

INSTITUTE OF LEGAL EXECUTIVES

UNIT 2 – CONTRACT LAW*

Time allowed: 1 hour and 30 minutes plus 15 minutes reading time

Instructions to Candidates

- You have **FIFTEEN** minutes to read through this question paper before the start of the examination.
- **It is strongly recommended that you use the reading time to read the question paper fully.** However, you may make notes on the question paper or in your answer booklet during this time, if you wish.
- **The question paper is divided into TWO sections. You must answer ALL the questions from Section A. There are three scenarios in Section B. You must answer the questions relating to ONE of the scenarios in Section B ONLY.**
- Write in full sentences – a yes or no answer will earn no marks.
- Candidates must comply with the ILEX Examination Regulations.
- Full reasoning must be shown in answers. Statutory authorities, decided cases and examples should be used where appropriate.

Information for Candidates

- The mark allocation for each question and part question is given and you are advised to take this into account in planning your work.
- Write in blue or black ink or ball point pen.
- Attention should be paid to clear, neat handwriting and tidy alterations.
- Complete all rough work in your answer booklet. Cross through any work you do not want marked.

Do not turn over this page until instructed by the Invigilator.

* This unit is a component of the following ILEX qualifications: **LEVEL 3 CERTIFICATE IN LAW AND PRACTICE** and **LEVEL 3 PROFESSIONAL DIPLOMA IN LAW AND PRACTICE**

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SECTION A

(Answer ALL questions in Section A)

1. Identify **three** essential elements for a valid contract. **(3 marks)**
2. Explain the postal rule for acceptance of an offer. **(3 marks)**
3. Explain the effect of a counter-offer. **(3 marks)**
4. State the rule in Pinnel's Case (1602). **(1 mark)**
5. Explain the presumption regarding intention in social and domestic situations. **(3 marks)**
6. What is meant by an express term in a contract? **(2 marks)**
7. Explain how the courts deal with a breach of an innominate term in a contract. **(4 marks)**
8. Explain the remedies for negligent misrepresentation. **(4 marks)**
9. Contracts must be performed strictly (entirely). Identify and explain **two** of the exceptions to this rule. **(4 marks)**
10. Identify any **three** remedies available for a breach of contract. **(3 marks)**

(Total Marks for Section A: 30 marks)

Turn over

SECTION B

(There are three scenarios in Section B. Answer the questions related to
ONE of the scenarios ONLY)

Scenario 1

Mike owns a music shop. He puts the following notice in the shop window.

'Juddy Bolly'
Electric guitar £200
One only!
Available to the first customer
in the shop on 1 June
who wishes to buy it
Opening hours 9am to 5pm

David is a musician who gives music lessons in his home. He wants to buy a guitar for his students to use. David sees the notice and on 1 June he goes to the shop and is very disappointed to learn that the shop has sold the guitar. When David mentions this to Mike, Mike tells him that the guitar was sold to the first customer in the shop that morning.

Another customer, Edna goes into the shop. She clearly explains to Mike that she wants to buy a music book for her daughter Carla, who is a complete beginner. Mike hands Edna a book in a sealed wrapper labelled '*Music for Beginners*' and says "This will be fine".

Carla later unwraps the book and discovers that it is a book for advanced musicians.

Scenario 1 Questions

1. (a) Explain the difference between an invitation to treat and an offer.
(4 marks)
- (b) Explain to David whether or not he has any legal rights in respect of the Juddy Bolly guitar.

(7 marks)

(Total: 11 marks)

2. (a) Explain the difference between a representation and a term of a contract.

(5 marks)

- (b) Explain whether Mike's statement 'This will be fine' is a term or a representation. (Do **not** discuss misrepresentation.)

(8 marks)

(Total: 13 marks)

3. Explain which sections of the Sale of Goods Act 1979 have been breached because:

- (a) the music book was not as described on the wrapper;

(3 marks)

- (b) Edna told Mike that the music was needed for a beginner.

(4 marks)

(Total: 7 marks)

4. Explain the doctrine of privity and how it may apply to Carla.

(9 marks)

(Total Marks for Scenario 1: 40 marks)

Scenario 2

Ann owns a catering business. She has been approached by Florence to cater her wedding.

