



## 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 2016-2017, 27th edition, Francis Rose, Oxford University Press, 2016.**
- 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**

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

1. Analyse the approach of the courts in situations where traditional rules of offer and acceptance are not adequate to the task of finding agreement.

**(25 marks)**
  
2. Critically assess the law relating to:
  - (a) remoteness of damage; **(15 marks)**
  - (b) the remedy of specific performance. **(10 marks)**

**(Total: 25 marks)**
  
3. The doctrine of privity is no longer relevant to modern contract law.  
Critically analyse the above statement.

**(25 marks)**
  
4. Explain to what extent it is true to say that 'part-payment can never be satisfaction for the whole'.

**(25 marks)**

**Turn over**

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

**Question 1**

Last year, Katrina booked a holiday for herself and her two teenage children, Louis and Mandy. They planned to travel to Newminster for the prestigious Cultural Festival, as part of which a number of different events take place. Katrina booked their accommodation at the Royal Hotel in advance, paying £650 in total for a twin room for herself and Mandy and a single room for Louis, for three nights. She also purchased tickets for performances at two theatres, again paying in advance.

On arrival in Newminster, Katrina found out that a freak storm had occurred that very morning, causing considerable damage to the town and throwing the Cultural Festival into disarray. A second hotel owned by the same company as the Royal had been seriously damaged, and guests had been relocated to the Royal Hotel. As a result, the hotel was now overbooked and could only offer Katrina and her family one very small room, which contained a single bed. It was extremely uncomfortable for Katrina and Louis, who were forced to sleep on the floor for the three nights of their stay.

On the family's first night in Newminster, they were scheduled to attend 'La Kempstonista', an opera performed by a renowned foreign opera company. Unfortunately, storm damage had caused the roof of the Arch Theatre to collapse and the performance was cancelled. Katrina had paid £50 each for her tickets.

On the second night, Katrina had booked seats at a performance of *Macbeth* at the Britannic Theatre. While she and her children were ambivalent about the play, they were desperate to see their favourite film actor, Jimmy Charles, who was appearing in the title role. It was the first time that Mr Charles had appeared in a Shakespeare production and it had been billed as a 'once in a lifetime opportunity'. Unfortunately, Mr Charles suffered a severe panic attack just minutes before the performance was due to begin. He was replaced by his understudy and the play took place, although it received very poor reviews and Katrina and her children did not enjoy it. Katrina had paid £100 each for her three tickets.

Neither the Royal Hotel nor the owners of the two theatres have refunded Katrina any of the money she had spent. A friend has since told Katrina that there were plenty of rooms available where they stayed at the Trip Inn a few streets away.

Advise Katrina as to:

- (a) whether her contracts with the Arch and Britannic Theatres have been frustrated; **(9 marks)**
- (b) whether she will be able to recover the sums paid for the tickets, if her contracts with the theatres have been frustrated; **(6 marks)**
- (c) what measure of damages Katrina may be able to claim from the Royal Hotel. **(10 marks)**

**(Total: 25 marks)**

## Question 2

Wendy owns and operates the business 'Brilliant Bookcases'. From her shop in Kempston High Street she sells a selection of assembled bookcases and shelving. As business has been good in recent months, Wendy recently employed Derek to assist her in the shop. Derek is a student at the local sixth-form college and works part-time at weekends.

Xavier is a keen collector of football programmes and has managed to amass a considerable number of rare and important programmes. He recently had his collection valued at £25,000. Aware of their value, Xavier decided to keep his programmes in the best condition possible and visited Brilliant Bookcases one Saturday, looking for a shelving solution.

While he was in the shop, Xavier's eye was caught by a very large set of metal shelves, which looked to be the ideal dimensions for his purposes. Wishing to know more about the bookcase, Xavier asked Derek what weight the shelving unit was intended to hold.

Derek was embarrassed that he did not know the answer to Xavier's question, but said: 'I can't think of much that it couldn't hold'. As the shelving unit cost £1,500, Xavier was unsure about whether to purchase it, but asked Derek to reserve it for him.

