



THE CHARTERED INSTITUTE OF LEGAL EDUCATION

UNIT 2 – CONTRACT LAW*

Time allowed: 3 hours 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.
- **All questions carry 25 marks. Answer FOUR only of the following EIGHT questions. The question paper is divided into TWO sections. You MUST answer at least ONE question from Section A and at least ONE question from Section B.**
- Write in full sentences – a yes or no answer will earn no marks.
- **Candidates may use in the examination their own unmarked copy of the designated statute book: Blackstone's Statute Book on Contract, Tort & Restitution 2012-2013 23rd edition, Francis Rose, Oxford University Press 2012.**
- Candidates must comply with the CILEX 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 CILEX qualifications: **LEVEL 6 CERTIFICATE IN LAW, LEVEL 6 PROFESSIONAL HIGHER DIPLOMA IN LAW AND PRACTICE** and the **LEVEL 6 DIPLOMA IN LEGAL PRACTICE**

SECTION A
(Answer at least one question from this section)

1. Analyse the extent to which, and in what circumstances, a court may award or refuse the granting of the following orders:
 - (a) Specific performance;
 - (b) Injunctions.

(7 marks)
(Total: 25 marks)

2. "... if I should be compelled to sign a lease or some other contract... under an imminent threat of having my house burnt down or a valuable picture slashed, though without any threat of physical violence to anyone, I do not think that the law would uphold the agreement..."
per Kerr J. Occidental Worldwide Investment Corporation v Skibs A/S Avanti, The Sibeon and The Sibotre [1976].

Analyse the extent to which this statement represents the development of a common law concept of economic duress?

(25 marks)

3. With reference to decided cases, explain and analyse the distinction between conditions, warranties and innominate terms and their effects where there is a breach of one of these terms.

(25 marks)

4. In the nineteenth century the principal philosophies that were adopted in the law of contract were that of equality of bargaining power together with the right of the parties to determine the levels of compensation payable in the event of a breach.

Evaluate the extent to which this statement is reflected in the ability of a party to impose penalties on the other party in the event of a breach of contract.

(25 marks)

SECTION B
(Answer at least one question from this section)

Question 1

In celebration of the London Olympics, the Mayor of Holmport has organised a race whereby anyone running from Holmport Town Hall to Trafalgar Square, London would be paid £500 for taking part. The race will commence at 10.00am on Monday 1st August, covering a distance of 10 miles and the winner would be paid £25,000. The competition was advertised in the Daily Examiner and the purpose behind the event was to encourage healthy living.

Paula decided to enter the competition and duly arrived at the town hall at 10.00 am ready to start the race. At the start of the race at (10.00am) Dave was out for his usual morning run and seeing the other runners decided to join in. Dave had not seen the advert for the race in the newspaper.

As all the runners, with Dave in the lead, approached the finishing post their attention was drawn to a notice set up by the Daily Examiner saying that the prize money had been withdrawn and congratulating the runners on being healthy.

Advise Paula and Dave if they are entitled to claim the prize money.

(25 marks)

Turn over

Question 2

Kevin has recently bought a holiday home in the L. substantial renovation he engages Paintfast Ltd to complete the interior of the house. The cost of this work is agreed at £5,000. In the agreement Kevin is required to pay 25%, (£1,250) of the cost at the start, the rest on completion of the work.

Advise Kevin and Paintfast Ltd of their respective legal positions in the following **separate** circumstances:

- (a) Paintfast has completed all but one of the rooms when the house is substantially destroyed by a flood.

(15 marks)

- (b) Kevin learns that he is being posted abroad by his employer and he now informs Paintfast that he no longer wants the house painted. Kevin demands the return of the £1,250 he has paid to Paintfast Ltd.

(10 marks)

(Total: 25 marks)

Question 3

Gerald is a sales representative. When visiting potential clients he regularly stays in room 201 of the Bellevue Hotel. Room 201 has a balcony overlooking the promenade.

Gerald booked room 201 at the Bellevue Hotel for his first visit to Southport. On his arrival at the hotel Gerald was informed that room 201 was not available and that he had been placed in a much inferior room at the hotel. When Gerald protested the manager regretfully informed him that the hotel was full and there were no other rooms available. The manager also pointed out that the standard booking conditions informed potential guests that, "at busy times of the year the hotel reserved the right to vary the room in which a guest had booked to stay".

Feeling very disgruntled, Gerald nevertheless accepted the room offered. After entering the room Gerald's attention was drawn to a notice on the back of his bedroom door which stated that, "Neither the Bellevue Hotel Ltd nor any of its employees shall be liable for any personal injury, loss or other damage to guests nor their personal property howsoever caused".

When Gerald had arrived at the hotel he had allowed his car to be parked by the doorman who, whilst manoeuvring the car, negligently backed into a concrete post causing severe damage to the offside rear of the car. Gerald, on being informed of this, went to inspect the damage but tripped on a loose piece of carpet on the stairs fracturing his arm and collarbone.

Advise Gerald.

(25 marks)

Turn over

Question 4

Premium Car Sales Ltd is a dealer in second hand cars. It placed an advertisement in a local newspaper, "For sale Vauxhall Astra, 2008, one owner, 12,000 miles only, any trial, £8,500". James read the advertisement and met Dave, a car salesman working for the company. Dave told James the car was in an absolute pristine condition "but don't forget to arrange for the AA or RAC to inspect the vehicle". James agreed to purchase the car, said that wouldn't be necessary and purchased the car. Six months later, James had been driving the car for six months when he met a friend who told him the car had in fact been driven for 32,000 miles by previous owners prior to himself.

Advise James:

- (a) Whether he will have an action for breach of contract.
- (b) Whether he will have an action for misrepresentation.

(10 marks)

(15 marks)

(Total: 25 marks)

End of Examination Paper

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