During negotiations it was agreed there would be a three course meal for 50 people. The meal was to consist of a cold first course, a hot main course and a cold dessert. As Ann was very busy, she told Florence that she would need to use outside help to assist her with the cooking and preparation. Florence was concerned that, if outside helpers were used, the quality of the meal and its presentation might not be up to standard. She told Ann that she was therefore considering using another caterer. Ann assured her that the quality and presentation of the food would be excellent as any outside helpers would hold professional catering qualifications. Florence therefore entered a contract with Ann.

Ann could not find any qualified caterers to assist her. She had to ask her friend Zakia to help. Zakia is a kitchen assistant at a local school but does not hold any professional catering qualifications.

For Florence's wedding meal Ann provided hot soup as a first course, a cold salad for the main-course and a hot dessert. Zakia overheated the desserts and they were burned. The quality and presentation of the whole meal was very poor. It was not what Florence expected from a professional caterer and it ruined her wedding day.

When Zakia asked Ann to pay her for helping at the wedding, Ann refused, stating that Zakia is a friend and therefore she cannot expect to be paid.

Florence also hired a singer, Glenn, to sing for one hour at her wedding. He arrived as arranged at 7:00pm, he sang for 45 minutes and then left. Florence refused to pay him.

Scenario 2 Questions

1. (a) Define misrepresentation.

(5 marks)

- (b) Explain whether Ann's statement to Florence that any outside helpers would hold "professional catering qualifications" is a misrepresentation and, if so, what type(s) it could be.

(10 marks)

(Total: 15 marks)

2. Explain whether Zakia would be successful in her claim against Ann for payment, in the light of their relationship.

(8 marks)

3. (a) Define a condition, a warranty and an innominate term.

(5 marks)

- (b) The fact that the food was not as agreed constitutes a breach of contract.

Explain the nature and the effect of the breach.

(4 marks)

- (c) The fact that Glenn left 15 minutes early constitutes a breach of contract.

Explain the nature and the effect of the breach.

(5 marks)

(Total: 14 marks)

4. Explain whether Florence may have a claim against Ann for loss of enjoyment on her wedding day.

(3 marks)

(Total Marks for Scenario 2: 40 marks)

Turn over

Scenario 3

Nina owns a coach. She agreed with Gianni to have a new windscreen fitted at a cost of £1,750. She told Gianni that the work had to be completed by the 31 May as she had two tours already booked for the following week and if she was not able to provide these tours she would lose a significant amount of money. When she called to collect the coach on the morning of 31 May Gianni told her that it was not ready as he had been very busy.

Nina offered him an extra £500 if he had the coach ready later that day and Gianni agreed.

When Nina returned that afternoon to collect the coach Gianni told her that he had cleaned it and Nina promised to pay him for doing so.

When the bill arrived the next day it included £1,750 for the windscreen and £500 for completing the work on time. Gianni also charged £250 for cleaning the coach. Nina paid Gianni £1,750 but refused to pay him either the £500 or the £250.

On 5 June Nina overslept, arriving late for the coach tour to Scotland. The tour included visiting four castles. As time was short they were only able to visit three of the four castles.

Her next coach tour on 7 June was a theatre trip to London. The night before the trip the theatre was accidentally burned down and Nina was forced to cancel the tour. The customers had paid for the trip in advance.

Scenario 3 Questions

1. (a) Define consideration.

(3 marks)

(b) Explain to Nina whether she is legally obliged to pay Gianni the additional £500 for fitting the windscreen on time.

(10 marks)

(Total: 13 marks)

2. Explain whether or not Nina has to pay Gianni the additional £250 for cleaning the coach.

(4 marks)

3. (a) Identify and explain **three** of the four methods by which a contract may be discharged.

(6 marks)

(b) Explain whether Nina has strictly performed the contract to provide the coach tour to Scotland.

(8 marks)

(Total: 14 marks)

4. Explain to Nina whether she is legally obliged to refund her customers' money for the cancelled theatre trip.

(9 marks)

(Total Marks for Scenario 3: 40 marks)

End of Examination Paper

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