparently and predictably.

Fill in the blank: The organisation responsible for resolving disputes in international trade is the __________.

Plate 1.1 *World Trade Organization headquarters*

1.2.3 Harmonisation of business laws across borders

Harmonisation of business laws refers to the process of aligning national laws with international standards to facilitate cross-border trade. This reduces conflicts and uncertainties when businesses operate in multiple jurisdictions. For example, harmonisation in areas such as intellectual property rights, consumer protection, and dispute resolution ensures that businesses can operate under similar rules in different countries. Harmonisation also encourages foreign investment by providing a stable and predictable legal environment.

Fill in the blank: Harmonisation of business laws reduces __________ when businesses operate across borders.

Table 1.2 *Benefits of harmonisation of business laws*

Benefit Area	Description of Impact	Practical Outcome for Business
Reduced Conflicts	Eliminates contradictions between different national laws (e.g., varying contract requirements or insolvency rules).	**Lower Litigation Costs:** Companies spend less on legal battles over "Choice of Law" or jurisdictional disputes.
Predictability	Provides a uniform set of rules that apply regardless of where the transaction occurs.	**Strategic Planning:** Businesses can expand into new markets with the confidence that the "rules of the game" remain the same.
Increased Investment	Standardized laws lower the perceived risk for Foreign Direct Investment (FDI).	**Capital Inflow:** Investors are more likely to fund projects in regions with transparent, harmonized legal frameworks.
Compliance Efficiency	Reduces the administrative burden of tailoring operations to meet 50+ different sets of local regulations.	**Scale Economies:** A single compliance department can manage operations across an entire trade bloc.
Enhanced Mobility	Simplifies the movement of goods, services, and professionals across borders.	**Labor Access:** Professionals (lawyers, accountants) can practice across borders more easily due to mutual recognition of standards.

Pilot Questions 1.2

What is the difference between a treaty and a convention?
Which global organisation regulates international trade and resolves disputes?
Name one benefit of harmonisation of business laws across borders.
Fill in the blank: Harmonisation of business laws encourages __________ investment.
Which organisation provides model contracts for international business transactions?

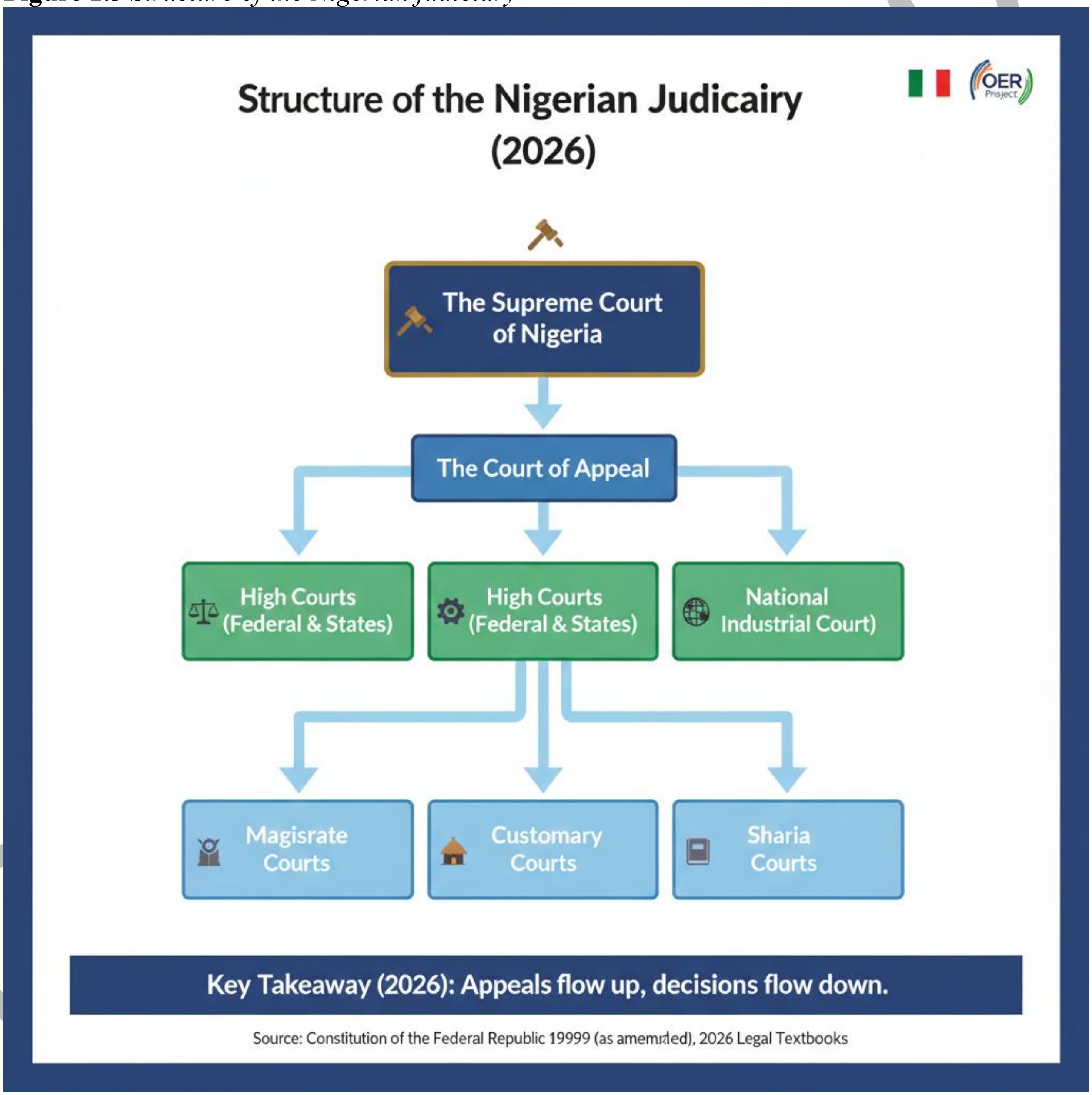
1.3 Administration Of Justice In Nigeria

1.3.1 Structure of the Nigerian judiciary

The **judiciary** is the branch of government responsible for interpreting laws and ensuring justice. In Nigeria, the judiciary is independent and operates under the Constitution. It consists of various courts, each with specific functions. At the apex is the **Supreme Court**, which serves as the final court of appeal. Below it is the **Court of Appeal**, which hears appeals from lower courts. The **Federal High Court** and **State High Courts** handle civil and criminal matters within their jurisdictions. Specialised courts, such as the Sharia Courts and Customary Courts, deal with matters of personal law.

Fill in the blank: The highest court in Nigeria is the __________.

Figure 1.3 *Structure of the Nigerian judiciary*



1.3.2 Court hierarchy and jurisdiction

The **court hierarchy** refers to the arrangement of courts in order of authority. Jurisdiction means the legal power of a court to hear and decide cases. The Supreme Court has jurisdiction over constitutional matters and final appeals. The Court of Appeal hears appeals from High Courts and specialised tribunals. The Federal High Court has jurisdiction over federal matters such as taxation, banking, and company law, while State High Courts handle general civil and criminal cases. Magistrate Courts and Customary Courts deal with minor disputes and local issues.

Fill in the blank: Jurisdiction refers to the legal __________ of a court to hear and decide cases.

Table 1.3 *Jurisdiction of Nigerian courts*

Judisction of Nigerian Courts (2026)

Court	Final appeate court, hears appeals from Court Appegal	Idat appeate court Nigeria Lescencıs, presidental Irapeas)
Supreme Court	Final appeate court, hears Constituional matters, presidential pettions.	Hears appeals from High Courts, election pettions.
Federal High Court Appeal	Exclusive High Court fundamental election petitions.	Couer High Court High, Coural mattenal rights, ofous of haw
State Courts Federal & States) High Courts	Exclusive jurtisiction oun aver fetiona Mateders: customs: customs, adrmnity, banking, Appals from intelllectual property , revenue (taxaion).	General civil Geches in & judisiction, uniclutes, unlimited bumdentery flaimy Land lenf arcemers, End matters, enfionccement, family law, fasphessel, land (depending the stadsawle Cule).
Magisraite Courts Courts	Lower level, limited civil the criminal cases (summary ofeses)	Small debcı, Magisist & Customary offerses).
Customary Courts Courts	Small debt recovery,	Vary ethnic group

Key Takeaway (2026):
Key Takeaway Jurciation is specialzed the case in the wrong court leads leads dismssal.

Source: Constitution of the Federal Republic 19999 (as amemded), 2026 Legal Textbooks

1.3.3 Challenges in the administration of justice

The administration of justice in Nigeria faces several challenges. These include **delays in court proceedings**, caused by heavy caseloads and procedural bottlenecks. **Corruption** undermines confidence in the judiciary, while inadequate funding limits the efficiency of courts. There is also a shortage of trained personnel, which affects the speed and quality of justice delivery. Despite these challenges, reforms are ongoing to strengthen judicial independence and improve access to justice.

Fill in the blank: One major challenge facing the Nigerian judiciary is __________ in court proceedings.

Box 1.2: Key challenges in the administration of justice

Challenge	Primary Cause	Impact on the Legal System	2026 Reform Status
Judicial Delays	Backlog of cases and manual recording by judges.	Tax disputes can take 10+ years, stalling government revenue and business growth.	**High:** Shift toward mandatory "E-Filing" and virtual hearings for civil cases.
Corruption	Low welfare for judicial officers and opaque appointment processes.	Erodes public trust and creates an unpredictable environment for foreign investors.	**Moderate:** Stricter "Merit-Based" vetting by the National Judicial Council (NJC).
Funding Gap	Inadequate budget releases for capital projects and court maintenance.	Dilapidated courtrooms and lack of modern digital libraries/legal research tools.	**Ongoing:** Advocacy for "Full Financial Autonomy" for the Judiciary at the State level.
Personnel Deficit	Insufficient number of judges relative to Nigeria's growing population.	Extreme "judicial burnout," leading to health issues for judges and slower judgment delivery.	**Moderate:** Increased recruitment drives in 2025 and 2026 for the Federal High Court.
Technical Gaps	Emerging complexities in digital	Inconsistent rulings on technical tax and tech	**Active:** Introduction of specialized "Commercial

Challenge	Primary Cause	Impact on the Legal System	2026 Reform Status
	assets, AI, and the **NTA 2025**.	matters due to a lack of specialized training.	Courts" and Tax Law workshops.

Pilot Questions 1.3

What is the highest court in Nigeria?
Which court has jurisdiction over federal matters such as taxation and company law?
Fill in the blank: The Court of Appeal hears __________ from High Courts and tribunals.
Name two challenges facing the administration of justice in Nigeria.
Which courts deal with personal law matters such as marriage and inheritance?

Series Summary

This Series has introduced you to the foundations of Nigerian and international business legislation, highlighting their importance in shaping the conduct of commerce. We began by examining the sources of Nigerian law, tracing its historical development and identifying both primary and secondary sources that provide the framework for legal regulation. Then, we explored international business legislation, focusing on treaties, conventions, and the role of global trade organisations in harmonising laws across borders. Finally, we analysed the administration of justice in Nigeria, considering the structure of the judiciary, the hierarchy of courts, and the challenges faced in delivering justice.

By engaging with these topics, you should now be able to define the historical and primary sources of Nigerian law, explain the role of international treaties and conventions in regulating business, and analyse the structure and jurisdiction of the Nigerian judiciary, as outlined in the Series Learning Outcomes.

Glossary of Terms

Case law: Judicial decisions that interpret statutes and establish binding principles for future cases.
Constitution: The supreme law of Nigeria that provides the framework for governance and fundamental rights.
Convention: A multilateral treaty that sets common standards for participating nations in international business.
Court hierarchy: The arrangement of courts in order of authority, from the Supreme Court down to lower courts.

Customary law: Unwritten rules based on traditions and practices of local communities, valid if not repugnant to justice.
Harmonisation: The process of aligning national laws with international standards to facilitate cross-border trade.
International treaty: A formal agreement between countries that establishes rules governing trade and commerce.
Islamic law: Religious law applied mainly in northern Nigeria, particularly in personal matters such as marriage and inheritance.
Judiciary: The branch of government responsible for interpreting laws and ensuring justice.
Legislation: Laws enacted by the National Assembly or State Houses of Assembly.
Received English law: Statutes and doctrines introduced during colonial rule that still influence Nigerian law.
Supreme Court: The highest court in Nigeria, serving as the final court of appeal.

Concept Check Questions 1

Objective questions

Which source of Nigerian law is considered the supreme law of the land? (Linked to SLO 1.1)
The World Trade Organization is responsible for __________ in international trade. (Linked to SLO 1.2)
Which court has jurisdiction over federal matters such as taxation and company law? (Linked to SLO 1.3)

Short-answer questions
4. Define case law and explain its importance in the Nigerian legal system. (Linked to SLO 1.1)
5. State one benefit of harmonisation of business laws across borders. (Linked to SLO 1.2)

Long-answer questions
6. Analyse the historical development of Nigerian law, highlighting the transition from customary law to modern constitutional law. (Linked to SLO 1.1)

Basic response: Describe the shift from customary law to colonial law and then to constitutional law.
Value-added response: Provide examples of how these transitions influenced modern Nigerian legislation and judicial practices.

Evaluate the challenges facing the administration of justice in Nigeria and suggest possible reforms. (Linked to SLO 1.3)

Basic response: Identify challenges such as delays, corruption, and inadequate funding.
Value-added response: Discuss reforms such as judicial independence, digital case management, and improved training for personnel.

Answers to Pilot Questions 1

Part 1.1

Constitution
Customary law
Judicial precedents that interpret statutes and establish binding principles
Islamic law
Colonial

Part 1.2

A treaty
World Trade Organization
Harmonisation of business laws
Foreign investment
International Chamber of Commerce

Part 1.3

Supreme Court
Federal High Court
Appeals
Delays in proceedings, corruption
Customary and Sharia Courts

References and Attributions 1

Timeline of Nigerian law development: Suggested AI prompt "Generate a timeline diagram showing Nigerian law evolution: customary law, colonial law, independence, modern constitution."
Primary sources of Nigerian law: Suggested AI prompt "Create a box summarising primary sources of Nigerian law: constitution, legislation, case law."
Secondary sources comparative table: Suggested AI prompt "Generate a comparative table of Nigerian secondary law sources: customary, Islamic, English law."
Treaties and conventions diagram: Suggested AI prompt "Create a diagram showing treaties and conventions as frameworks for international trade."
WTO headquarters image: Suggested AI prompt "Generate an image of the WTO headquarters building in Geneva."
Harmonisation benefits table: Suggested AI prompt "Generate a table showing benefits of harmonisation of business laws: reduced conflicts, predictability, investment."
Nigerian judiciary structure diagram: Suggested AI prompt "Generate a hierarchical diagram of Nigerian judiciary: Supreme Court, Court of Appeal, High Courts, specialised courts."
Jurisdiction of Nigerian courts table: Suggested AI prompt "Generate a table showing jurisdiction of Nigerian courts: Supreme, Appeal, Federal High, State High, Magistrate, Customary."
Challenges in Nigerian judiciary box: Suggested AI prompt "Create a box listing challenges in Nigerian judiciary: delays, corruption, funding, personnel."

TAX313 Series 2 Contractual Relationships: Contracts, Agency, Sales, Hire Purchase, And Carriage Of Goods

Part 2.1 Contracts
- 2.1.1 Nature and essential elements of a contract
- 2.1.2 Types of contracts
- 2.1.3 Validity, void, and voidable contracts

Part 2.2 Agency
- 2.2.1 Meaning and creation of agency
- 2.2.2 Rights and duties of agents and principals
- 2.2.3 Termination of agency

Part 2.3 Sales and hire purchase
- 2.3.1 Sale of goods: meaning and essentials
- 2.3.2 Hire purchase agreements
- 2.3.3 Rights and obligations of parties

Part 2.4 Carriage of goods

2.4.1 Meaning and modes of carriage
2.4.2 Rights and liabilities of carriers
2.4.3 International conventions on carriage of goods

Introduction

In everyday business life, agreements are constantly made, whether it is buying goods, appointing an agent, or transporting products across borders. These agreements are governed by rules that ensure fairness, protect parties, and provide remedies when disputes arise. Understanding contractual relationships is therefore essential for anyone engaged in commerce, as they form the backbone of business transactions.

The aim of this Series is to introduce you to the principles of contracts, agency, sales, hire purchase, and carriage of goods, and to equip you with the skills needed to analyse and apply these concepts in practical business situations.

We shall commence this Series by examining contracts, focusing on their nature, essential elements, and types. Next, we will explore agency, considering how it is created, the rights and duties of agents and principals, and how it may be terminated. Afterwards, we will study sales and hire purchase agreements, highlighting the obligations of parties involved. Finally, we will conclude with carriage of goods, looking at its modes, the rights and liabilities of carriers, and the international conventions that regulate it.

