



**CILEX Level 3 Certificate in Law and Practice/
CILEX Level 3 Professional Diploma in Law and Practice**

Unit - 2 Contract Law

November 2023

Question Paper

Time allowed: 1 hour and 45 minutes (includes 15 minutes reading time)

Instructions and information

- It is recommended that you take **fifteen** minutes to read through this question paper before you start answering the questions. However, if you wish to, you may start answering the questions immediately.
- There are **two** sections in this question paper — Section A and Section B.
- You must answer **all** questions from Section A.
- There are three scenarios in Section B — you must choose **one** scenario and answer **all** questions relating to that scenario.
- This question paper is out of 70 marks.
- The marks for each question are shown — use this as a guide as to how much time to spend on each question.
- Write in full sentences — a yes or no answer will earn no marks.
- Full reasoning must be shown in your answers.
- Statutory authorities, decided cases and examples should be used where appropriate.
- You are allowed to make notes on your scrap paper during the examination.
- You are **not** allowed access to any statute books.
- A basic calculator is provided should you require the use of one.
- You must comply with the CILEX Exam Regulations – Online Exams at Accredited Centres/CILEX Exam Regulations – Online Exams with Remote Invigilation.

Turn over

SECTION A

Answer all questions.

1. Explain the Postal Rule. *(5 marks)*

2. State the general rule of privity of contract. *(3 marks)*

3. Explain the exception to the rule that past consideration is not good consideration. *(4 marks)*

4. Identify the presumption relating to legal relations in commercial agreements and explain **one** situation in which the presumption may be rebutted. *(3 marks)*

5. What is an express term in a contract? *(1 mark)*

6. Define a condition and identify the remedies which are available for breach of it. *(3 marks)*

7. Define misrepresentation. *(3 marks)*

8. Identify the **three** types of misrepresentation. *(3 marks)*

9. Identify any **three** ways in which a contract may be discharged. *(3 marks)*

10. Describe the remedy of specific performance. *(2 marks)*

(Total Marks for Section A: 30 marks)

SECTION B

There are three scenarios — you must choose one scenario and answer all questions relating to that scenario.

Scenario 1

Shehnaz is the owner of a gardening business. Shehnaz had recently obtained a new contract to look after a large area of woodland and she decided to buy a more efficient wood-chipping machine for her business.

Shehnaz telephoned Acomb Industrial Machinery Ltd (AIM) and spoke to Brian, the manager, who she had dealt with on ten previous occasions over the last three years. Shehnaz explained she needed a wood-chipping machine that was very efficient, even if it was expensive. Brian said he had a Gremlin 123 machine, which could chip 250kg of twigs and branches per hour. He said it was for sale for £900 and he could deliver it by Monday, 28 September. Shehnaz agreed to buy it.

Later that day, Brian sent Shehnaz AIM's usual invoice. On the front of the invoice, the following clause was printed in large, bold type: 'No responsibility is assumed for any late delivery of products, however late they may be'.

The Gremlin 123 machine was not delivered until Monday, 19 October.

Two weeks after Shehnaz started using the Gremlin 123, its chipping-blades snapped because of a weakness in the metal. Shehnaz immediately rang Woodfield Equipment Repairs Ltd and asked them to replace the blades. They carried out the repair and charged Shehnaz £400 for doing so.

Shehnaz wants to claim the cost of the repair from AIM. However, Brian is refusing to pay, arguing that AIM would have been able to replace the blades for £200, like any other stockist of chipping-blades.

Turn over

Scenario 1 Questions

1. Explain:

(a) how a court will determine whether a statement is a term of a contract;
(6 marks)

(b) whether Brian's statement that the Gremlin 123 was capable of chipping 250 kg per hour was a term of the contract between Shehnaz and AIM.
(9 marks)

(Total: 15 marks)

2. (a) Identify and explain **two** ways in which a term may be incorporated into a contract.
(4 marks)

(b) Explain whether the clause on the front of the invoice was incorporated into the contract between Shehnaz and AIM.
(9 marks)

(Total: 13 marks)

3. Describe which term, implied by statute into the contract between Shehnaz and AIM, has been breached by the chipping-blades snapping.
(2 marks)

4. Explain whether Shehnaz can recover the £400 cost of replacing the chipping-blades from AIM.
(10 marks)

(Total Marks for Scenario 2: 40 marks)

Scenario 2

Tristan and Kate, who had lived together for five years, recently decided to separate. Last week, they left their rented accommodation and went their separate ways. The only issues they needed to resolve concerned Kate's dog, Fido. Kate only works mornings, so can look after Fido, but she is rather short of money.

