



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 this question paper fully.** However, you may make notes on this 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. This 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 2020 -2021, 31st edition, Francis Rose, Oxford University Press, 2020.**
- 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 ballpoint 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 and the LEVEL 6 PROFESSIONAL HIGHER DIPLOMA IN LAW AND PRACTICE**

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

1. Critically analyse the extent to which a third party may enforce a contract.

(25 marks)

2. Critically evaluate the extent to which the recognition of 'innominate' terms represents an improvement to the law of contract.

(25 marks)

3. Critically assess the impact of the decision in Williams v Roffey Bros & Nicholls (Contractors) Ltd (1991) on the doctrine of consideration.

(25 marks)

4. Critically assess:
 - (a) how the law distinguishes between types of misrepresentation;

(11 marks)

 - (b) the remedies available for the different types of misrepresentation.

(14 marks)

(Total: 25 marks)

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

Question 1

Ava is an artist who specialises in painting landscapes and who sells her paintings through her own website. In January 2021, Ava decided to hold a sale. Ava reduced the price of her painting 'Bell Tower at Sunset' to £800 and reduced the price of her painting 'Autumn Leaves' to £900. She also wanted to change the price of her large canvas 'Cliffs at Kempston' from £2,000 to £1,500. However, Ava accidentally entered the price as £15.00 instead, and this was what was shown on the website.

In order to increase interest in the sale, Ava also emailed her previous customers. Her email stated:

'Special Offer! Send me a photograph of a scene you would like me to paint and I will choose one to turn into a beautiful watercolour for free! All entries must be submitted by 5pm, Monday, 18 January.'

Dina emailed Ava, stating: 'I agree to purchase "Cliffs at Kempston" for £15'. Ava replied, explaining that the price was a mistake, but Dina continues to demand that Ava sell her the painting for the £15 price.

Erik sent Ava a photograph of his back garden on Sunday, 17 January. He was disappointed when Ava later announced that Zadie had won the competition. Erik was a lot more upset when he spoke to Ava, and she told him that she had not checked her email on Monday, 18 January, so had not considered his photograph. Erik has demanded that Ava paint a watercolour from his photograph and provide it to him for free.

Farhan emailed Ava in late January, stating: 'I would be happy to pay £800 for "Autumn Leaves"'. His email signature included his postal address. Ava, who was having problems sending emails, sent Farhan a letter, stating: 'I agree £800 for the painting, will deliver next week'. Unfortunately, the letter was lost in the post and when Ava delivered the picture, Farhan refused to accept it, stating that he had spent the money on something else.

Geraint emailed Ava on 1 February, asking whether she would accept £750 for 'Bell Tower at Sunset'. Ava replied on 2 February, asking Geraint if he was willing to pay by bank transfer, to avoid incurring credit card fees. Geraint had been taken ill and did not respond. Last week, as 'Bell Tower at Sunset' had still not sold, Ava emailed Geraint, stating: 'I accept, you can have the painting for £750 however you want to pay'. Unbeknown to Ava, Geraint had died last month.

Advise Ava.

(25 marks)

Question 2

Harvey is a hairdresser who runs his own shop, Harvey's Hair, in Kempston High Street. In March 2021, Harvey's two employees left to set up their own business elsewhere. Harvey did not want to lose customers while he was finding new employees, so he asked his sister Ilsa if she would 'take a few shifts to help me out'.

Ilsa, a professional hairstylist with her own business, agreed, as she did not want her brother's business to fail. She cancelled a number of appointments in order to work the shifts at Harvey's Hair. Ilsa has sent Harvey an invoice for the shifts at her usual hourly rate, but Harvey has refused to pay, as he considered it 'the kind of favour siblings do'.

In April 2021, Harvey was contacted by Joyous Events Limited (JEL), which was planning to hold a trade fair focused on hair and beauty. JEL told Harvey that it would pay him £1,200, if he gave a one-hour demonstration on each of the three days of the trade fair. Harvey excitedly agreed, and let his customers know that his shop would be closed on the three days in question.