Series Learning Outcomes

Upon completing this Series, you should be able to:

SLO 2.1 define the essential elements and types of contracts,
SLO 2.2 explain the creation, rights, duties, and termination of agency relationships,
SLO 2.3 analyse the principles governing sales and hire purchase agreements,
SLO 2.4 evaluate the rights and liabilities of carriers in the carriage of goods.

2.1 Contracts

2.1.1 Nature and essential elements of a contract

A **contract** is a legally binding agreement between two or more parties that creates enforceable rights and obligations. For a contract to be valid, it must contain certain **essential elements**, including offer, acceptance, consideration, intention to create legal relations, and capacity of parties. Without these elements, an agreement may not be enforceable in law.

Fill in the blank: A contract must contain __________ and acceptance to be valid.

Figure 2.1 *Essential elements of a contract*

2.1.2 Types of contracts

Contracts can be classified into different types depending on their nature and enforceability. **Valid contracts** meet all legal requirements and are enforceable by law. **Void contracts** are agreements without legal effect, often because they lack essential elements. **Voidable contracts** are valid but may be set aside by one party due to factors such as misrepresentation or undue influence. Other classifications include contracts by performance (executed and executory) and contracts by form (oral or written).

Fill in the blank: A contract that is valid but can be set aside by one party is called a __________ contract.

Table 2.1 *Types of contracts and their characteristics*

Compariue Table Types of Contracts (2026)

Dontract Type	Key Characteristics		Enforeadabit(2026)	
Valid Fully enfercable; contains alls in the eyes intentions of obllagions Illegal purpose Intention, Capacity)	Binding effect	Contnted of futent	Nuture of Forent	Unfertecal defect)
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Voidable

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Strategic Insight

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2.1.3 Validity, void, and voidable contracts

The **validity of a contract** depends on the presence of all essential elements. A **valid contract** is enforceable in court and provides remedies if breached. A **void contract** has no legal effect and cannot be enforced, often because it involves illegal activities or lacks consideration. A **voidable contract** is enforceable until one party chooses to rescind it, usually due to misrepresentation, coercion, or incapacity. Understanding these distinctions helps businesses avoid disputes and ensures that agreements are legally sound.

Fill in the blank: A contract involving illegal activities is considered __________.

[Insert Box here]
Box 2.1: Distinction between valid, void, and voidable contracts

Status	Enforceable?	Can it be "fixed"?	Legal Term
Valid	Yes	N/A (Already perfect)	*Binding*
Void	No	No (Must start over)	*Void ab initio*
Voidable	Optional	Yes (Can be ratified)	*Rescindable*

Pilot Questions 2.1

What are the essential elements of a valid contract?
Fill in the blank: A contract signed under misrepresentation is __________.
Distinguish between executed and executory contracts with examples.
Which type of contract has no legal effect and cannot be enforced?
Explain why consideration is important in contract formation.

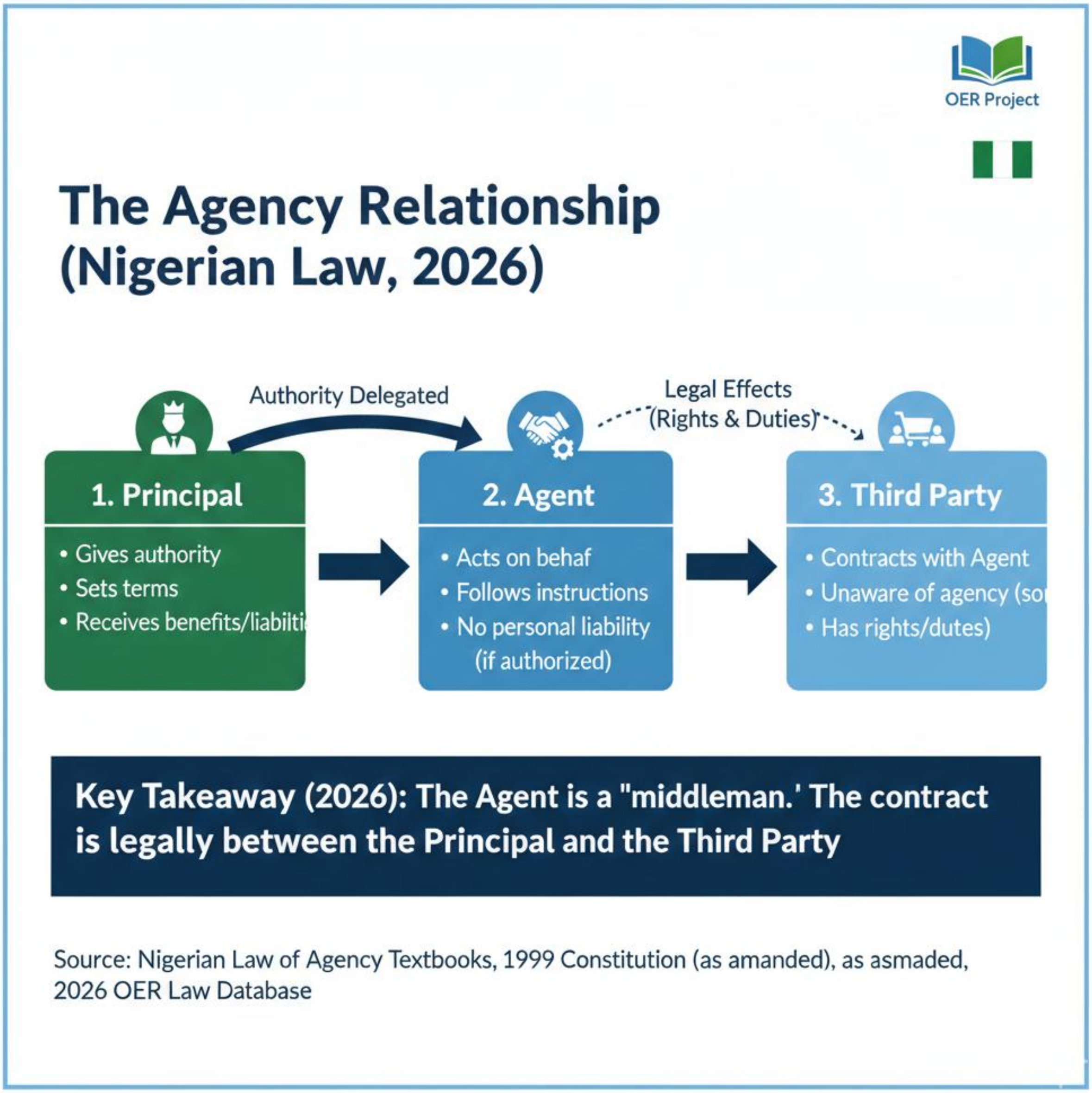
2.2 Agency

2.2.1 Meaning and creation of agency

An **agency** is a legal relationship in which one party, called the **agent**, is authorised to act on behalf of another party, known as the **principal**, in dealings with third parties. This relationship allows the principal to extend their business operations through the agent's actions. Agency can be created in several ways: expressly through agreement, implied by conduct, or by necessity when urgent circumstances require action.

Fill in the blank: The person authorised to act on behalf of another in an agency relationship is called the __________.

Figure 2.2 *Agency relationship structure*



2.2.2 Rights and duties of agents and principals

Both agents and principals have specific **rights** and **duties** in an agency relationship. The agent has the duty to act in good faith, follow instructions, and exercise reasonable care and skill. The principal has the duty to remunerate the agent, indemnify them for expenses, and honour commitments made within the agent's authority. Rights include the agent's entitlement to payment and the principal's right to expect loyalty and accountability.

Fill in the blank: An agent must act in __________ faith when representing the principal.

Box 2.2: Rights and duties in agency

Feature	Duties of the Agent (to Principal)	Duties of the Principal (to Agent)
Performance	**Duty to Obey:** Must follow all lawful and reasonable instructions.	**Duty to Remunerate:** Must pay the agreed commission or a "quantum meruit" (reasonable amount).
Expertise	**Duty of Care & Skill:** Must act with the diligence expected of their profession (e.g., an accountant must be precise).	**Duty to Cooperate:** Must provide the information and tools necessary for the Agent to perform.
Integrity	**Fiduciary Duty:** Must avoid conflicts of interest; no secret profits or bribes allowed.	**Duty of Indemnity:** Must reimburse the Agent for expenses and liabilities incurred lawfully.
Accountability	**Duty to Account:** Must keep accurate records and separate the Principal's money from their own.	**Right of Lien (Agent's Right):** The Principal must allow the Agent to hold property if fees aren't paid.
Delegation	**Duty of Personal Performance:** Cannot delegate tasks to others (*Delegatus non potest delegare*) unless authorized.	**Duty of Disclosure:** Must inform the Agent of any specific risks or limitations regarding the task.

2.2.3 Termination of agency

An agency relationship may be terminated in several ways. It can end by **agreement** between the parties, by **operation of law** (such as death, insanity, or bankruptcy of either party), or by **revocation** when the principal withdraws authority. Termination may also occur when the agent renounces their role or when the purpose of the agency has been fulfilled. Understanding termination is important because it determines when an agent's authority ceases and when the principal is no longer bound by the agent's actions.

Fill in the blank: An agency relationship may end by __________ when the principal withdraws authority.

Table 2.2 *Modes of termination of agency*

Method	Type	Description	Legal Consequence
Agreement	By Consent	Both the Principal and Agent mutually decide to end the relationship.	The relationship ends instantly without liability for breach, provided no third-party rights are vested.
Revocation	By Principal	The Principal withdraws the authority previously granted to the Agent.	The Principal may be liable for damages if the revocation breaches a "Fixed Term" contract.
Renunciation	By Agent	The Agent gives up their authority and refuses to act further for the Principal.	The Agent may owe the Principal damages if the abandonment causes financial loss.
Fulfilment	By Performance	The specific task for which the agency was created has been completed (e.g., the house is sold).	The agency expires naturally; no further authority exists for new transactions.
Operation of Law	Automatic	Termination triggered by external events: Death, Insanity, Bankruptcy, or Frustration (e.g., destruction of subject matter).	The agency is terminated automatically, often regardless of the parties' intentions.

Pilot Questions 2.2

Who is the person authorised to act on behalf of another in an agency relationship?
Fill in the blank: The principal must provide __________ to the agent for expenses incurred.
List two duties of an agent and two duties of a principal.
Which mode of termination occurs when the agent resigns from their role?
Explain why termination of agency is significant in business law.

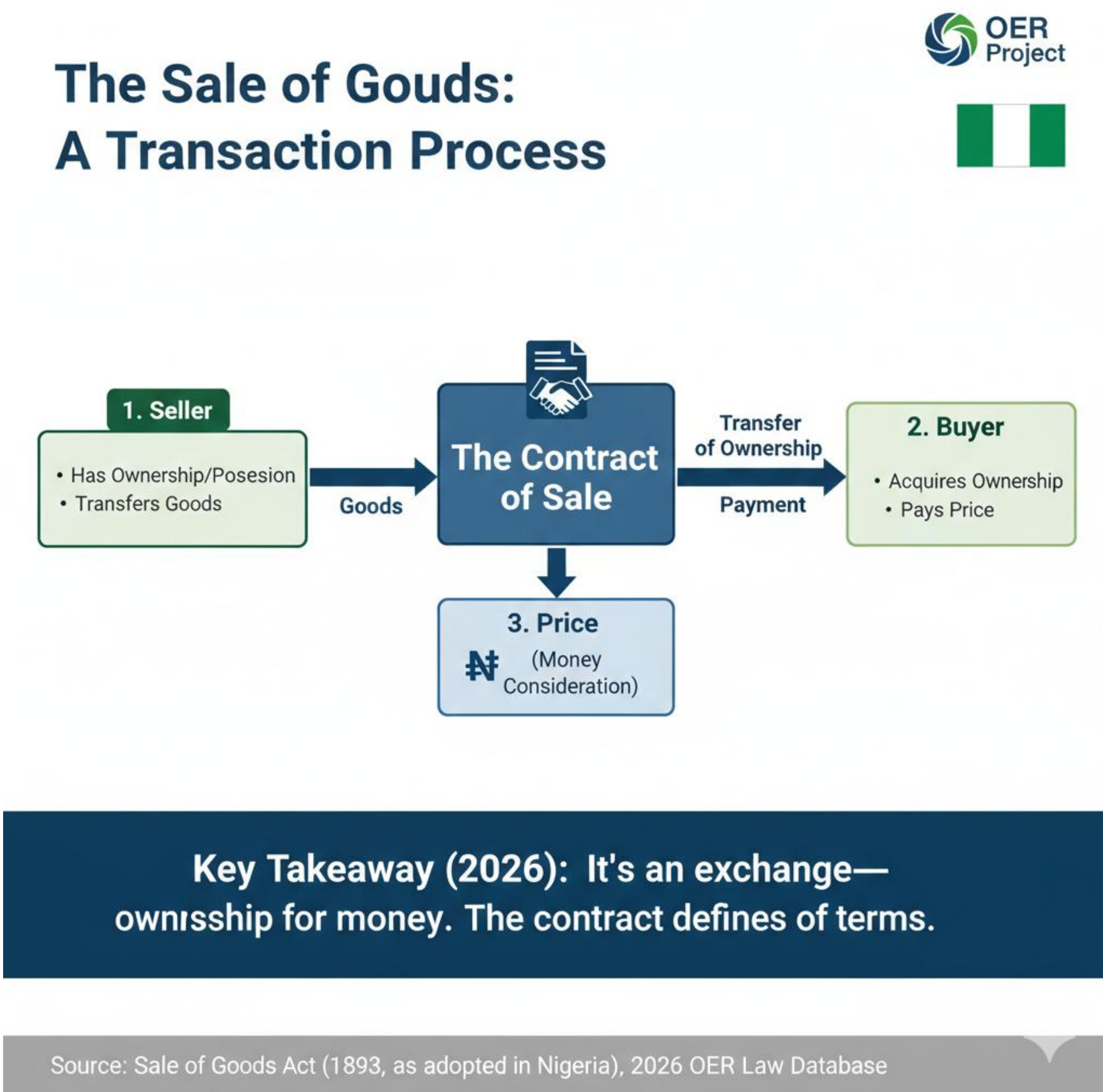
2.3 Sales And Hire Purchase

2.3.1 Sale of goods: meaning and essentials

A **sale of goods** is a contract in which the seller transfers or agrees to transfer the ownership of goods to the buyer for a price. The essentials of a sale of goods include the existence of goods, transfer of ownership, consideration in the form of money, and agreement between competent parties. The Sale of Goods Act provides the legal framework for such transactions, ensuring that both buyers and sellers are protected.

Fill in the blank: In a sale of goods, ownership of __________ is transferred from seller to buyer for a price.

Figure 2.3 *Essentials of a sale of goods*



2.3.2 Hire purchase agreements

A **hire purchase agreement** is a contract where goods are delivered to the hirer, who pays for them in instalments. Ownership of the goods passes to the hirer only after the final instalment is paid. This arrangement allows individuals and businesses to use goods immediately while spreading payments over time. Hire purchase agreements are common in the purchase of vehicles, machinery, and household appliances.

Fill in the blank: In a hire purchase agreement, ownership passes to the hirer only after __________.

Table 2.3 *Features of hire purchase agreements*

Feature	Description	Legal Implication
Possession	The hirer takes immediate physical control of the goods.	The hirer can use the goods (e.g., a delivery van) but does not yet own them.
Instalments	The price is paid in periodic fixed amounts (rentals).	These payments are technically for the "hire" of the goods until the final payment.
Ownership Transfer	Ownership only passes upon the payment of the final instalment + an "option to purchase" fee.	Until the last Kobo is paid, the seller remains the legal owner.
Right of Repossession	The owner can seize the goods if the hirer defaults on payments.	Under the HP Act, once a specific percentage (usually 1/3 or 3/5) is paid, the owner must get a court order to repossess.
Option to Terminate	The hirer has a legal right to return the goods and end the agreement early.	The hirer is not forced to buy the goods if they can no longer afford the instalments.

2.3.3 Rights and obligations of parties

In both sales and hire purchase agreements, parties have specific **rights** and **obligations**. The seller must deliver goods that conform to the contract and has the right to receive payment. The buyer has the right to receive goods of satisfactory quality and the duty to pay the agreed price. In hire purchase, the owner has the right to repossess goods if payments are not made, while the hirer has the obligation to maintain the goods and complete payments. These rights and obligations ensure fairness and balance in commercial transactions.

Fill in the blank: In a hire purchase agreement, the owner has the right to __________ goods if payments are not made.

