



**CILEX Level 6 Single Subject Certificate/CILEX Level 6 Professional Higher Diploma in Law and Practice/CILEX Level 6 Graduate Fast-Track Diploma**

**Unit 2 – Contract Law**

**Question paper**

**June 2022**

**Time allowed: 3 hours and 15 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. Each section has four questions.
- You must answer **four** of the eight questions — at least **one** question must be from **Section A** and at least **one** question must be from **Section B**.
- This question paper is out of 100 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 can use your own unmarked copy of the following designated statute book – ***Blackstone's Statutes on Contract, Tort & Restitution 2021-2022, 32nd edition, Francis Rose, Oxford University Press, 2021***
- 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 at least one question from this section.

1. Critically evaluate how successfully the law relating to exemption clauses protects parties with less bargaining power.  

**(25 marks)**
  
2. Critically analyse the circumstances under which a court may imply a term:
  - (a) in fact;  

**(15 marks)**
  - (b) in law.  

**(10 marks)**

**(Total: 25 marks)**
  
3. Critically assess the development of the law relating to economic duress, including recent case authority.  

**(25 marks)**
  
4. Critically analyse the extent to which the doctrine of frustration:
  - (a) allows a party to escape from a “bad bargain”;  

**(15 marks)**
  - (b) fairly apportions losses resulting from a frustrated contract.  

**(10 marks)**

**(Total: 25 marks)**

## SECTION B

Answer at least one question from this section.

### Question 1

Angelo is a farmer who owns Ambleside Farm, a large farm in the countryside near Kempston. Angelo is nearing retirement and his children have no interest in taking on the farm. Angelo decided to sell off most of the farm fields, just retaining the farmhouse and vegetable garden for his own use

Angelo entered into negotiations with Brilliant Builds (BB), a housing developer. BB had to date mainly developed on urban, "brownfield" sites but were keen to take on a rural project such as Ambleside Farm. During the negotiations, BB expressed concerns that they would not be able to build more than 15 houses due to the size of the land and the difficulty of obtaining planning permission. Angelo then told their negotiators that "I've seen plenty of housing estates go up around here and I reckon you could get at least 25 houses on a plot the size of this one" and "this is a special economic growth area: that means that legally planning permission can't be refused".

BB indicated their willingness to buy the land a week after this conversation. Angelo asked his friend Claudia, a qualified legal executive, to advise him on the terms of the sale contract. Claudia agreed and gave Angelo a copy of her standard terms and conditions for his records. This contract includes a clause stating that it is "binding in honour only".

BB purchased the fields from Angelo for a total of £4 million. On submitting their plans for 25 houses to the local Council the application was rejected. The Council has informed BB that they will not get planning permission for any more than 10 houses on the site. When BB asked about the special growth area status, the Council informed them that this policy only applies to building new business premises.

Advise Angelo as to whether:

- (a) BB have a claim against him in misrepresentation and any remedies that might be available in such a claim;

**(18 marks)**

- (b) his contract with Claudia is likely to be enforceable.

**(7 marks)**

**(Total: 25 marks)**

**Turn over**

## Question 2

Eddie is the owner of Eddie's Exchequer, a business which specialises in buying and selling historic and collectable coins. Some of Eddie's business is carried out online, although he finds that his older customers often prefer to communicate by post or in person.

In February this year, Eddie received a letter from Fatima, offering to sell her rare London Olympics 50 pence coin for £750. Eddie misplaced the letter and only found it in mid-April. He immediately wrote to Fatima stating "I agree to buy the Olympics coin but I won't pay a penny more than £700. If I don't hear otherwise from you by 4 May I will assume that you are happy to sell at that price".

Galia is a long-time customer of Eddie's and she knows that Eddie has always wanted to buy her 1917 Sovereign for his own collection. After losing her job, Galia needed to raise money so she wrote to Eddie on 12 May offering him the chance to buy the coin for £6,000. On 17 May, Eddie posted a letter to Galia stating that he would buy the coin for the £6,000 asking price. On 18 May, Galia called Eddie and told him that she had found a new job and no longer wanted to sell her coin. On 20 May, Galia received Eddie's letter.