Tristan and Kate texted each other as follows:

Tristan's first text: 'I don't want to lose contact with Fido. Would you consider letting me have Fido on Saturdays if I paid £20 or £30 a week towards his upkeep?'

Kate's first text: 'Do you know how much it costs to keep a prize Labradoodle?! You know I'm nearly broke. I am prepared to let you have Fido on Saturdays for £200 a week. Not negotiable. Let me know.'

Tristan's second text: 'Would that include his food and biscuits for the day?'

Kate's second text: 'Forget it, Tristan, I can't be bothered with your haggling.'

Unfortunately, Kate forgot to press 'Send' on this second text, so Tristan never saw it.

Getting no reply, Tristan sent Kate a third text, saying: 'OK, £200 a week it is', which Kate read but initially ignored.

Kate has now changed her mind, and wishes to have the £200 per week, and is prepared to let Tristan have Fido on Saturdays. Tristan, however, has lost interest in Fido and does not want to pay.

Turn over

Scenario 2 Questions

1. (a) Define an offer and explain how it differs from an invitation to treat. **(5 marks)**

(b) Explain whether Tristan's first text is an offer. **(3 marks)**

(c) Identify **two** features of Kate's first text which show that it is an offer. **(2 marks)**

(Total: 10 marks)

 2. (a) Identify **three** ways in which an offer may be terminated. **(3 marks)**

(b) Explain the legal effect, if any, of Tristan's second text on Kate's first text. **(5 marks)**

(c) Explain the legal effect, if any, of Kate's second text on her first text. **(5 marks)**

(Total: 13 marks)

 3. Explain whether Tristan's third text gives rise to an agreement with Kate. **(4 marks)**

 4. Assuming Tristan and Kate have reached an agreement about Fido:

(a) explain whether it is an agreement that is intended to create legal relations; **(6 marks)**

(b) explain whether Kate has given valid consideration for Tristan's promise of payment. **(7 marks)**

(Total: 13 marks)
- (Total Marks for Scenario 2: 40 marks)**

Scenario 3

Grainshift is a grain distribution company.

The Sea Duchess

In April, Grainshift chartered a bulk carrier, the Sea Duchess, from Best Boats, a shipping company. The charter was for six months. The following term was contained as clause 2 of the contract:

‘Best Boats will provide and maintain the Sea Duchess so that she is seaworthy for the duration of the charter.’

Grainshift was not able to use the Sea Duchess for the first week of the charter because of a broken rudder. Once Best Boats had repaired it, the Sea Duchess was fine for two months. However, the engine then completely broke down. It is estimated that there will be a three-month delay to repair her engine before she can sail again.

The Aqualine

In May, Grainshift chartered a fully-crewed ship, the Aqualine, from Aquaships. The charter was for a period of three months. Unfortunately, three weeks into the charter, the Aqualine sank in a storm, because Aquaships’ crew had failed to cover the open holds on her decks.

The Water Rat

Two weeks ago, Grainshift entered into a contract with Rodent Shipping to charter a ship, the Water Rat, for 12 months. Grainshift paid £50,000 when the contract was formed and was due to pay a further £40,000 at the end of the charter. Rodent Shipping spent £10,000 in preparing the Water Rat for delivery to Grainshift. The Water Rat was due to be delivered to Grainshift next week, but yesterday it was destroyed by fire in an arson attack. Both parties accept that the contract has been frustrated.

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Scenario 3 Questions

1. (a) Explain what is meant by an innominate term and the remedies which may be available for breach of it. **(5 marks)**
- (b) Explain the type of term in clause 2 of the contract. **(5 marks)**
- (c) Explain whether Grainshift would have been entitled to terminate the charter of the Sea Duchess as a result of the broken rudder. **(3 marks)**
- (d) Explain whether Grainshift is now entitled to terminate the charter of the Sea Duchess as a result of the engine breaking down. **(3 marks)**
- (Total: 16 marks)**
2. (a) Define what is meant by frustration of a contract. **(3 marks)**
- (b) Identify **three** types of non-frustrating event (circumstances in which an event that would otherwise frustrate a contract does not do so). **(3 marks)**
- (c) Explain whether the charter of the Aqualine is frustrated as a result of the Aqualine's sinking in the storm. **(6 marks)**
- (Total: 12 marks)**
3. (a) Explain the effect of the frustration of the Water Rat charter on the parties' obligations due to be performed after the arson attack. **(4 marks)**
- (b) Explain whether Grainshift is entitled to the return of all or any of the £50,000 payment made when the contract was formed. **(8 marks)**
- (Total: 12 marks)**
- (Total Marks for Scenario 3: 40 marks)**

End of the examination