Box 2.3: Rights and obligations in sales and hire purchase

Feature	Sale of Goods Agreement	Hire Purchase Agreement
Transfer of Title	Passes to the buyer at the time of contract/delivery.	Passes only after the **final instalment** and option fee are paid.
Duty to Complete	Buyer is legally bound to pay the full price.	Hirer can terminate the agreement and return the goods.
Repossession	Seller usually cannot repossess; can only sue for the price.	Owner can repossess if instalments are missed (subject to "protected goods" rules).
Maintenance	Buyer's responsibility as the new owner.	Hirer's responsibility to keep the owner's property in good repair.

Pilot Questions 2.3

What is transferred from seller to buyer in a sale of goods contract?
Fill in the blank: Ownership in a hire purchase agreement passes only after __________.
List two features of hire purchase agreements.
What right does the owner have in a hire purchase agreement if the hirer defaults?
Explain one obligation of the buyer in a sale of goods contract.

2.4 Carriage Of Goods

2.4.1 Meaning and modes of carriage

Carriage of goods refers to the transportation of goods from one place to another by land, sea, air, or rail. It is a vital aspect of commerce because it ensures that products reach consumers and businesses efficiently. The modes of carriage include **land transport** (road and rail), **sea transport** (shipping), and **air transport** (air freight). Each mode has its advantages and limitations, depending on cost, speed, and accessibility.

Fill in the blank: Carriage of goods refers to the __________ of goods from one place to another.

Figure 2.4 *Modes of carriage of goods*

2.4.2 Rights and liabilities of carriers

A **carrier** is the person or company responsible for transporting goods. Carriers have certain **rights**, such as receiving payment for services and limiting liability under agreed terms. They also have **liabilities**, including the duty to deliver goods safely, within a reasonable time, and in the condition agreed upon. If goods are lost or damaged due to negligence, the carrier may be held liable. These rights and liabilities balance the interests of carriers and customers, ensuring fairness in commercial transactions.

Fill in the blank: A carrier is liable if goods are lost or damaged due to __________.

Box 2.4: Rights and liabilities of carriers

Feature	Common Carrier (Public Service)	Private Carrier (Contract-Based)
Obligation to Carry	**Strict:** Bound to carry goods for anyone willing to pay, provided there is space and the goods are safe.	**Discretionary:** Can choose who to work with and negotiate specific terms for each job.
Standard of Liability	**"Insurer" Status:** Absolutely liable for any loss or damage (even without negligence), subject to specific exceptions.	**"Bailee" Status:** Only liable for loss or damage if it can be proven they failed to exercise "reasonable care."
Exceptions to Liability	Acts of God, Public Enemies (War), Fault of the Shipper, or Inherent Vice of the goods.	Any cause agreed upon in the contract, plus general lack of negligence.
Right to Remuneration	Entitled to "Reasonable" freight if not fixed; has a **General Lien** on goods for unpaid fees.	Entitled to "Contractual" price; usually has a **Particular Lien** on the specific goods carried.
Route & Deviation	Must follow customary routes. Deviation makes them strictly liable for all subsequent losses.	Can agree on specific routes or "unrestricted" navigation in the contract.

2.4.3 International conventions on carriage of goods

International conventions provide uniform rules for the carriage of goods across borders. Examples include the **Hague-Visby Rules** for sea transport, the **Warsaw Convention** for air transport, and the **CMR Convention** for road transport. These conventions establish responsibilities of carriers, rights of shippers, and procedures for claims. They help reduce disputes and ensure predictability in international trade.

Fill in the blank: The Hague-Visby Rules regulate the carriage of goods by __________.

Table 2.4 *International conventions on carriage of goods*

Convention	Mode of Transport	Key Documentation	Primary Focus	Carrier Liability Limit
Hague-Visby Rules	**Sea**	Bill of Lading	Standardizes carrier obligations (seaworthiness) and limits.	Limited by "package" or weight (SDR per kg).
Warsaw Convention	**Air**	Air Waybill	Original framework for international air transport.	Generally lower limits (17 SDR per kg in older versions).
Montreal Convention	**Air**	Air Waybill	The modern successor to Warsaw (widely used in Nigeria in 2026).	Two-tier liability system with much higher limits.
CMR Convention	**Road**	Consignment Note	Governs international road transport, primarily in Europe/Asia.	Strict liability; limited to 8.33 SDR per kg.
CIM (COTIF)	**Rail**	Consignment Note	International rail transport standards (relevant as Nigeria's regional rail grows).	Limited to 17 SDR per kg.

Pilot Questions 2.4

What does carriage of goods mean?
Fill in the blank: Carriage of goods by air is regulated by the __________ Convention.
List two rights and two liabilities of carriers.
Which international convention regulates carriage of goods by sea?
Explain why international conventions are important in carriage of goods.

Series Summary

This Series has explored the foundations of contractual relationships, which are central to business law and commercial practice. We began by examining contracts, focusing on their nature, essential elements, and classifications such as valid, void, and voidable contracts. Then, we studied agency, considering how it is created, the rights and duties of agents and principals, and the ways in which agency relationships may be terminated. Afterwards, we analysed sales and hire purchase agreements, highlighting their features, rights, and obligations of parties. Finally, we concluded with carriage of goods, discussing its modes, the rights and liabilities of carriers, and the international conventions that regulate it.

By engaging with these topics, you should now be able to define the essential elements and types of contracts, explain the creation, rights, duties, and termination of agency relationships, analyse the principles governing sales and hire purchase agreements, and evaluate the rights and liabilities of carriers in the carriage of goods, as outlined in the Series Learning Outcomes.

Glossary of Terms

- **Agency**: A legal relationship where one party (agent) acts on behalf of another (principal).
- **Carriage of goods**: The transportation of goods by land, sea, air, or rail.
- **Carrier**: A person or company responsible for transporting goods.
- **Contract**: A legally binding agreement between two or more parties that creates enforceable rights and obligations.
- **Hire purchase agreement**: A contract where goods are delivered to the hirer, who pays in instalments, with ownership passing after the final payment.
- **Principal**: The person who authorises an agent to act on their behalf.
- **Sale of goods**: A contract where ownership of goods is transferred from seller to buyer for a price.
- **Valid contract**: A contract that meets all legal requirements and is enforceable by law.
- **Void contract**: An agreement without legal effect, often due to illegality or lack of essential elements.
- **Voidable contract**: A valid contract that may be set aside by one party due to factors such as misrepresentation.

Concept Check Questions 2

Objective questions

1. Which element is essential for the formation of a valid contract? (Linked to SLO 2.1)
2. Fill in the blank: An agency relationship is created when an __________ acts on behalf of a principal. (Linked to SLO 2.2)
3. Which international convention regulates carriage of goods by sea? (Linked to SLO 2.4)

Short-answer questions

4. Define a hire purchase agreement and state one of its features. (Linked to SLO 2.3)
5. List two duties of an agent and two duties of a principal. (Linked to SLO 2.2)

Long-answer questions
6. Analyse the differences between valid, void, and voidable contracts, providing examples for each. (Linked to SLO 2.1)

Basic response: Describe the definitions and give simple examples.
Value-added response: Discuss the implications of each type in business transactions and how they affect enforceability.

Evaluate the rights and liabilities of carriers in the carriage of goods, explaining why international conventions are important. (Linked to SLO 2.4)

Basic response: Identify rights such as payment and liabilities such as safe delivery.
Value-added response: Connect these to conventions like Hague-Visby Rules and explain their role in reducing disputes.

Answers to Concept Check Questions 2

Objective questions

Offer and acceptance
Agent
Hague-Visby Rules

Short-answer questions
4. A hire purchase agreement is a contract where goods are paid for in instalments, with ownership passing after the final payment. One feature is immediate possession by the hirer.
5. Agent's duties: loyalty, obedience. Principal's duties: remuneration, indemnity.

Long-answer questions
6. *Basic response*: Valid contracts meet all requirements and are enforceable; void contracts lack legal effect; voidable contracts are valid but can be rescinded. Examples include a sale of goods (valid), agreement without consideration (void), and contract signed under misrepresentation (voidable).
Value-added response: Valid contracts provide remedies if breached, void contracts cannot be enforced, and voidable contracts protect weaker parties by allowing rescission.

Basic response: Carriers have rights to payment and liabilities for safe delivery.
Value-added response: International conventions like Hague-Visby Rules, Warsaw Convention, and CMR Convention establish uniform standards, reducing disputes and ensuring predictability in global trade.

Answers to Pilot Questions 2

Part 2.1 Contracts

Offer, acceptance, consideration, intention, capacity

Voidable
Executed: completed service contract; Executory: future delivery of goods
Void contract
Consideration ensures fairness and enforceability

Part 2.2 Agency

Agent
Indemnity
Agent: loyalty, obedience; Principal: remuneration, indemnity
Renunciation
It determines when authority ceases and obligations end

Part 2.3 Sales And Hire Purchase

Ownership of goods
Final instalment payment
Instalment payments, immediate possession
Repossess
Duty to pay the agreed price

Part 2.4 Carriage Of Goods

Transportation of goods
Warsaw Convention
Rights: payment, limitation of liability; Liabilities: safe delivery, timely transport
Hague-Visby Rules
They provide uniform rules and reduce disputes

References and Attributions 2

Figure 2.1 Essential elements of a contract: AI prompt "Generate a diagram showing offer, acceptance, consideration, intention, and capacity as elements of a contract."
Table 2.1 Types of contracts: AI prompt "Generate a comparative table showing types of contracts: valid, void, voidable, executed, executory."
Box 2.1 Distinction between valid, void, and voidable contracts: AI prompt "Create a box summarising valid, void, and voidable contracts with definitions."
Figure 2.2 Agency relationship structure: AI prompt "Generate a diagram showing agency relationship: principal, agent, third party."
Box 2.2 Rights and duties in agency: AI prompt "Create a box summarising rights and duties of agents and principals."
Table 2.2 Modes of termination of agency: AI prompt "Generate a table showing termination of agency: agreement, operation of law, revocation, renunciation, fulfilment."
Figure 2.3 Essentials of a sale of goods: AI prompt "Generate a diagram showing sale of goods process: seller transfers ownership to buyer for price."

TAX313 Series 3 Financial And Commercial Instruments: Negotiable Instruments, Money Lending, Suretyship, And Guarantees

Introduction

In the world of commerce, financial and commercial instruments provide the backbone for transactions, lending, and risk management. From cheques and promissory notes to guarantees and suretyship, these instruments ensure that obligations are met and that businesses can operate with confidence. They also provide remedies when agreements are breached, protecting both lenders and borrowers.

The aim of this Series is to introduce you to the principles governing negotiable instruments, money lending, suretyship, and guarantees, and to equip you with the ability to analyse their application in business law.

We shall commence this Series by exploring negotiable instruments, focusing on their meaning, types, and the rights and liabilities of parties involved. Next, we will examine money lending, considering its regulation, obligations, and remedies. Afterwards, we will study suretyship, highlighting its nature, rights, and discharge. Finally, we will conclude with guarantees, looking at their types, obligations, and enforcement.

Series Learning Outcomes

Upon completing this Series, you should be able to:

- **SLO 3.1** define the meaning, types, and characteristics of negotiable instruments,
- **SLO 3.2** explain the regulation of money lending and the rights and obligations of lenders and borrowers,
- **SLO 3.3** analyse the nature, rights, and discharge of suretyship,
- **SLO 3.4** evaluate the types, obligations, and enforcement of guarantees.

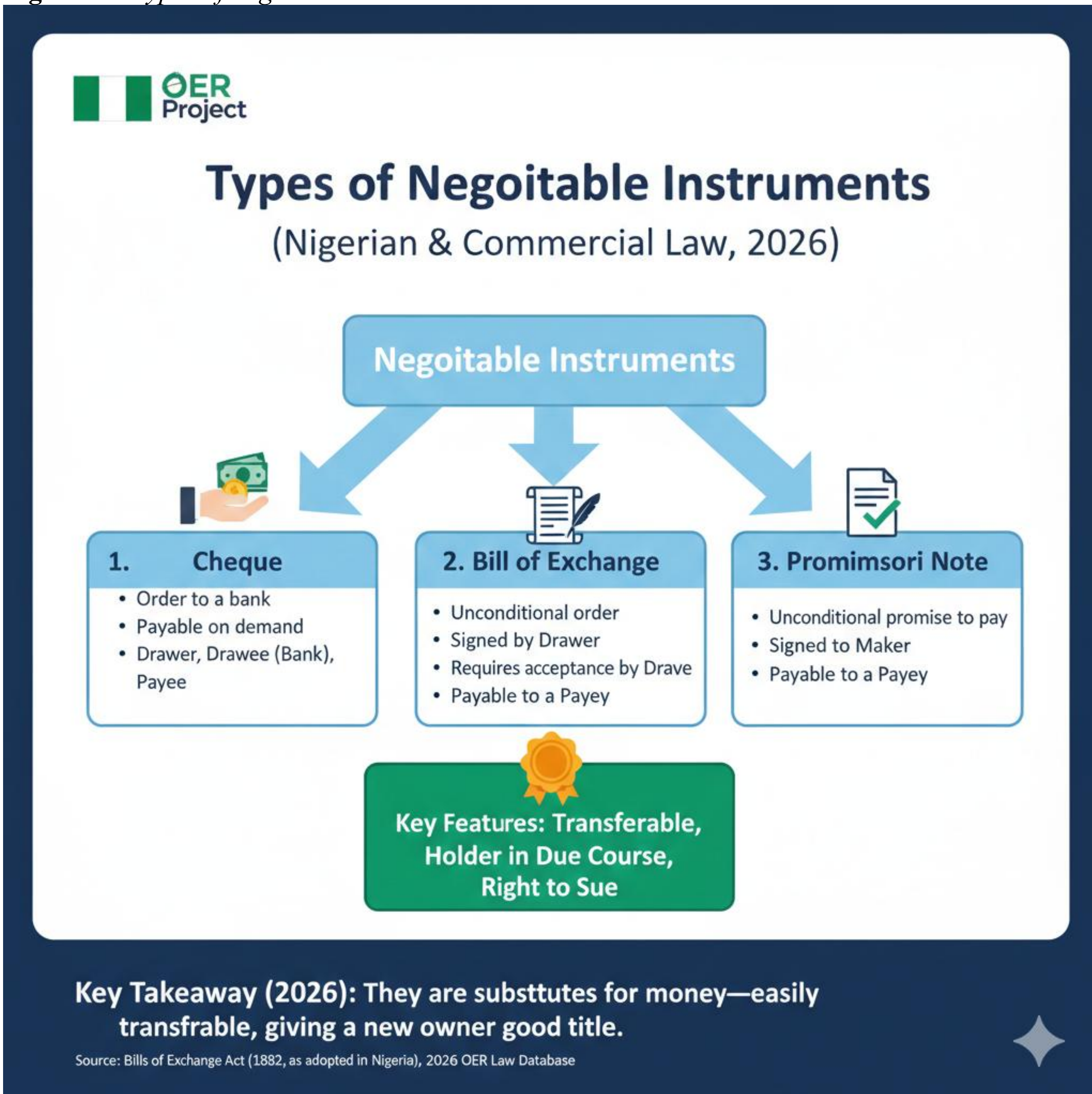
3.1 Negotiable Instruments

3.1.1 Meaning and types of negotiable instruments

A **negotiable instrument** is a written document that guarantees the payment of a specific amount of money, either on demand or at a set time, with the payer named on the instrument. The key feature of negotiable instruments is that they are transferable, meaning the holder can pass them to another person who then acquires the right to payment. Common types include **cheques**, **bills of exchange**, and **promissory notes**.

Fill in the blank: A negotiable instrument guarantees the payment of a specific __________ of money.

Figure 3.1 *Types of negotiable instruments*



3.1.2 Characteristics and legal framework

Negotiable instruments have certain **characteristics** that distinguish them from other financial documents. They are freely transferable, the transferee obtains a good title, and they carry a presumption of consideration (meaning they are assumed to be issued for value). The legal framework governing negotiable instruments in Nigeria is provided by the **Bills of Exchange Act**, which outlines rules for issuance, endorsement, and enforcement.

Fill in the blank: The Nigerian law governing negotiable instruments is the __________ Act.

Box 3.1: Characteristics of negotiable instruments

Characteristic	Why it Matters
Writing & Signature	Ensures there is clear evidence of the debt and the debtor's intent.
Presumption of Consideration	The law assumes you gave something of value for the instrument; you don't have to prove it in court initially.
Notice of Assignment	You don't need to notify the original debtor every time the instrument changes hands.

3.1.3 Rights and liabilities of parties

Parties to a negotiable instrument include the **drawer** (who creates the instrument), the **drawee** (who is directed to pay), and the **payee** (who receives payment). The **holder in due course** is a person who acquires the instrument in good faith and for value, and enjoys special rights such as protection against certain defences. Liabilities include the drawer's responsibility to ensure payment, the drawee's obligation to honour the instrument, and the endorser's liability if the instrument is dishonoured.