Last week, Eddie held an auction of a large collection of rare coins that he had recently purchased. Eddie advertised the auction as being "without reserve". Heston came to the auction and bid £100 for a set of Victorian coins. There were no other bidders. Eddie, who believed the coins were worth at least £2,000, refused to accept the bid and withdrew the coins from the auction.

Fatima and Galia are refusing to sell their respective coins to Eddie. Heston insists that he has a right to purchase the Victorian coins for £100.

Advise Eddie.

**(25 marks)**

### Question 3

Mafalda is the owner of Mafalda's Motors, a car dealership that has been trading in north London for nearly 20 years. The dealership specialises in selling cars imported from Korea. In 2021, Mafalda entered into a contract with Norman for the sale of the business. Norman was keen to preserve the goodwill of the business and insisted that the following clause was inserted into the sale agreement.

“Mafalda hereby covenants not to carry on a business selling cars, buses, vans, bicycles or other vehicles, whether imported from Korea, Japan, Europe, North America or Africa, within three miles of the location of Mafalda’s Motors. This clause remains in effect for 10 years.”

Norman’s wife owns a thriving café in the nearby area and so Norman also inserted the following clause:

“Mafalda hereby covenants not to carry on a business relating to the sale of food and/or hot or cold drinks in the London area for the next 10 years.”

Norman has found out that in the last few weeks Mafalda has set up a vehicle dealership two miles from the site of Mafalda’s Motors, called Mafalda’s Magic Motors. Mafalda’s new business does not sell cars but instead sells vans imported from Germany. Mafalda has also set up a small café on part of the new site.

Advise Norman.

**(25 marks)**

**Turn over**

#### Question 4

Ryleigh is a promising young boxer who competed in international amateur boxing tournaments. In September 2019, she turned professional. Ryleigh agreed a contract with Steven, a promoter, under which Steven would arrange, negotiate and advertise boxing matches for Ryleigh in exchange for a percentage of her earnings from each fight. The contract would last for five years, until September 2024. Ryleigh also agreed a contract with Tamas, a trainer. This contract was also for five years, during which time Tamas would train Ryleigh three days a week for an annual training fee of £25,000.

Under Ryleigh's contract with Tamas, she can bring the contract to an end at any time but if she does so before September 2024, she must pay a "release fee" of £50,000.

At first, Ryleigh won all of the fights which Steven arranged for her. As her reputation grew, Steven continued to arrange higher and higher profile matches. In early 2021, Steven arranged for Ryleigh to fight for a world title at a major stadium. Steven spent around £50,000 advertising the fight, as he expected to make more than this from his share of ticket sales and television rights. Unfortunately, two weeks before the fight Ryleigh failed a drugs test and the fight was cancelled. It is a term of Ryleigh's contract with Steven that she would ensure she complied with all anti-doping protocols.

In March 2022, Ryleigh returned to boxing after serving a one-year ban for the drugs offence. She fought a veteran boxer who had an unimpressive record. Ryleigh was expected to win the fight easily but ended up being knocked out and defeated. Steven has told Ryleigh that "there's no point promoting you" and that he will no longer bother to try and arrange or promote fights for her.

Ryleigh has told her trainer, Tamas, that she no longer wants him to continue as her trainer as she wants to employ someone else instead. Tamas is demanding both the £50,000 release fee and an extra sum of money for "reputational damage", as he believes his reputation has been damaged by being associated with a "drugs cheat".

Advise Ryleigh as to:

- (a) any damages Steven may have claimed in relation to the 2021 fight; **(5 marks)**
  
- (b) her options regarding the remainder of her contract with Steven following his refusal to continue performance; **(7 marks)**
  
- (c) the £50,000 release fee and the extra damages that Tamas is claiming. **(13 marks)**

**(Total: 25 marks)**

**End of the examination**

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