



THE CHARTERED INSTITUTE OF LEGAL EXECUTIVES

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 Statutes 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. To what extent and in what circumstances may the courts imply terms into a contract?

(25 marks)

2. The English common law rule is that only parties to a contract may enforce it.

With reference to cases and statutes, critically analyse the extent to which the doctrine of privity of contract has been eroded by the development of exceptions.

(25 marks)

3. Critically analyse the principles upon which the doctrine of restraint of trade operates and the influence of the public interest upon that doctrine.

(25 marks)

4. Critically analyse the court's approach to the parties' intention to create legal relations in the context of:

a. Social and domestic arrangements

(12 marks)

b. Commercial agreements

(13 marks)

(Total: 25 marks)

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

Question 1

In January, Muriel, a sales executive living and working in Manchester, was appointed as sales director of a firm in London, commencing on 1st March 2013. Muriel found a house not far from her place of work in London and engaged Rodney, a builder, to undertake some renovation work to it. The contract provided that Rodney had to complete the work no later than 28th February 2013.

Rodney did not complete the work until 31st March 2013 so that Muriel was unable to move into the house until 30th May 2013. During April and May Muriel continued to live in Manchester during the weekends. During the week Muriel stayed in a four star hotel near to her work and engaged a childminder to look after her children.

It was accepted that Rodney was in breach of contract for not completing the renovation work on time and Muriel is now claiming compensation from him.

Advise Muriel as to whether she will be able to:

- a. Recover damages for breach of contract with respect to her travel costs, hotel bills and the cost of employing a full-time childminder during the week.

(10 marks)

- b. Recover damages for the emotional distress caused by Rodney's breach of contract.

(15 marks)

(Total: 25 marks)

Turn over

Question 2

Malcolm owns a large plot of land and decided to build a new house on the plot which to enjoy his retirement. To fit in with his plans he needed to have the house completed within nine months. He engaged Will to build the house at a cost of £200,000 provided Will could complete the work within the nine month time period. The contract made it clear that if Will failed to complete the house on time he would have to pay Malcolm £1,200 per month to cover the cost of Malcolm renting somewhere else to live until he could move into the new house.

Will subcontracted the joinery work to Dave for the sum of £10,000. It soon became apparent that whilst Dave was a very competent joiner he was also very slow. Will was very concerned at the lack of progress and confronted Dave with his concerns. Dave made it clear that he required an extra £5,000 to employ another joiner to assist him if Will is going to complete the house in nine months. Will reluctantly agreed to pay the £5,000 since he was aware that otherwise he would be in breach of his contract with Malcolm and would have to pay Malcolm's rent.

Dave completed the work on time but Will has refused to pay him the extra £5,000.

Advise Dave as to whether he will be able to recover the money owed to him by Will.

(25 marks)

Question 3

Sean is the owner of an antique shop. On Thursday he placed an advert in the Antiques Gazette stating: "For sale, George III mahogany chest of drawers, £2,500". Gerald read the advert on Friday and telephoned Sean saying, "I am in need of such an item for a client but I can only pay £2,000". Sean replied that he could not accept less than £2,250, but stated he would not sell the item to anyone else before Wednesday whilst Gerald considered the price.

On Monday morning Gerald telephoned Sean but, since Sean had closed his shop early to go to an auction, Gerald left a message on Sean's answering machine agreeing to buy the item for the price quoted by Sean. Later that morning, Batty, Sean's cleaner, accidentally erased Gerald's message before Sean had had a chance to hear the message.

Whilst at the auction Sean mentioned the chest of drawers to another dealer, James, who immediately agreed to buy it for £2,500. The next day James happened to meet Gerald in the local bar and told him of his extraordinary piece of luck in acquiring the chest of drawers. Gerald immediately went back home and at 1.30 pm sent an email to Sean agreeing to pay the price quoted to him of £2,250. In fact Sean had already sent Gerald an email at 1.15 pm withdrawing his offer.

Advise Gerald.

(25 marks)

Question 4

Donald is the owner of a racing greyhound named "Cowboy Blues" which he decided to sell. He enters into negotiations with Rupert, who has never owned a greyhound before but has been an interested follower of greyhound racing and has always wanted to own his own greyhound. Donald explained that Cowboy Blues had won several races last season and that his pedigree was very good in that its father, "Redskin", had won the Gold Cup on three consecutive occasions. On hearing this Rupert decided to buy Cowboy Blues for £5,000. In the terms and conditions of sale one clause stated:

"The seller does not accept any responsibility for any misdescription or inaccuracy in respect of anything stated within the terms and conditions for the sale and purchase of any dog."

This year Cowboy Blues has not won any races and Rupert has now discovered that whilst the dog had won several races in the previous season, it was not the son of Redskin. Rupert has demanded that Donald return his purchase money. Donald has refused his request.

Analyse Rupert's chances of success in:

- a. An action for breach of contract, and

(13 marks)

- b. An action for misrepresentation against Donald and his likely remedies should he be successful.

(12 marks)

(Total: 25 marks)

End of Examination Paper

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