Fill in the blank: The person who acquires a negotiable instrument in good faith and for value is called the __________.

Table 3.1 *Rights and liabilities of parties to negotiable instruments*

Party	Primary Role	Key Rights	Key Liabilities
Drawer	The person who creates the instrument (e.g., writes the cheque).	Right to have the Drawee pay the amount if funds/credit are available.	**Secondary Liability:** Guarantees that the bill will be paid; must compensate the holder if the Drawee dishonours it.

Party	Primary Role	Key Rights	Key Liabilities
Drawee / Acceptor	The person/bank ordered to pay. Becomes **Acceptor** once they sign it.	Right to verify the instrument's validity and the Drawer's signature.	**Primary Liability:** Once they accept (sign) the bill, they are unconditionally bound to pay according to its terms.
Payee	The person named to receive the payment.	Right to receive payment or to transfer (negotiate) the instrument to others.	**No Liability initially.** Only becomes liable if they endorse the instrument to a third party.
Holder	The person in possession of the instrument (Payee or Endorsee).	Right to sue on the instrument in their own name and to demand payment at maturity.	Liability is minimal unless they breach a duty (e.g., failing to present the bill for payment on time).
Endorser	A party who signs the back of the instrument to transfer it.	Right to be reimbursed by prior endorsers or the Drawer if they are forced to pay the holder.	**Secondary Liability:** Guarantees to all subsequent holders that the instrument is valid and will be honoured.

Pilot Questions 3.1

What is a negotiable instrument?
Fill in the blank: A cheque is an example of a __________ instrument.
State two characteristics of negotiable instruments.
Who is the person that acquires a negotiable instrument in good faith and for value?
Which Act governs negotiable instruments in Nigeria?

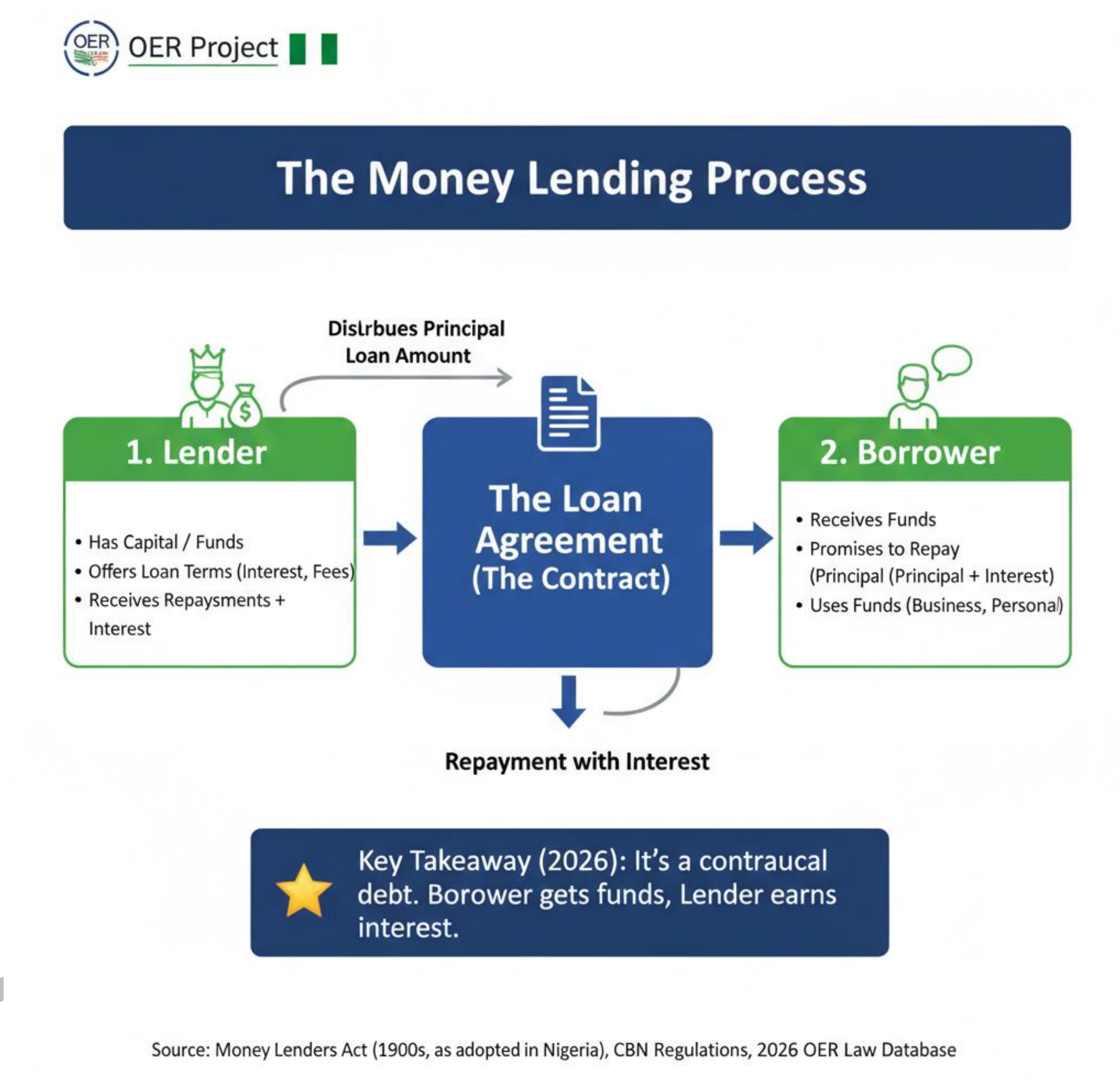
3.2 Money Lending

3.2.1 Concept and regulation of money lending

Money lending refers to the practice of providing loans to individuals or businesses with the expectation of repayment, usually with interest. In Nigeria, money lending is regulated by state laws, often requiring lenders to obtain a licence before engaging in the business. The regulation aims to protect borrowers from exploitation and ensure that lending practices are fair and transparent.

Fill in the blank: In Nigeria, money lending is regulated by __________ laws that require lenders to obtain a licence.

Figure 3.2 *Process of money lending*



3.2.2 Rights and obligations of lenders and borrowers

Both lenders and borrowers have specific **rights** and **obligations** in a money lending relationship. The lender has the right to receive repayment with interest and the obligation to disclose loan terms clearly. The borrower has the right to fair treatment and the obligation to repay the loan as agreed. Transparency in loan agreements helps prevent disputes and ensures that both parties understand their responsibilities.

Fill in the blank: The borrower has the obligation to __________ the loan as agreed.

[Insert Box here]
Box 3.2: Rights and obligations in money lending

Feature	Protection / Rule
Debt Character	Strictly a **Civil Matter**. Use of criminal processes for recovery is a constitutional violation.
Interest Caps	While "freedom of contract" exists, courts can rewrite agreements with predatory rates.
Digital Lending	Regulated by **FCCPC** (Federal Competition and Consumer Protection Commission).
Repossession	Secured assets in movable property must follow the **STMA** (Secured Transactions in Movable Assets Act).

3.2.3 Legal issues and remedies

Money lending often gives rise to **legal issues**, such as disputes over interest rates, repayment schedules, or enforcement of loan agreements. Remedies available to lenders include suing for repayment, enforcing collateral, or seeking court orders. Borrowers may challenge unfair loan terms or excessive interest rates under consumer protection laws. Courts play a crucial role in resolving these disputes and ensuring that lending practices remain within the bounds of legality.

Fill in the blank: Remedies available to lenders include suing for repayment or enforcing __________.

Table 3.2 *Legal issues and remedies in money lending*

Legal Issue	Nature of the Problem	Primary Remedy / Legal Recourse
Excessive Interest	Interest rates that are "unconscionable" or exceed CBN-approved benchmarks.	**Judicial Modification:** Courts may strike out the excessive portion or rewrite the contract at a "fair" rate.
Default	Failure to pay principal or interest by the agreed due date.	**Debt Recovery Action:** Issuance of a formal **Letter of Demand** followed by a summary judgment or undefended list procedure.
Breach of Privacy	Accessing a borrower's contacts/photos or "shaming" via social media.	**FCCPC Sanctions:** Fines up to ₦100 million for companies; civil suits for damages under the **NDPA 2023**.
Unfair Contract Terms	Clauses that waive a borrower’s right to sue or allow unilateral rate changes without notice.	**Invalidation:** Such terms are deemed **null and void** by the FCCPC; the borrower can seek an injunction to halt enforcement.
Unlicensed Lending	Operating as a money lender without a state license or FCCPC approval.	**Unenforceability:** The entire loan agreement may be declared illegal and void; the lender cannot use the court to recover the money.
Repossession Abuse	Seizing assets (like a car or phone) without following the **STMA** or getting a court order.	**Action for Trespass:** Borrower can sue for the return of the property plus damages for conversion.

Pilot Questions 3.2

What does money lending mean?
Fill in the blank: In Nigeria, money lending requires a __________ before engaging in the business.
State one right of a lender and one obligation of a borrower.
What remedy can a lender seek if a borrower defaults on repayment?
Explain why regulation of money lending is important.

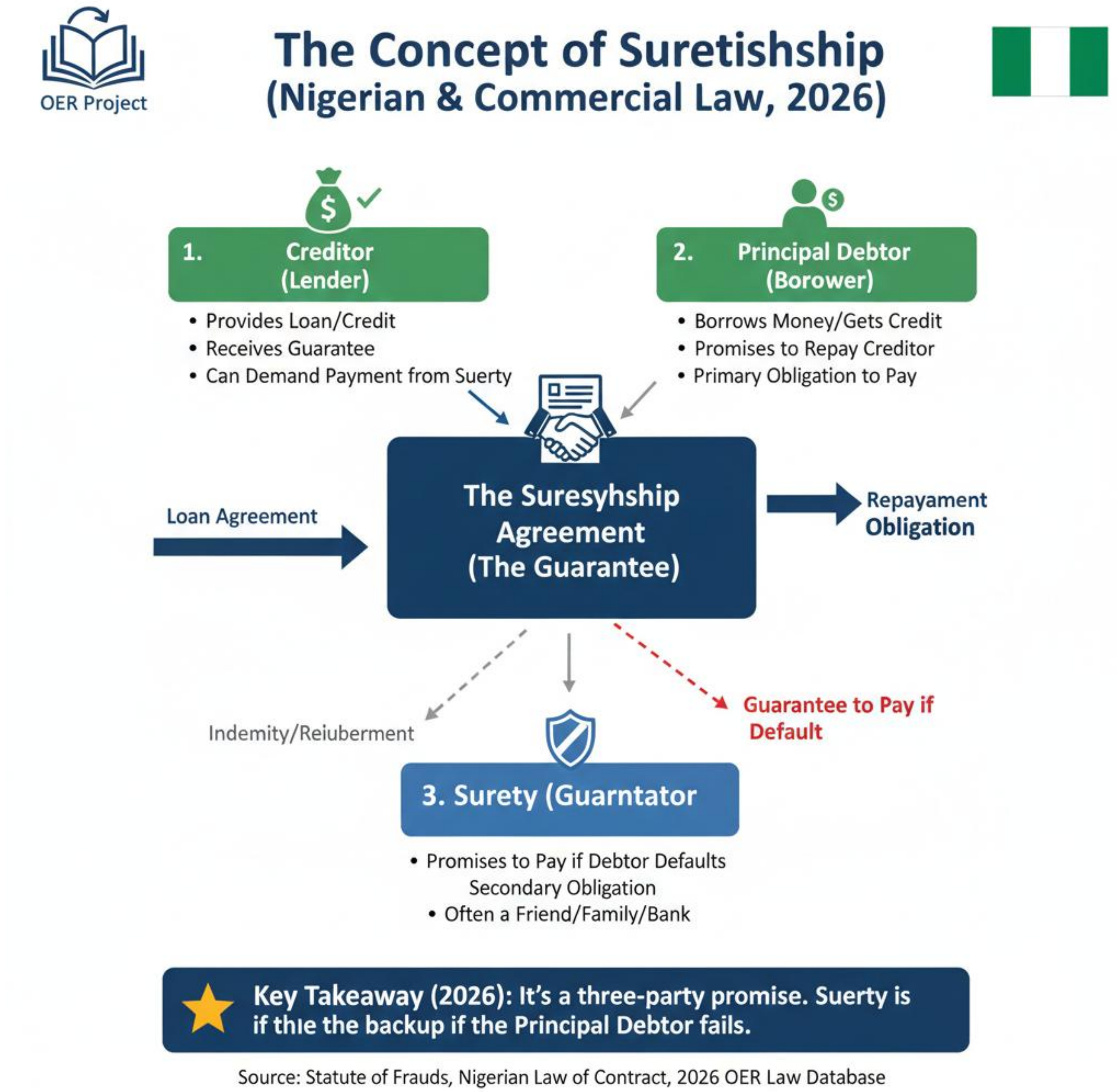
3.3 Suretyship

3.3.1 Meaning and nature of suretyship

Suretyship is a legal relationship in which one party, called the **surety**, undertakes to be responsible for the debt or obligation of another party if that party fails to perform. It is commonly used in commercial transactions to provide assurance to creditors that obligations will be met. The nature of suretyship is secondary, meaning the surety's liability arises only when the principal debtor defaults.

Fill in the blank: A suretyship is a legal relationship where one party guarantees the __________ of another.

Figure 3.3 *Suretyship relationship structure*



3.3.2 Rights and liabilities of the surety

The surety has certain **rights** and **liabilities** under the law. Rights include the right to indemnity from the principal debtor, the right to subrogation (to step into the shoes of the creditor after payment), and the right to contribution from co-sureties. Liabilities include the obligation to pay the creditor if the principal debtor defaults, provided the suretyship agreement is valid. The balance of rights and liabilities ensures fairness in the relationship.

Fill in the blank: The right of a surety to recover from the debtor after payment is called the right of __________.

Box 3.3: Rights and liabilities of the surety

Feature	Suretyship (Guarantee)	Indemnity
Parties	3 Parties (Creditor, Debtor, Surety)	2 Parties (Indemnifier, Indemnified)
Liability	**Secondary:** "I will pay if he doesn't."	**Primary:** "I will pay for any loss."
Writing	Must be in writing (Statute of Frauds).	Can be oral (though writing is safer).

3.3.3 Discharge of suretyship

A surety may be **discharged** from liability in several ways. Discharge can occur by performance of the principal obligation, release by the creditor, or alteration of the contract without the surety's consent. Other grounds include fraud, misrepresentation, or the creditor's failure to disclose material facts. Once discharged, the surety is no longer liable for the debtor's obligations.

Fill in the blank: A surety is discharged if the contract is altered without the surety's __________.

Table 3.3 *Modes of discharge of suretyship*

Method of Discharge	Legal Basis	Description	Result for the Surety
Performance	Fulfillment of Debt	The Principal Debtor pays the full amount, or the Surety pays and seeks indemnity.	The guarantee is naturally extinguished; the surety is free.
Release	Creditor's Consent	The Creditor formally releases the Principal Debtor from the obligation (e.g., a "Debt Forgiveness" agreement).	If the Debtor is released, the Surety is **automatically discharged** (unless the contract says otherwise).

Method of Discharge	Legal Basis	Description	Result for the Surety
Alteration	Material Variance	The Creditor and Debtor change the terms (e.g., increasing interest rates or extending time) without the Surety's consent.	Any **material alteration** made without consent discharges the Surety from all future liability.
Fraud	Vitiating Factor	The Creditor uses deceit to induce the Surety into signing the guarantee (e.g., lying about the Debtor's solvency).	The contract is **voidable** at the option of the Surety; they can walk away from the obligation.
Non-Disclosure	Concealment	The Creditor fails to reveal "material facts" that they were duty-bound to disclose (e.g., the Debtor's previous defaults).	If the concealment is fraudulent or substantial, the Surety is discharged from the contract.

Pilot Questions 3.3

What is suretyship?
Fill in the blank: The person who guarantees another's obligation is called the __________.
State two rights of a surety.
Under what circumstances can a surety be discharged?
Explain why the liability of a surety is considered secondary.

3.4 Guarantees

3.4.1 Meaning and types of guarantees

A **guarantee** is a contractual undertaking in which one party, called the **guarantor**, promises to fulfil the obligation of another party if that party defaults. Guarantees provide security to creditors and are widely used in commercial transactions. There are different types of guarantees, including **specific guarantees**, which cover a single transaction, and **continuing guarantees**, which cover a series of transactions or ongoing obligations.

Fill in the blank: A guarantee is a contractual undertaking where the __________ promises to fulfil another's obligation.

Figure 3.4 *Types of guarantees*

3.4.2 Rights and obligations of guarantors and creditors

The **guarantor** has rights such as indemnity from the debtor, release upon discharge of the obligation, and protection against unfair alteration of the contract. The guarantor's obligations include fulfilling the debtor's obligation if default occurs and complying with the terms of the guarantee. The **creditor** has the right to enforce the guarantee and recover debts, but also the obligation to act in good faith and disclose material facts to the guarantor.