The following week, Xavier decided to buy the unit and called Brilliant Bookcases from his office. Wendy answered the phone and Xavier explained he wanted to purchase the shelving, but wanted to check its weight capacity as he would use it to store 'something valuable'. Wendy quickly looked up the unit online and found a forum post, stating that it could hold 200 kg. She told Xavier that the manufacturer specified that it could hold a maximum weight of 200 kg. Xavier knew that his collection weighed roughly 100 kg and so proceeded with the order.

Two weeks after the shelving arrived and Xavier had carefully stored his collection in it, the shelving collapsed, causing extensive damage to many of his programmes and rendering them worthless. On further investigation, he found out that the shelving was only certified to carry 50 kg of weight.

Advise Xavier as to any potential claim against Brilliant Bookcases in misrepresentation.

**(25 marks)**

**Turn over**

### Question 3

Olivia runs and owns a business which sells unique metal sculptures online. In order to create her sculptures, Olivia requires high-quality sheet metal and metal wire. For the past three years, she has ordered both of these products from the same supplier, Kempston Metal Supplies Ltd (KMS).

Olivia has a contract with KMS to deliver 20 aluminium sheets and 10 spools of aluminium wire each month until 2018. The sheets cost a total of £400 and the wire a total of £300 per month. Last month, KMS contacted Olivia two days before her delivery was due. According to its representative, the company had been forced to review its delivery policy due to an unforeseen and substantial rise in delivery costs. The representative told Olivia that a new 'delivery fee' of £250 for each order was to be introduced immediately and must be paid prior to her delivery in two days' time. The benefit of the new policy was that Olivia would be able to select a specific time slot for the delivery each month.

When Olivia complained that this was not part of her contract with KMS, the agent repeated that if payment was not made immediately, the goods would not be delivered. Olivia knew that she had already run out of supplies from the previous month and that there were several large orders that she needed to fulfil, so reluctantly agreed to pay the £250 charge.

Knowing that she would struggle to fulfil all of the orders that had been placed on her own, Olivia called her sister Alice, who also sculpts metal as a hobby. She asked Alice to help her fulfil the orders, and promised to pay Alice 50% of the sale price for each order that she assisted with. Alice worked on five orders with Olivia, but Olivia has now realised that she cannot afford to give her sister the share she promised.

Advise Olivia:

- (a) as to whether she can recover the delivery fee from KMS; **(18 marks)**
- (b) whether she is legally obliged to pay Alice 50% of the sale price of the sculptures. **(7 marks)**
- (Total: 25 marks)**

#### **Question 4**

The Safety Driving School is a company that provides practical lessons and teaching resources to learner drivers in the Kempston area. After seeing promotional materials for the company, Fallon, Gergana and Harry decided to use the Safety Driving School to help them prepare for their upcoming driving tests.

Fallon booked a course of eight lessons for £160. Safety Driving School assigned Ralph, one of its instructors. Unfortunately, Ralph is a keen gambler and throughout most of Fallon's lessons with him, he spent his time watching horse races on his mobile phone, barely ever commenting on Fallon's driving or giving her advice on how to improve. At the end of her course, Fallon feels that she has not improved as a driver at all.

Gergana called Safety Driving School and agreed to participate in its 'intensive course', which involved spending two full days practising her driving. No price was mentioned in the Safety Driving School promotional materials for this course, but Gergana assumed that the rate would be based on the usual £20 per hour rate that was mentioned elsewhere. At the end of the two days, Gergana was shocked to be presented with a bill for £1,000. She has since discovered that other local driving schools usually charge between £300 and £400 for equivalent courses.

Harry was already having lessons with a different provider, but was worried about his upcoming theory test. On the Safety Driving School website, a product was advertised as 'The Ultimate Theory Package'. This was stated to include a physical copy of the 'Brand New Safety Driving School Theory Handbook', along with 'access to the Theory Master area of our website where you will find hundreds of real test questions along with hazard perception video clips'.

When the package was delivered to Harry, he found that the Handbook was written in 2001 and has not been updated. After logging into the Theory Master website, he found that there were only five sample questions present on the website and no video clips.

Advise Fallon, Gergana and Harry as to any rights and remedies they may have against Safety Driving School under the Consumer Rights Act 2015.

**(25 marks)**

**End of Examination Paper**

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