Two days before the trade fair was due to start, JEL contacted Harvey and told him that the company was in financial difficulties. JEL proposed that Harvey only give a 45-minute demonstration each day and that he would be paid a total of £250 for the three demonstrations. Harvey was furious and argued bitterly, but eventually agreed and did the shorter demonstrations.

Last week, Kevin visited Harvey's Hair to try to sell Harvey two new hairdressing chairs. When Harvey told Kevin that he wasn't interested, Kevin said to Harvey: 'If you don't agree to buy these chairs, I'm going to smash up your shop and kick your head in'.

Advise Harvey whether:

(a) he has a legal obligation to pay Ilsa;

(8 marks)

(b) there has been economic duress on the part of JEL;

(12 marks)

(c) there has been duress on the part of Kevin.

(5 marks)

(Total: 25 marks)

Question 3

Lorraine was the owner of Meeple Merchandise, a board games café in Kempston. In November 2020, Lorraine agreed to sell the premises and the goodwill of the business to Nandeeep. As part of the contract, the following term was agreed:

'Lorraine hereby promises to not operate a business selling board games or hot drinks within a 10-mile radius of Kempston until November 2022'.

In January 2021, Nandeeep hired Olly to work in the café. Nandeeep provided Olly with training on how to use the expensive Italian coffee machine that he had installed. Nandeeep included the following term in Olly's employment contract:

'Olly may not work in any business in the retail sector for a period of 12 months after leaving the employment of Meeple Merchandise'.

Nandeeep has recently found out that Lorraine has opened a drive-through coffee shop on the main road on the outskirts of Kempston. He has also found out that Olly, who recently left Nandeeep's employment, is now working at Paul's Pieces, a rival games shop in a neighbouring town.

Nandeeep is particularly annoyed that Olly is working at Paul's Pieces, because he and Paul (the owner of Paul's Pieces) had recently made an agreement that they would not employ anyone who had been employed by the other business in the last five years.

Advise Nandeeep as to the enforceability of the various clauses.

(25 marks)

Question 4

Rotherchester Council (RC) is the local authority in charge of the Rotherchester area. One of RC's responsibilities is keeping roads clean and, in inclement weather, keeping roads clear of snow.

In November 2020, RC entered into a contract with Sid's Street Services (SSS). Under the terms of the contract, SSS was to provide a 12-month street-cleaning service using its street-cleaning vehicles for a total cost of £400,000, to commence on 1 March 2021.

In December 2020, all weather services forecast particularly bad snowstorms throughout January and February 2021. Worried that it had insufficient snow-clearing capacity, RC entered into a contract with Terrific Terrain Vehicles (TTV) to clear snow using its 'Aceplough' snowplough. RC also entered into a contract with Unify Utilities (UU), which would clear snow using its 'Breakmaster' snowplough. Both contracts were for two months, and both charged a fee of £20,000 each, payable in March 2021.

Aceplough was designed to rely on Meltice X, a special chemical designed to melt snow and ice. However, TTV only had limited stocks of the chemical and was unable to purchase more. It allocated its existing stock of Meltice X to other snowploughs and was therefore unable to clear snow in Rotherchester.

UU used the Breakmaster throughout January, but then its use was no longer lawful following the coming into force of the [fictitious] Environment Protection Regulations 2021, which introduced new emissions limits for vehicles used in council services. UU was therefore unable to clear snow in February.

On 11 March 2021, a major strike was called by street-cleaning workers, which is still ongoing. SSS has no workers to operate its vehicles, and has therefore been unable to clean the streets of Rotherchester since that date.

RC has refused to pay the £20,000 originally agreed to either TTV or UU. Also, RC wants to end the contract with SSS and to have its money returned.

Advise Rotherchester Council (RC) as to whether the following contracts will be frustrated, and if so, the effect of frustration, regarding:

(a) RC's contract with SSS;

(10 marks)

(b) RC's contract with TTV;

(5 marks)

(c) RC's contract with UU.

(10 marks)

(Total: 25 marks)

End of Examination Paper