Fill in the blank: The creditor must act in __________ faith when enforcing a guarantee.

Box 3.4: Rights and obligations in guarantees

Obligation	The Creditor must...	The Guarantor must...
Disclosure	Disclose "unusual material facts" about the debtor if specifically asked.	Perform due diligence on the debtor's ability to pay before signing.
Contracting	Ensure the guarantee is **in writing** and signed (Statute of Frauds).	Ensure they understand if they are signing a *Limited* or *Unlimited* amount.
Default	Prove the debtor actually breached the contract.	Pay immediately upon a valid demand once default is established.
Variation	Get the guarantor's signature for any change in the loan terms.	Notify the creditor in writing if they wish to revoke a continuing guarantee.

3.4.3 Termination and enforcement of guarantees

Guarantees may be **terminated** in several ways. Termination can occur by performance of the obligation, revocation of a continuing guarantee, or release by the creditor. Enforcement of guarantees involves legal action by the creditor to compel the guarantor to fulfil obligations if the debtor defaults. Courts ensure that enforcement is fair and consistent with the terms of the contract.

Fill in the blank: A continuing guarantee may be terminated by __________.

Table 3.4 *Termination and enforcement of guarantees*

Method	Type	Legal Mechanism	Result for the Guarantor
Performance	Termination	The Principal Debtor pays the debt in full or performs the obligation.	**Full Discharge:** The guarantee is extinguished as the primary debt no longer exists.
Revocation	Termination	The Guarantor gives formal notice to the Creditor (for **Continuing Guarantees** only).	**Future Discharge:** Liable for past debts, but free from any transactions occurring after the notice period.
Release	Termination	The Creditor formally excuses the Principal Debtor or enters a "Settlement" without the Guarantor.	**Automatic Discharge:** If the Debtor is no longer liable, the "secondary" liability of the Guarantor vanishes.
Material Alteration	Termination	The Creditor and Debtor change the loan terms (e.g., higher interest) without the Guarantor's consent.	**Immediate Discharge:** The court views this as a new contract the Guarantor never signed.
Litigation	Enforcement	Creditor files a suit at the **High Court** (or Small Claims Court for sums under ₦10m).	**Judgment Debt:** The court may order the seizure of the Guarantor's assets to satisfy the debt.
Garnishee Order	Enforcement	Creditor obtains a court order to "freeze" and withdraw funds from the Guarantor's bank accounts.	**Loss of Funds:** Money is moved directly from the Guarantor's account to the Creditor.

Pilot Questions 3.4

What is a guarantee?
Fill in the blank: A guarantee that covers a series of transactions is called a __________ guarantee.
State one right of a guarantor and one obligation of a creditor.
How can a continuing guarantee be terminated?

Explain why guarantees are important in commercial transactions.

Series Summary

This Series has examined financial and commercial instruments that underpin business transactions and risk management. We began with negotiable instruments, focusing on their meaning, types, characteristics, and the rights and liabilities of parties involved. Then, we explored money lending, considering its regulation, the rights and obligations of lenders and borrowers, and the remedies available when disputes arise. Afterwards, we studied suretyship, highlighting its nature, the rights and liabilities of the surety, and the ways in which suretyship can be discharged. Finally, we concluded with guarantees, discussing their types, the rights and obligations of guarantors and creditors, and how guarantees may be terminated or enforced.

By engaging with these topics, you should now be able to define negotiable instruments and their characteristics, explain the regulation of money lending, analyse the rights and discharge of suretyship, and evaluate the types and enforcement of guarantees, as outlined in the Series Learning Outcomes.

Glossary of Terms

Bill of exchange: A written order directing one party to pay a fixed sum to another.
Borrower: A person who receives money from a lender with an obligation to repay.
Creditor: A person or institution to whom money is owed.
Guarantee: A contractual undertaking where a guarantor promises to fulfil another's obligation if they default.
Guarantor: The person who provides a guarantee for another's obligation.
Holder in due course: A person who acquires a negotiable instrument in good faith and for value.
Money lending: The practice of providing loans with the expectation of repayment, usually with interest.
Negotiable instrument: A transferable written document guaranteeing payment of a specific sum of money.
Promissory note: A written promise by one party to pay a fixed sum to another.
Surety: A person who undertakes responsibility for another's debt or obligation.
Suretyship: A legal relationship where a surety guarantees the obligation of a debtor.

Concept Check Questions 3

Objective questions

Which Act governs negotiable instruments in Nigeria? (Linked to SLO 3.1)
Fill in the blank: A person who guarantees another's obligation is called a __________. (Linked to SLO 3.3)
Which type of guarantee covers a series of transactions? (Linked to SLO 3.4)

Short-answer questions
4. Define a promissory note and state one of its features. (Linked to SLO 3.1)
5. List one right of a lender and one obligation of a borrower. (Linked to SLO 3.2)

Long-answer questions
6. Analyse the rights and liabilities of parties to a negotiable instrument, providing examples. (Linked to SLO 3.1)

Basic response: Identify parties such as drawer, drawee, payee, and holder in due course, and state their rights and liabilities.
Value-added response: Discuss how these rights and liabilities affect commercial transactions and provide practical examples.

Evaluate the importance of guarantees in commercial transactions, explaining how they can be terminated or enforced. (Linked to SLO 3.4)

Basic response: Describe types of guarantees and methods of termination such as performance or revocation.
Value-added response: Explain how enforcement protects creditors and enhances trust in business dealings.

Answers to Concept Check Questions 3

Objective questions

Bills of Exchange Act
Surety
Continuing guarantee

Short-answer questions
4. A promissory note is a written promise by one party to pay a fixed sum to another. One feature is that it is payable on demand or at a fixed time.
5. Lender's right: repayment with interest. Borrower's obligation: repayment of loan as agreed.

Long-answer questions
6. *Basic response*: The drawer has the right to payment but is liable if dishonoured; the drawee must honour payment; the payee has the right to receive money; the holder in due course can enforce payment; the endorser is liable if dishonoured.
Value-added response: These rights and liabilities ensure trust in negotiable instruments, for example, cheques used in everyday business transactions.

Basic response: Guarantees may be specific or continuing, and can be terminated by performance, revocation, or release.
Value-added response: Enforcement through courts ensures creditors recover debts, making guarantees vital for securing loans and contracts.

Answers to Pilot Questions 3

Part 3.1 Negotiable Instruments

A written document guaranteeing payment of money
Negotiable
Freely transferable, presumption of consideration
Holder in due course
Bills of Exchange Act

Part 3.2 Money Lending

Providing loans with expectation of repayment
Licence
Lender's right: repayment; Borrower's obligation: repayment
Enforcement of collateral or suing for repayment
To protect borrowers and ensure fairness

Part 3.3 Suretyship

A legal relationship where one party guarantees another's obligation
Surety
Indemnity, subrogation
Performance, release, alteration, fraud, non-disclosure
Because liability arises only if debtor defaults

Part 3.4 Guarantees

A contractual undertaking where a guarantor promises to fulfil another's obligation
Continuing guarantee
Guarantor's right: indemnity; Creditor's obligation: act in good faith
Revocation, performance, release by creditor
They provide security and trust in transactions

References and Attributions 3

Figure 3.1 Types of negotiable instruments: AI prompt "Generate a diagram showing negotiable instruments: cheque, bill of exchange, promissory note."
Box 3.1 Characteristics of negotiable instruments: AI prompt "Create a box summarising characteristics of negotiable instruments."
Table 3.1 Rights and liabilities of parties: AI prompt "Generate a table showing rights and liabilities of parties to negotiable instruments."
Figure 3.2 Process of money lending: AI prompt "Generate a diagram showing money lending process: lender gives loan, borrower repays with interest."
Box 3.2 Rights and obligations in money lending: AI prompt "Create a box summarising rights and obligations of lenders and borrowers in money lending."

Table 3.2 Legal issues and remedies in money lending: AI prompt "Generate a table showing legal issues and remedies in money lending."
Figure 3.3 Suretyship relationship structure: AI prompt "Generate a diagram showing suretyship: creditor, principal debtor, surety."
Box 3.3 Rights and liabilities of the surety: AI prompt "Create a box summarising rights and liabilities of a surety."
Table 3.3 Modes of discharge of suretyship: AI prompt "Generate a table showing discharge of suretyship: performance, release, alteration, fraud, non-disclosure."
Figure 3.4 Types of guarantees: AI prompt "Generate a diagram showing types of guarantees: specific guarantee and continuing guarantee."
Box 3.4 Rights and obligations in guarantees: AI prompt "Create a box summarising rights and obligations of guarantors and creditors."
Table 3.4 Termination and enforcement of guarantees: AI prompt "Generate a table showing termination and enforcement of guarantees."

TAX313 Series 4 Insurance, Banking, And The Administration Of Justice In Nigeria

Part 4.1 Insurance law
- 4.1.1 Meaning and principles of insurance
- 4.1.2 Types of insurance contracts
- 4.1.3 Rights and obligations of insurers and insured

Part 4.2 Banking regulation
- 4.2.1 Role of banks in commerce
- 4.2.2 Regulatory framework for banking in Nigeria
- 4.2.3 Duties and liabilities of banks and customers

Part 4.3 Administration of justice in Nigeria

4.3.1 Judicial institutions and their functions
4.3.2 Court procedures and jurisdiction
4.3.3 Challenges and reforms in justice delivery

Introduction

Insurance and banking are vital pillars of modern commerce, providing security, stability, and trust in financial transactions. Alongside these, the administration of justice ensures that disputes are resolved fairly and that the rule of law is upheld. Together, these areas form the backbone of Nigeria's economic and legal systems, influencing both business operations and individual rights.

The aim of this Series is to introduce you to the principles of insurance law, the regulation of banking, and the administration of justice in Nigeria. It will equip you with the ability to analyse how these systems function, interact, and support commercial and legal activities.

We shall commence this Series by examining insurance law, focusing on its meaning, principles, types of contracts, and the rights and obligations of parties. Next, we will explore banking regulation, considering the role of banks in commerce, the regulatory framework, and the duties of banks and customers. Finally, we will conclude with the administration of justice in Nigeria, analysing judicial institutions, court procedures, and the challenges and reforms aimed at improving justice delivery.

Series Learning Outcomes

Upon completing this Series, you should be able to:

SLO 4.1 define the meaning and principles of insurance and identify types of insurance contracts,
SLO 4.2 explain the regulatory framework for banking in Nigeria and evaluate the duties of banks and customers,
SLO 4.3 analyse the structure, jurisdiction, and procedures of judicial institutions in Nigeria, and
SLO 4.4 evaluate the challenges and reforms in the administration of justice.

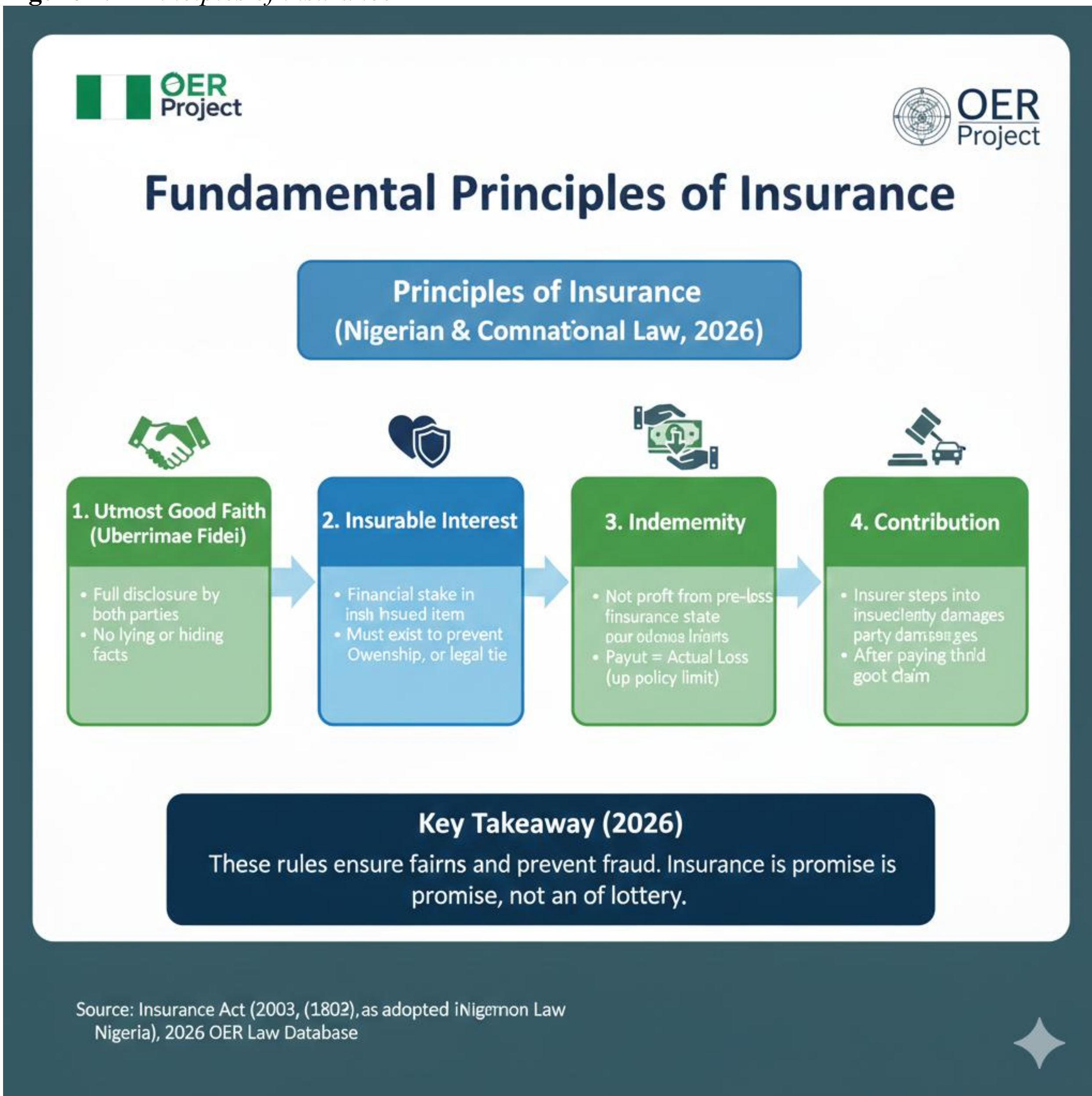
4.1 Insurance Law

4.1.1 Meaning and principles of insurance

Insurance is a contract in which one party (the insurer) undertakes to compensate another party (the insured) for loss, damage, or liability arising from specified risks, in return for the payment of a premium. The fundamental **principles of insurance** include **utmost good faith** (both parties must disclose all material facts), **insurable interest** (the insured must have a legal interest in the subject matter), **indemnity** (compensation should restore the insured to their original position), and **contribution and subrogation** (ensuring fairness when multiple insurers are involved).

Fill in the blank: The principle of __________ requires both parties to disclose all material facts in an insurance contract.

Figure 4.1 *Principles of insurance*



4.1.2 Types of insurance contracts

Insurance contracts can be classified into different types based on the risks covered. **Life insurance** provides financial protection against death or survival for a specified period. **Property insurance** covers risks related to assets such as buildings, vehicles, or machinery. **Liability insurance** protects against claims arising from injury or damage caused to third parties. **Marine insurance** covers risks associated with the carriage of goods by sea, while **health insurance** provides coverage for medical expenses.

Fill in the blank: Insurance that protects against claims from injury or damage to third parties is called __________ insurance.

Table 4.1 *Types of insurance contracts*

Type of Contract	Class	Subject Matter	Nature of Compensation
Life Insurance	**Life**	Human life, survival, or terminal illness.	**Non-Indemnity:** A pre-determined fixed sum is paid upon death or reaching a specific age.
Property Insurance	**General**	Physical assets (Buildings, cars, machinery, stock).	**Indemnity:** Replaces the actual value of the loss (no profit allowed for the insured).
Liability Insurance	**General**	Legal debt/damages owed to a third party (e.g., medical malpractice).	**Third-Party Indemnity:** Pays the victim directly on behalf of the insured policyholder.
Marine & Aviation	**General**	Ships, aircraft, and cargo in transit across borders.	**Valued/Indemnity:** Covers "perils of the sea/air" based on declared value or actual loss.
Health Insurance	**Life/General**	Medical expenses, surgeries, and critical illness.	**Service/Reimbursement:** Covers costs of medical care; often treated as a "Life" sub-category.

4.1.3 Rights and obligations of insurers and insured

Both the **insurer** and the **insured** have specific rights and obligations. The insurer has the right to receive premiums and the obligation to compensate for covered losses. The insured has the right to claim compensation and the obligation to disclose material facts and pay premiums promptly. These rights and obligations ensure fairness and balance in the insurance relationship.

Fill in the blank: The insured must pay __________ promptly to maintain coverage under an insurance contract.

Box 4.1: Rights and obligations in insurance contracts

Milestone	Legal Requirement
Claim Notification	Insured must notify the insurer immediately (or within the period stated in the Service Charter).
Proof of Loss	Police reports are **not mandatory** for non-death/theft claims; eyewitness statements are now accepted evidence.
Settlement Period	Insurer must finalize the claim within **60 days**.
Dispute Resolution	If an insurer refuses a valid claim, the insured can petition **NAICOM** to pay from the insurer's statutory deposit.

Pilot Questions 4.1

What is insurance?
Fill in the blank: The principle of indemnity ensures that the insured is restored to their __________ position.
List three types of insurance contracts.
What obligation does the insured have in relation to premiums?
Explain why utmost good faith is important in insurance contracts.

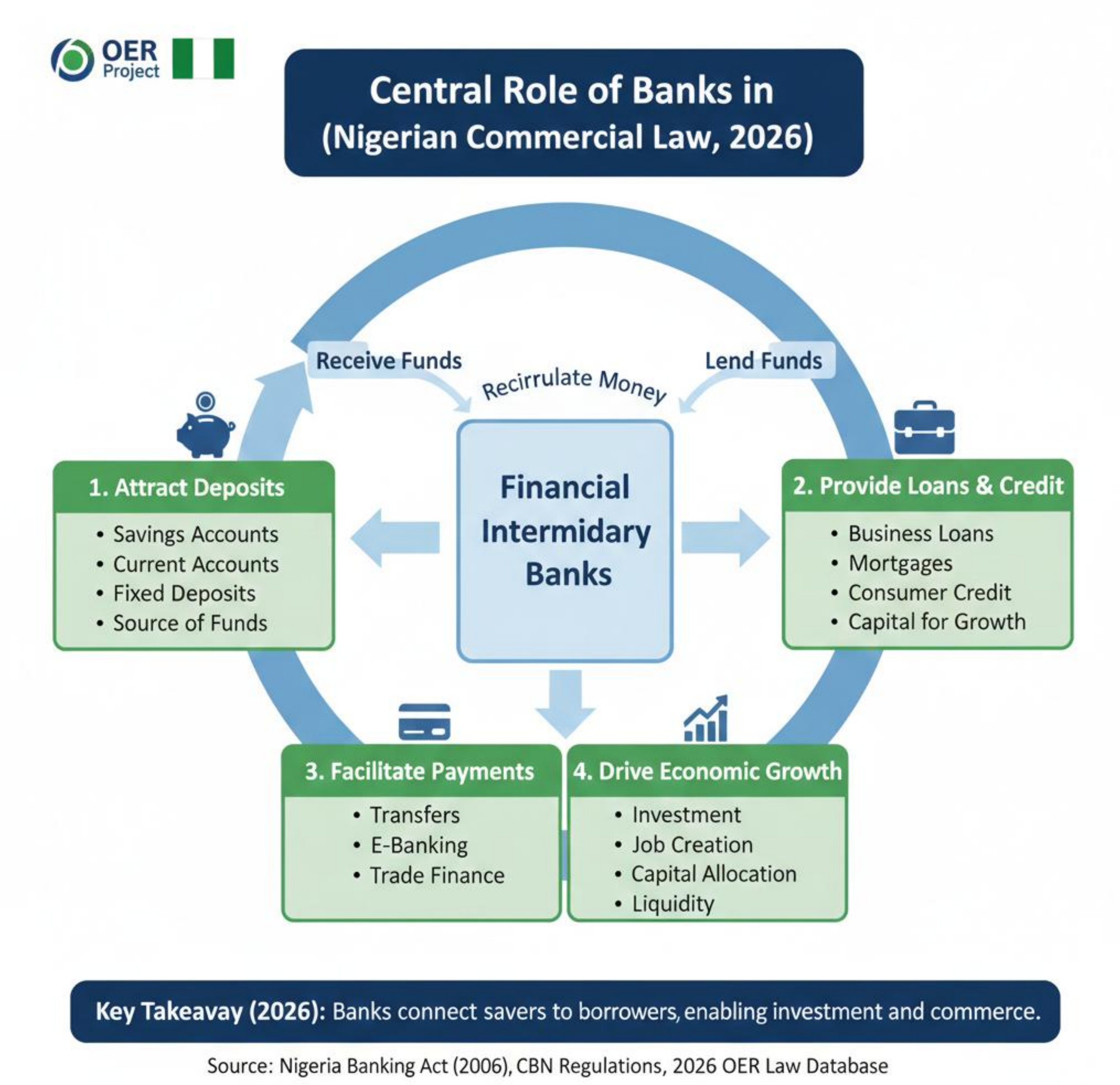
4.2 Banking Regulation

4.2.1 Role of banks in commerce

Banks are financial institutions that provide services such as accepting deposits, granting loans, and facilitating payments. They play a crucial role in commerce by mobilising savings, providing credit to businesses, and ensuring smooth financial transactions. Banks also act as intermediaries between savers and borrowers, thereby supporting economic growth and stability.

Fill in the blank: Banks act as __________ between savers and borrowers in the economy.

Figure 4.2 *Role of banks in commerce*



4.2.2 Regulatory framework for banking in Nigeria

The **regulatory framework** for banking in Nigeria is designed to ensure stability, protect depositors, and promote confidence in the financial system. The **Central Bank of Nigeria (CBN)** is the primary regulator, responsible for issuing licences, supervising banks, and enforcing compliance with financial laws. Other institutions, such as the Nigeria Deposit Insurance Corporation (NDIC), provide additional safeguards by insuring deposits. Regulations cover areas such as capital adequacy, liquidity, and consumer protection.

Fill in the blank: The primary regulator of banks in Nigeria is the __________.

Box 4.2: Key regulators of banking in Nigeria

Function	Primary Regulator	Secondary Regulator
Licensing a Bank	**CBN** (Grants the charter)	**NDIC** (Admits into insurance)
Raising Share Capital	**SEC** (Approves the prospectus)	**CBN** (Verifies capital sources)
Digital/Fintech Banking	**CBN** (Oversight of payments)	**SEC** (Oversight of digital assets)
Bank Failure/Liquidation	**NDIC** (Manages payouts)	**CBN** (Revokes the license)

4.2.3 Duties and liabilities of banks and customers

Both banks and customers have specific **duties** and **liabilities**. Banks must honour cheques, maintain confidentiality, and provide accurate records of transactions. They are liable for negligence, wrongful dishonour of cheques, or unauthorised transactions. Customers must provide accurate information, maintain sufficient funds, and comply with banking rules. They are liable for fraudulent activities or breach of contract. These duties and liabilities ensure trust and accountability in banking relationships.

Fill in the blank: Banks are liable for __________ dishonour of cheques presented by customers.

Table 4.2 *Duties and liabilities of banks and customers*

Party	Core Duties	Potential Liabilities
Bank (The Banker)	**Duty to Honour Mandates:** Must pay out funds upon a valid written demand (cheque, transfer, ATM) if sufficient funds exist.	**Wrongful Dishonour:** Liable for damages to the customer's reputation and business if a valid payment is refused.

Party	Core Duties	Potential Liabilities
	Duty of Confidentiality: Must not disclose account details to third parties (except under legal compulsion or customer consent).	**Breach of Privacy:** Liable for civil damages under the **NDPA 2023** and **CBN fines** for unauthorized data leaks.
	Duty of Care: Must act with reasonable skill to prevent fraud and process transactions accurately.	**Negligence:** Liable for losses if it fails to spot a "manifestly forged" signature or ignores a customer's stop-payment order.
	Duty of Disclosure: Must explain all fees, interest rates, and terms in clear English (minimum font size 10).	**Regulatory Sanctions:** Subject to heavy fines from the **FCCPC** for "hidden charges" or unfair contract terms.
Customer	**Duty of Care in Drawing:** Must issue payment instructions (cheques/apps) carefully to avoid facilitating fraud.	**Contributory Negligence:** If a customer is careless (e.g., leaving a signed blank cheque), the bank may not be liable for the resulting loss.
	Duty to Notify: Must immediately report suspected fraud, lost ATM cards, or unauthorized account activity.	**Loss of Recovery Rights:** Failure to report a lost card promptly may shift the liability for subsequent unauthorized withdrawals to the customer.
	Duty of Factual Disclosure: Must provide truthful information (KYC) and report any "windfall" errors (wrongful credits) into the account.	**Criminal Liability:** Withholding a wrongful credit can be prosecuted as "Theft" or "Conversion" under the **Criminal Code**.
	Duty to Repay: Must repay overdrafts and loans plus agreed interest as and when due.	**Legal Action:** Risk of suit, foreclosure on collateral, and being "blacklisted" on the **Credit Risk Management System (CRMS)**.

Pilot Questions 4.2

What role do banks play in commerce?
Fill in the blank: The Nigeria Deposit Insurance Corporation provides __________ insurance.
List two duties of banks and two duties of customers.
What liability does a bank incur if it wrongfully dishonours a cheque?
Explain why regulation of banking is important for economic stability.

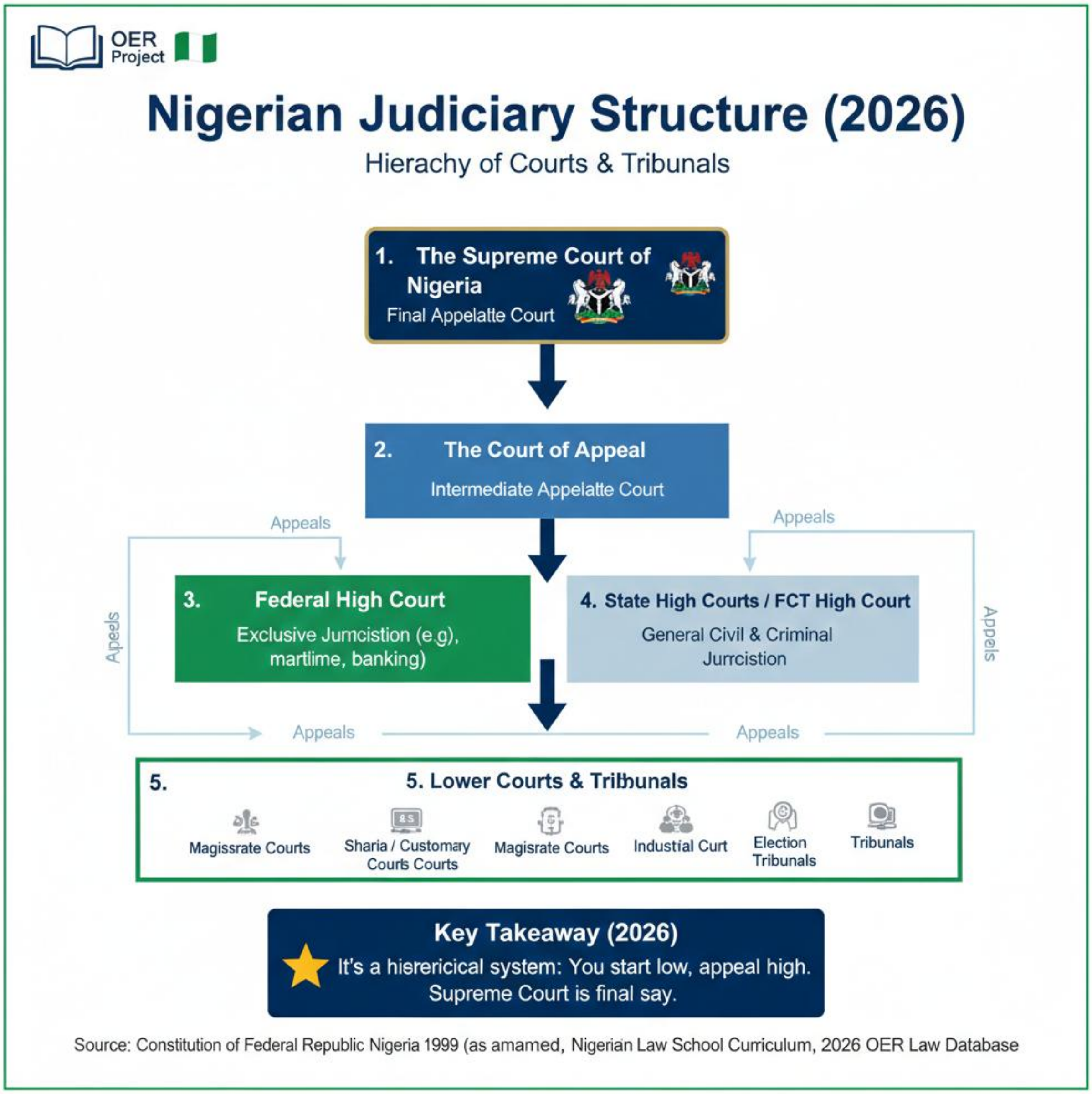
4.3 Administration Of Justice In Nigeria

4.3.1 Judicial institutions and their functions

The **judiciary** is the branch of government responsible for interpreting laws and delivering justice. In Nigeria, judicial institutions include the Supreme Court, Court of Appeal, Federal High Court, State High Courts, and specialised tribunals. Each institution has distinct functions, ranging from handling constitutional matters to resolving commercial disputes. The judiciary ensures the rule of law, protects rights, and provides remedies when laws are breached.

Fill in the blank: The highest judicial institution in Nigeria is the __________ Court.

Figure 4.3 *Judicial institutions in Nigeria*



4.3.2 Court procedures and jurisdiction

Jurisdiction refers to the authority of a court to hear and decide cases. Nigerian courts have different jurisdictions depending on the type of case. For example, the Supreme Court has appellate jurisdiction, while the Federal High Court handles matters such as taxation, banking, and company law. Court procedures involve filing cases, presenting evidence, and delivering judgments. These procedures are designed to ensure fairness, transparency, and adherence to the law.

Fill in the blank: The Federal High Court has jurisdiction over matters relating to __________ law.

Table 4.3 *Jurisdiction of Nigerian courts*

Court	Type of Jurisdiction	Scope & Key Subject Matters
Supreme Court	**Apex Court** (Original & Appellate)	**Original:** Disputes between States or between the Federation and a State. **Appellate:** Final appeals from the Court of Appeal on constitutional, civil, and criminal matters.
Court of Appeal	**Intermediate** (Original & Appellate)	**Original:** Presidential/Vice-Presidential election petitions. **Appellate:** Appeals from Federal High Court, State High Courts, and specialized tribunals.
Federal High Court	**Specialized Superior** (Original Only)	**Exclusive Jurisdiction:** Revenue of the Federation, Banking, Aviation, Intellectual Property, Admiralty (Maritime), and actions against Federal Agencies.
State High Courts	**Unlimited Superior** (Original & Appellate)	**General Jurisdiction:** Simple contracts, land disputes (Land Use Act), torts, and state-level crimes. Also hears appeals from Magistrate Courts.
National Industrial Court	**Specialized Superior** (Original Only)	**Exclusive Jurisdiction:** Labour, employment, trade unions, industrial relations, and workplace-related matters (including pensions).

Court	Type of Jurisdiction	Scope & Key Subject Matters
Specialized Tribunals	**Technical / First Instance**	**IST:** Investment and Securities disputes. **CCT:** Code of Conduct violations. **Election Tribunals:** National and State Assembly election disputes.

4.3.3 Challenges and reforms in justice delivery

The administration of justice in Nigeria faces several **challenges**, including delays in court proceedings, inadequate funding, corruption, and limited access to justice for vulnerable groups. Reforms have been introduced to address these issues, such as digitisation of court processes, alternative dispute resolution (ADR), and judicial training programmes. These reforms aim to make justice delivery more efficient, transparent, and accessible to all citizens.

Fill in the blank: One reform introduced to reduce delays in court proceedings is __________ dispute resolution.

Box 4.3: Challenges and reforms in justice delivery

Area of Reform	2026 Status / Innovation	Intended Impact
Technology	**Speech-to-Text Processors** in 24+ pilot courts.	Eliminates manual transcription; speeds up trial duration by 40%.

Area of Reform	2026 Status / Innovation	Intended Impact
Criminal Law	**National Minimum Standards (NMS)** for ACJA.	Reduces prolonged pre-trial detention through mandatory monthly reports.
Civil Procedure	**Mandatory ADR (Mediation)** at "Multi-Door" courthouses.	Settles 30% of commercial disputes without a formal trial.
Ethics	**Revised Judicial Code of Conduct 2025**.	Clearer sanctions for "persistent under-performance" and frivolous adjournments.

Pilot Questions 4.3

What is the role of the judiciary in Nigeria?
Fill in the blank: The Supreme Court has __________ jurisdiction.
List two courts and their jurisdictions.
What are two challenges facing the administration of justice in Nigeria?
Explain one reform aimed at improving justice delivery.

Series Summary

This Series has explored three interconnected pillars of Nigeria's commercial and legal framework: insurance, banking, and the administration of justice. We began with insurance law, examining its meaning, principles, types of contracts, and the rights and obligations of insurers and insured. Then, we moved on to banking regulation, considering the role of banks in commerce, the regulatory framework in Nigeria, and the duties and liabilities of banks and customers. Finally, we studied the administration of justice, focusing on judicial institutions, court procedures, and the challenges and reforms in justice delivery.

By engaging with these topics, you should now be able to define the principles and types of insurance contracts, explain the regulatory framework for banking, analyse the structure and jurisdiction of Nigerian courts, and evaluate the challenges and reforms in justice delivery, as outlined in the Series Learning Outcomes.

Glossary of Terms

Administration of justice: The process by which courts and judicial institutions interpret laws and deliver justice.

Bank: A financial institution that accepts deposits, grants loans, and facilitates payments.
Central Bank of Nigeria (CBN): The primary regulator of banks in Nigeria, responsible for licensing and supervision.
Contribution: A principle of insurance where multiple insurers share liability for a claim.
Court jurisdiction: The authority of a court to hear and decide specific types of cases.
Indemnity: A principle of insurance ensuring compensation restores the insured to their original position.
Insurable interest: A requirement that the insured must have a legal interest in the subject matter of insurance.
Insurance: A contract where one party undertakes to compensate another for specified risks in return for a premium.
NDIC (Nigeria Deposit Insurance Corporation): An institution that insures deposits and protects consumers.
Subrogation: A principle of insurance allowing the insurer to assume the rights of the insured after compensation.
Utmost good faith: A principle requiring both parties in an insurance contract to disclose all material facts.

Concept Check Questions 4

Objective questions

Which principle of insurance requires disclosure of all material facts? (Linked to SLO 4.1)
Fill in the blank: The primary regulator of banks in Nigeria is the __________. (Linked to SLO 4.2)
Which court has final appellate jurisdiction in Nigeria? (Linked to SLO 4.3)

Short-answer questions
4. Define indemnity and state its purpose in insurance contracts. (Linked to SLO 4.1)
5. List one duty of a bank and one duty of a customer. (Linked to SLO 4.2)

Long-answer questions
6. Analyse the types of insurance contracts, providing examples for each. (Linked to SLO 4.1)

Basic response: Identify life, property, liability, marine, and health insurance with examples.
Value-added response: Discuss how each type supports individuals and businesses in managing risks.

Evaluate the challenges facing the administration of justice in Nigeria and the reforms introduced to address them. (Linked to SLO 4.4)

Basic response: Identify challenges such as delays and corruption, and reforms like ADR and digitisation.
Value-added response: Explain how reforms improve efficiency and access to justice, with practical examples.

Answers to Concept Check Questions 4

Objective questions

Utmost good faith
Central Bank of Nigeria (CBN)
Supreme Court

Short-answer questions

4. Indemnity ensures that compensation restores the insured to their original financial position before the loss.
5. Bank's duty: honour cheques. Customer's duty: maintain sufficient funds.

Long-answer questions

6. *Basic response*: Life insurance covers death or survival benefits; property insurance covers assets; liability insurance covers third-party claims; marine insurance covers sea transport risks; health insurance covers medical expenses.
Value-added response: These contracts provide financial security, encourage investment, and protect businesses against unforeseen risks.

Basic response: Challenges include delays, corruption, and inadequate funding. Reforms include ADR, digitisation, and judicial training.
Value-added response: Reforms enhance transparency, reduce case backlogs, and improve access to justice, especially for vulnerable groups.

Answers to Pilot Questions 4

Part 4.1 Insurance Law

A contract where one party compensates another for specified risks in return for a premium.
Original financial position.
Life, property, liability.
Pay premiums promptly.
It ensures honesty and fairness in contracts.

Part 4.2 Banking Regulation

Mobilising savings, granting loans, facilitating payments.
Deposit.
Banks: honour cheques, maintain confidentiality. Customers: provide accurate information, maintain funds.
Liability for wrongful dishonour.
It ensures stability and protects depositors.

Part 4.3 Administration Of Justice In Nigeria

Interpreting laws and delivering justice.
Final appellate.
Supreme Court: constitutional matters; Federal High Court: company law.
Delays, corruption.
Alternative dispute resolution.

References and Attributions 4

Figure 4.1 Principles of insurance: AI prompt "Generate a diagram showing principles of insurance: utmost good faith, insurable interest, indemnity, contribution, subrogation."
Table 4.1 Types of insurance contracts: AI prompt "Generate a table showing types of insurance contracts: life, property, liability, marine, health."
Box 4.1 Rights and obligations in insurance contracts: AI prompt "Create a box summarising rights and obligations of insurers and insured."
Figure 4.2 Role of banks in commerce: AI prompt "Generate a diagram showing banks as intermediaries: deposits, loans, payments, economic growth."
Box 4.2 Key regulators of banking in Nigeria: AI prompt "Create a box summarising regulators of banking in Nigeria: CBN, NDIC, SEC."
Table 4.2 Duties and liabilities of banks and customers: AI prompt "Generate a table showing duties and liabilities of banks and customers."
Figure 4.3 Judicial institutions in Nigeria: AI prompt "Generate a diagram showing Nigerian judiciary structure: Supreme Court, Court of Appeal, Federal High Court, State High Courts, tribunals."
Table 4.3 Jurisdiction of Nigerian courts: AI prompt "Generate a table showing jurisdiction of Nigerian courts: Supreme Court, Court of Appeal, Federal High Court, State High Courts, tribunals."
Box 4.3 Challenges and reforms in justice delivery: AI prompt "Create a box summarising challenges and reforms in justice delivery in Nigeria."

TAX313 Series 5 Corporate Structures: Civil Vs. Criminal Liability, Property, Partnership, And Corporate Personality

Part 5.1 Civil and criminal liability in corporate structures
- 5.1.1 Distinction between civil and criminal liability
- 5.1.2 Liability of companies and corporate officers
- 5.1.3 Remedies and sanctions

Part 5.2 Property in corporate law
- 5.2.1 Meaning and types of corporate property
- 5.2.2 Ownership and control of property by companies
- 5.2.3 Legal issues relating to corporate property

Part 5.3 Partnership law
- 5.3.1 Meaning and formation of partnerships

Introduction

Corporate structures form the backbone of modern business organisations, shaping how companies operate, manage property, and interact with the law. Understanding the distinctions between civil and criminal liability, the treatment of property, the rules governing partnerships, and the concept of corporate personality is essential for anyone studying business law. These areas determine not only how companies are held accountable but also how they are recognised as legal entities.

The aim of this Series is to equip you with the knowledge to analyse corporate liability, property ownership, partnership arrangements, and the principle of corporate personality, enabling you to evaluate how these concepts apply in practice.

We shall commence this Series by examining civil and criminal liability in corporate structures, focusing on the responsibilities of companies and their officers. Next, we will explore property in corporate law, considering its meaning, types, and related legal issues. Afterwards, we will study partnership law, highlighting its formation, rights, obligations, and dissolution. Finally, we will conclude with corporate personality, analysing its significance, the principle of separate legal entity, and the circumstances under which the corporate veil may be lifted.

Series Learning Outcomes

Upon completing this Series, you should be able to:

SLO 5.1 distinguish between civil and criminal liability in corporate structures,
SLO 5.2 explain the liability of companies and corporate officers and identify remedies and sanctions,
SLO 5.3 define corporate property and analyse legal issues relating to its ownership and control,
SLO 5.4 describe the meaning, formation, rights, obligations, and dissolution of partnerships,
SLO 5.5 evaluate the principle of corporate personality, including the separate legal entity concept and lifting the corporate veil.

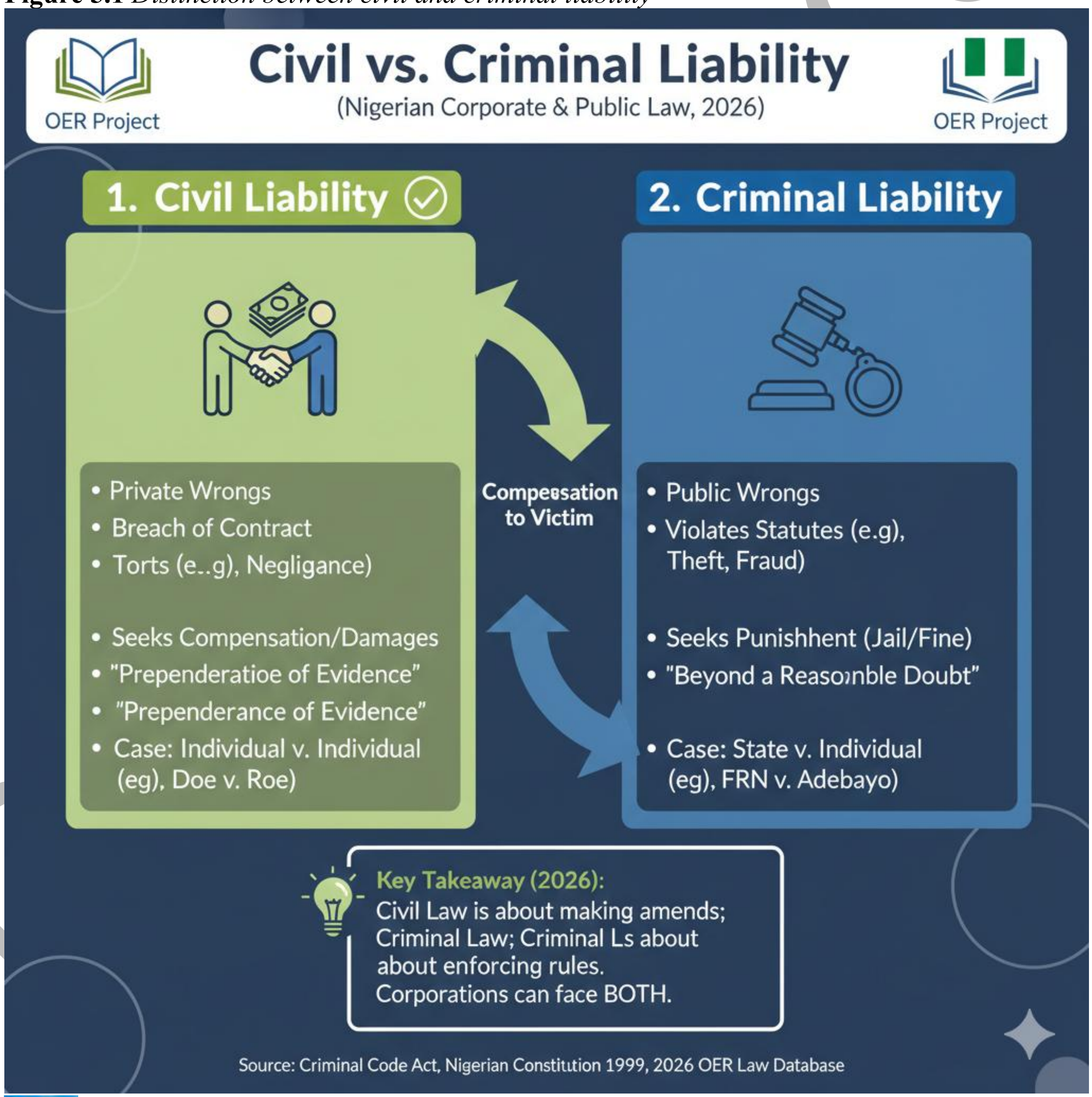
5.1 Civil And Criminal Liability In Corporate Structures

5.1.1 Distinction between civil and criminal liability

Civil liability refers to the responsibility of a company or its officers to compensate for harm caused to individuals or other businesses, usually through damages or restitution. **Criminal liability**, on the other hand, arises when a company or its officers commit offences against the state, such as fraud, corruption, or environmental violations. The distinction lies in the nature of the wrong: civil liability addresses private rights, while criminal liability addresses public wrongs.

Fill in the blank: Civil liability deals with private rights, while __________ liability deals with public wrongs.

Figure 5.1 *Distinction between civil and criminal liability*



5.1.2 Liability of companies and corporate officers

Companies, as legal entities, can be held liable for both civil and criminal wrongs. Corporate officers, such as directors and managers, may also be personally liable if they authorise, participate in, or fail to prevent unlawful acts. For example, a company may face civil liability for breach of contract, while its directors may face criminal liability for fraudulent misrepresentation. This dual liability ensures accountability at both organisational and individual levels.

Fill in the blank: Corporate officers may be personally liable if they __________ unlawful acts.

Box 5.1: Liability of companies and corporate officers

Scenario	Who is Liable?	Legal Basis
Unpaid Corporate Loan	The Company Only	Separate Legal Personality
Director Steals Co. Funds	The Director	Breach of Fiduciary Duty
Fraudulent IPO/Shares	Company & Directors	Investment & Securities Act
Workplace Injury	The Company	Vicarious Liability

5.1.3 Remedies and sanctions

Remedies and sanctions vary depending on whether liability is civil or criminal. Civil remedies include damages, injunctions, and restitution to restore affected parties. Criminal sanctions include fines, imprisonment of officers, and in severe cases, dissolution of the company. Courts may also impose compliance orders to prevent future misconduct. These measures aim to deter wrongdoing and promote responsible corporate behaviour.

Fill in the blank: Civil remedies often include damages, while criminal sanctions may include __________.

Table 5.1 *Remedies and sanctions in corporate liability*

Category	Primary Objective	Key Remedies & Sanctions	Enforcement Mechanism
Civil	**Compensation** & Restoring the Victim	**Damages:** Monetary payouts to place the victim in the pre-loss position. **Rescission:** Canceling a contract made through fraud. **Specific Performance:** Forcing the company to fulfill a contract (e.g., delivering land).	High Court / Federal High Court (Civil Procedure Rules)
Criminal	**Punishment** & Deterrence	**Corporate Fines:** Substantial monetary penalties (e.g., ₦5m+ for tax/contract fraud). **Imprisonment:** Applied to **Directors/Officers** (2–14 years depending on the crime). **Forfeiture:** Seizure of assets gained through illegal activity (e.g., money laundering).	Magistrate / High Court (ACJA 2015 / State ACJL)

Category	Primary Objective	Key Remedies & Sanctions	Enforcement Mechanism
Preventive	**Protection** & Maintaining Status Quo	**Injunctions:** Court orders to stop a company from doing something (e.g., Mareva, Anton Piller). **Compliance Orders:** Mandatory filing of PSC or annual returns. **Director Disqualification:** Banning a person from managing any company for 5–10 years.	Regulatory Bodies (CAC, SEC) & Courts

Pilot Questions 5.1

What is the difference between civil and criminal liability?
Fill in the blank: A company may face civil liability for __________ of contract.
State one example of officer liability.
What are two civil remedies available to affected parties?
Explain why remedies and sanctions are important in corporate law.

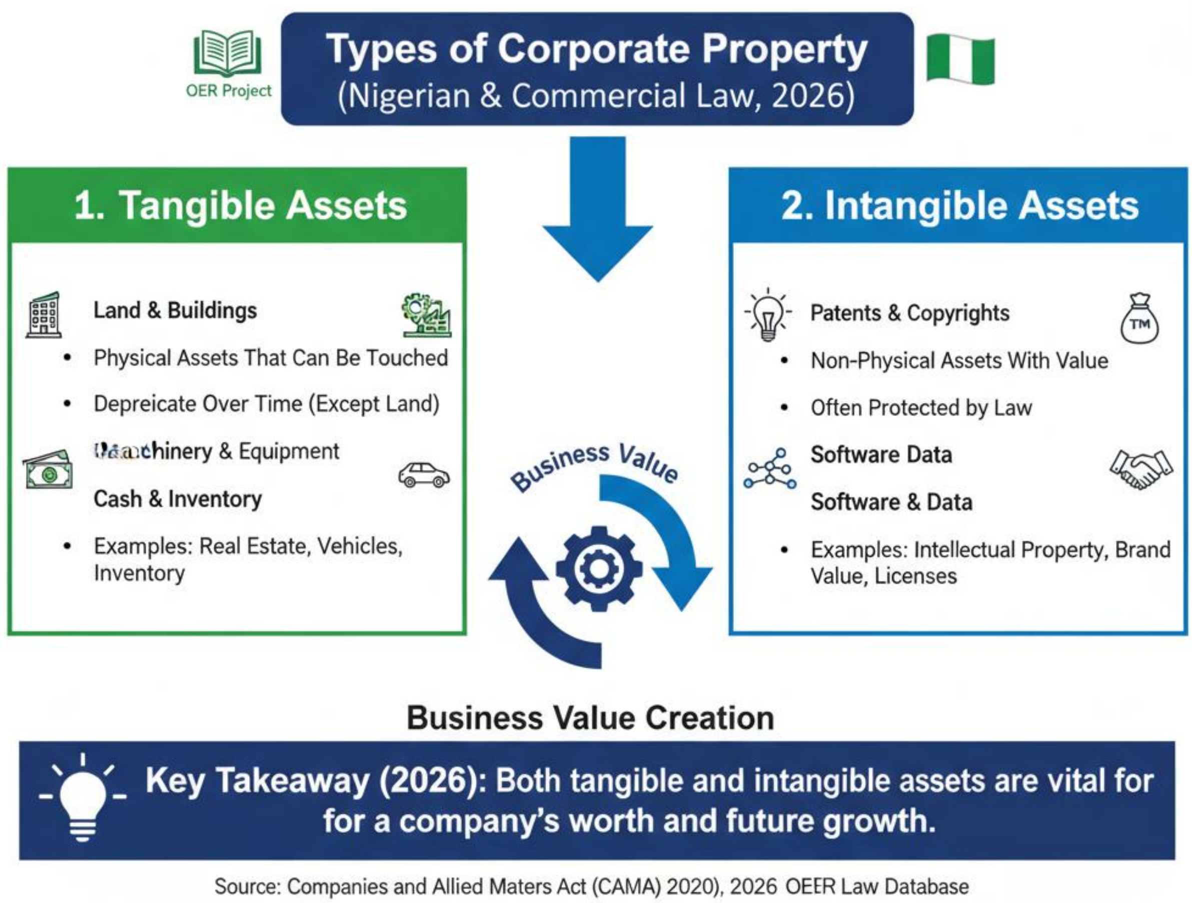
5.2 Property In Corporate Law

5.2.1 Meaning and types of corporate property

Corporate property refers to assets owned by a company, which may include tangible items such as land, buildings, machinery, and vehicles, as well as intangible assets like patents, trademarks, and goodwill. These assets are legally distinct from the personal property of shareholders or directors, reflecting the principle of separate corporate personality. Corporate property is essential for business operations and provides security for creditors.

Fill in the blank: Corporate property includes both tangible assets and __________ assets such as patents and goodwill.

Figure 5.2 *Types of corporate property*



5.2.2 Ownership and control of property by companies

Ownership of corporate property lies with the company itself, not with individual shareholders. Directors and managers exercise **control** over property on behalf of the company, ensuring it is used for lawful and beneficial purposes. Shareholders, although owners of shares, do not directly own company property. This distinction safeguards the company's assets and ensures accountability in management.

Fill in the blank: Shareholders own __________, but they do not directly own company property.

Box 5.2: Ownership and control of corporate property

Entity	What is Owned?	Rights
The Company	Corporate Assets (Land, IP, Cash)	Full legal and beneficial ownership.
The Shareholder	Shares (Intangible Property)	Right to dividends and a vote; no direct claim to assets.

5.2.3 Legal issues relating to corporate property

Corporate property may give rise to **legal issues**, such as disputes over ownership, misuse of assets, or improper transfer of property. For example, directors may be held liable if they use company property for personal gain. Creditors may also claim against corporate property in cases of insolvency. Laws governing corporate property aim to protect stakeholders and ensure that assets are managed responsibly.

Fill in the blank: Directors may be held liable if they use company property for __________ gain.

Table 5.2 *Legal issues relating to corporate property*

Legal Issue	Nature of Conflict	Legal Consequence / Remedy
Ownership Disputes	Disagreements between the company and a third party (or a director) over who holds the legal title to an asset.	**Action for Declaration of Title:** The court determines the true owner based on the "Separate Legal Entity" principle.
Misuse of Assets	A director or officer using company property (e.g., vehicles, funds) for personal gain or non-corporate purposes.	**Breach of Fiduciary Duty:** The officer may be ordered to "Account for Profits" or pay equitable compensation to the company.

Legal Issue	Nature of Conflict	Legal Consequence / Remedy
Improper Transfer	Sale or transfer of major assets without the required shareholder approval (e.g., exceeding the **50% asset value** rule).	**Rescission of Contract:** The transfer may be declared *ultra vires* (beyond powers) and set aside by the court.
Insolvency Claims	Creditors attempting to seize assets when a company cannot pay its debts.	**Liquidation / Receivership:** A Liquidator takes over all property to sell and pay creditors in a specific "Order of Priority."
Fraudulent Preference	Transferring property to a "favored" creditor just before going bankrupt to keep it away from other creditors.	**Claw-back Provisions:** The court can "void" the transfer and force the return of the asset to the company's pool.

Pilot Questions 5.2

What is corporate property?
Fill in the blank: Shareholders own shares but not __________ property.
State two examples of intangible corporate property.
What liability may directors face if they misuse company property?
Explain why laws governing corporate property are important.

5.3 Partnership Law

5.3.1 Meaning and formation of partnerships

A **partnership** is a legal relationship between two or more persons who agree to carry on a business together with the aim of making profit. Partnerships are formed through an agreement, which may be oral or written, though a written agreement is preferable as it clearly sets out the terms. Essential elements include mutual consent, contribution of resources, and sharing of profits and losses.

Fill in the blank: A partnership is formed when two or more persons agree to carry on a __________ together.

Figure 5.3 *Formation of partnerships*

5.3.2 Rights and obligations of partners

Partners have specific **rights** and **obligations** under partnership law. Rights include participation in management, access to partnership books, and sharing in profits. Obligations include contributing to losses, acting in good faith, and avoiding conflicts of interest. These rights and obligations ensure fairness and accountability among partners.

Fill in the blank: Partners must act in __________ faith when dealing with each other in a partnership.

Box 5.3: Rights and obligations of partners

Issue Type	Decision Requirement
Ordinary Business Matters	Majority vote of the partners.
Changing Nature of Business	Unanimous consent (All partners must agree).
Introducing New Partners	Unanimous consent (All partners must agree).
Expelling a Partner	Not allowed unless a written agreement specifically grants this power.

5.3.3 Dissolution of partnerships

A partnership may be **dissolved** in several ways, including by mutual agreement, expiry of the partnership term, death or bankruptcy of a partner, or court order. Dissolution involves winding up the affairs of the partnership, settling debts, and distributing remaining assets among partners. Proper dissolution ensures that obligations are met and disputes are minimised.

Fill in the blank: A partnership may be dissolved by mutual __________ of the partners.

Table 5.3 *Modes of dissolution of partnerships*

Mode of Dissolution	Category	Legal Trigger / Condition
Mutual Agreement	Voluntary	All partners agree to end the business relationship, regardless of the original term.

Mode of Dissolution	Category	Legal Trigger / Condition
Expiry of Term	Automatic	If formed for a fixed term or a specific undertaking (e.g., a 2-year construction project), it dissolves when the time is up or the task is finished.
Death of a Partner	Automatic	Subject to any agreement to the contrary, the death of any partner legally dissolves the firm immediately.
Bankruptcy	Automatic	The insolvency/bankruptcy of any partner (where their assets are legally seized) triggers dissolution to protect the firm's assets.
Illegality	Automatic	If an event occurs that makes it unlawful for the business to be carried on (e.g., a new 2026 law banning a specific trade).
Charge on Shares	Optional	If a partner allows their share of the partnership property to be charged for their separate private debt.
Court Order	Judicial	One partner sues for dissolution due to the insanity of a partner, misconduct, or when the business can only be carried on at a loss.

Pilot Questions 5.3

What is a partnership?
Fill in the blank: Partners must act in __________ faith.
State two rights of partners.
List two ways in which a partnership may be dissolved.
Explain why a written partnership agreement is preferable.

5.4 Corporate Personality

5.4.1 Meaning and significance of corporate personality

Corporate personality refers to the recognition of a company as a separate legal entity, distinct from its shareholders and directors. This means the company can own property, enter into contracts, sue, and be sued in its own name. The significance of corporate personality lies in its ability to provide continuity, limit liability for shareholders, and establish the company as an independent participant in commerce.

Fill in the blank: Corporate personality recognises a company as a separate __________ entity distinct from its members.

Figure 5.4 *Corporate personality as a separate legal entity*

5.4.2 Separate legal entity principle

The **separate legal entity principle** was famously established in the case of *Salomon v. Salomon & Co. Ltd (1897)*, where the court held that a company is distinct from its shareholders. This principle ensures that shareholders are not personally liable for the company's debts beyond their investment. It also allows the company to continue existing even if ownership changes.

Fill in the blank: The case of __________ v. Salomon & Co. Ltd established the separate legal entity principle.

Box 5.4: Key features of the separate legal entity principle

Feature	Legal Result	2026 Context
Contracts	Signed in the company's name.	Digital signatures for companies are now legally binding under the **Evidence Act**.
Debts	The company's debt is not the director's debt.	Banks now almost always demand a "Personal Guarantee" to bypass this protection.
Taxes	The company pays **Company Income Tax (CIT)**.	The **Nigeria Tax Act 2025** treats the company as a separate taxpayer from its owners.

5.4.3 Lifting the corporate veil

Lifting the corporate veil refers to situations where courts disregard the separate legal personality of a company to hold shareholders or directors personally liable. This may occur in cases of fraud, improper conduct, or where the company is used as a façade to evade legal obligations. Lifting the veil ensures that justice is served and prevents abuse of corporate personality.

Fill in the blank: Courts may lift the corporate veil in cases of __________ or improper conduct.

Table 5.4 *Circumstances for lifting the corporate veil*

Circumstance	Legal Description	Real-World Example (2026)
Fraud & Dishonesty	When a company is used to perpetrate a fraud or to hide assets from legitimate creditors.	A director transfers company funds to a personal account to avoid paying a court-ordered judgment debt.
Façade or Sham	When the company has no real independent existence and is merely a "dummy" or "cloak" for the owners' private dealings.	An individual forms a company solely to bypass a "Non-Compete" clause in a previous employment contract.
Improper Conduct	Using the corporate structure to evade a legal obligation or a tax liability.	Under the **Nigeria Tax Act 2025**, the veil is lifted if a company is used for "aggressive tax avoidance" that lacks economic substance.
Public Interest	During times of national emergency or war, to identify the "character" of the persons in control.	Identifying if a local company is actually controlled by entities from a country currently under international sanctions.
Agency / Group Structures	When a subsidiary is so closely controlled by a parent company that it has no mind of its own.	A parent company being held liable for environmental pollution caused by a subsidiary because the parent directed the specific operations.
Insolvent Trading	If directors allow a company to keep incur debts when they know there is no hope of repayment.	A Managing Director is held personally liable for new debts taken 30 days before the company filed for bankruptcy.

Pilot Questions 5.4

What is corporate personality?
Fill in the blank: The case of Salomon established the principle of __________ legal entity.
State two features of the separate legal entity principle.
List two circumstances under which courts may lift the corporate veil.
Explain why lifting the corporate veil is important in corporate law.

Series Summary

This Series has examined the foundations of corporate structures and their legal implications. We began with civil and criminal liability, distinguishing between private wrongs that lead to compensation and public wrongs that attract punishment, while also considering the liability of companies and their officers. Then, we explored property in corporate law, focusing on the types of corporate property, ownership and control, and the legal issues that may arise. Afterwards, we studied partnership law, highlighting its meaning, formation, rights, obligations, and dissolution. Finally, we concluded with corporate personality, analysing its significance, the principle of separate legal entity, and the circumstances under which courts may lift the corporate veil.

By engaging with these topics, you should now be able to distinguish between civil and criminal liability, explain the liability of companies and officers, analyse corporate property and partnership arrangements, and evaluate the principle of corporate personality, as outlined in the Series Learning Outcomes.

Glossary of Terms

- **Civil liability**: Responsibility to compensate for harm caused to individuals or businesses.
- **Corporate personality**: Recognition of a company as a separate legal entity distinct from its members.
- **Criminal liability**: Responsibility for offences against the state, such as fraud or corruption.
- **Dissolution of partnership**: The process of ending a partnership and settling its affairs.
- **Insurable interest**: (from earlier context, but not needed here—skip, only Series 5 terms).
- **Lifting the corporate veil**: A legal action where courts disregard corporate personality to hold individuals liable.
- **Partnership**: A legal relationship between two or more persons who agree to carry on business together for profit.
- **Property (corporate)**: Assets owned by a company, including tangible and intangible items.
- **Separate legal entity principle**: The principle that a company is distinct from its shareholders and directors.
- **Shareholder**: An individual or entity that owns shares in a company but not its property.

Concept Check Questions [Series 5]

Objective questions

- Civil liability deals with private rights, while __________ liability deals with public wrongs. (Linked to SLO 5.1)
- Fill in the blank: Shareholders own __________ but not company property. (Linked to SLO 5.3)
- Which case established the separate legal entity principle? (Linked to SLO 5.5)

Short-answer questions
4. Define corporate property and give one example. (Linked to SLO 5.3)
5. State one right and one obligation of partners in a partnership. (Linked to SLO 5.4)

Long-answer questions
6. Analyse the liability of companies and corporate officers, providing examples of civil and criminal liability. (Linked to SLO 5.2)

Basic response: Explain company liability for breach of contract and officer liability for fraud.
Value-added response: Discuss how shared accountability promotes responsible corporate governance.

Evaluate the principle of corporate personality, including circumstances under which the corporate veil may be lifted. (Linked to SLO 5.5)

Basic response: Describe the separate legal entity principle and list situations where the veil may be lifted.
Value-added response: Explain how lifting the veil prevents misuse of corporate personality and protects public interest.

Answers to Concept Check Questions [Series 5]

Objective questions

Criminal liability
Shares
Salomon v. Salomon & Co. Ltd (1897)

Short-answer questions
4. Corporate property refers to assets owned by a company, such as land or patents.
5. Right: participate in management. Obligation: act in good faith.

Long-answer questions
6. *Basic response*: Companies may be liable for breach of contract, while officers may be liable for fraud.
Value-added response: Shared accountability ensures companies and officers act responsibly, protecting stakeholders.

Basic response: Corporate personality means companies are separate legal entities; veil may be lifted in cases of fraud or improper conduct.
Value-added response: Lifting the veil ensures justice, prevents abuse, and protects creditors and the public.

Answers to Pilot Questions [Series 5]

Part 5.1 Civil And Criminal Liability In Corporate Structures

Civil liability addresses private wrongs; criminal liability addresses public wrongs.
Breach.
Authorising unlawful acts.
Damages and injunctions.
They deter wrongdoing and promote accountability.

Part 5.2 Property In Corporate Law

Assets owned by a company.
Company.
Patents, goodwill.
Liability for personal gain.
To protect stakeholders and ensure responsible management.

Part 5.3 Partnership Law

A legal relationship between persons carrying on business for profit.
Good.
Right to share profits; right to access records.
Mutual agreement; court order.
It provides clarity and reduces disputes.

Part 5.4 Corporate Personality

Recognition of a company as a separate legal entity.
Separate.
Distinct entity, limited liability.
Fraud, improper conduct.
It prevents abuse and ensures justice.

References and Attributions [Series 5]

Figure 5.1 Distinction between civil and criminal liability: AI prompt "Generate a diagram contrasting civil liability (private rights, compensation) and criminal liability (public wrongs, punishment)."
Box 5.1 Liability of companies and corporate officers: AI prompt "Create a box summarising liability of companies and corporate officers."
Table 5.1 Remedies and sanctions in corporate liability: AI prompt "Generate a table showing remedies and sanctions in corporate liability: civil, criminal, preventive."
Figure 5.2 Types of corporate property: AI prompt "Generate a diagram showing types of corporate property: tangible and intangible assets."
Box 5.2 Ownership and control of corporate property: AI prompt "Create a box summarising ownership and control of corporate property."

Table 5.2 Legal issues relating to corporate property: AI prompt “Generate a table showing legal issues relating to corporate property: ownership disputes, misuse, improper transfer, insolvency claims.”
Figure 5.3 Formation of partnerships: AI prompt “Generate a diagram showing partnership formation: agreement, contribution of resources, sharing of profits/losses.”
Box 5.3 Rights and obligations of partners: AI prompt “Create a box summarising rights and obligations of partners in a partnership.”
Table 5.3 Modes of dissolution of partnerships: AI prompt “Generate a table showing modes of dissolution of partnerships: mutual agreement, expiry, death/bankruptcy, court order.”
Figure 5.4 Corporate personality as a separate legal entity: AI prompt “Generate a diagram showing corporate personality: company as separate entity, owns property, enters contracts, sues and is sued.”
Box 5.4 Key features of the separate legal entity principle: AI prompt “Create a box summarising key features of the separate legal entity principle.”
Table 5.4 Circumstances for lifting the corporate veil: AI prompt “Generate a table showing circumstances for lifting the corporate veil: fraud, improper conduct, façade, public interest.”