

**UNIVERSITY OF BOLTON**

**SCHOOL OF LAW**

**LLB LAW**

**SEMESTER 1 EXAMINATIONS 2018/2019**

**CONTRACT LAW**

**MODULE NO: LAW4003**

Date: Wednesday 16<sup>th</sup> January 2019

Time: 10.00 – 11.30am

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**INSTRUCTIONS TO CANDIDATES:**

There are 4 questions on this paper.

Answer 2 questions.

All questions carry equal marks.

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1. Simply because the parties have entered into discussions, either orally or in writing, it does not necessarily mean that any conclusions reached from those discussions are automatically terms of the contract. A distinction has to be made between those statements that amount to mere representations and those that amount to terms of the contract.

Discuss, with reference to case law, how the courts have developed several aids that assist in deciding whether a statement is a mere representation or a term.

**(50 marks)**

2. Zaman owns a 'Nessi' coffee maker which has needed regular repair over the past few months. On the latest occasion that it has broken down, he telephones Stephen, who has repaired the coffee maker on previous occasions. Accordingly, for an 'all in' service fee of £75, he agrees to come and tend to the coffee maker, to repair it again. After his visit, he asks Zaman to sign a form stating that all work has been completed satisfactorily, and that Stephen will replace any parts that break down within three months, but otherwise, Stephen would accept no responsibility for any loss or damage caused by his work. Zaman signs the form.

The next time that Zaman used his coffee maker, it resulted in hot coffee spraying onto his face and arms, resulting in severe burns, and also sprays over his new carpet, causing £250 worth of damage.

Advise Zaman.

**(50 marks)**

3. Henry is the owner of a small Hull based firm, which specialises in removals. He operates with two vans and three employees.

He contracts to remove two partners of a firm of accountants, who are moving from their main office in Hull, to establish a branch in Scunthorpe. To minimise office routine, the move is to take place on a Sunday.

Question 3 continued over the page

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Question 3 continued

- a. The Humber Bridge is closed because of high winds; the only alternative route is a much longer and more expensive journey, via Goole.
- b. As a conservation measure, the government imposes regulations banning business traffic from the roads on Sundays.
- c. Henry takes on a house removal for the same day. One of the vans fails its MOT on the Friday and Henry decides to use the only one available for the house removal.
- d. Henry and his three employees are taken ill with influenza and are not well enough to carry out the removal.
- e. Henry completes the removal, except for one filing cabinet for which he did not have room. He refuses to make a special journey for it, because it would cost too much in petrol.

What is the legal position in the above situations?

**(50 marks)**

4. Ian has run a kitchen fitting business in King's Landing for 12 years. In October, he decides to sell his business, as he has had some health problems and wishes to retire. Sam, who lives in the neighbouring town of Westeros, is interested in buying the business. David advises him that the turnover is approximately £200,000 per annum, and the profit is about £60,000. He also tells him that there is certain room for expansion, given the lack of any serious competitors in King's Landing. Sam also asks about the current staff at the business, and whether they were reliable - to which Ian responds that they were very reliable. Sam advises that he must mull the purchase over, and needed some time to get the money together. Ian allowed him until the end of November. Ian also handed Sam accounts for the previous 2 years. Sam looks at these, but he does not really understand them, as has no experience in dealing with accounts.

Question 4 continued over the page

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Question 4 continued

At the beginning of December, Sam decides to buy the business and allows Ian's employees to stay in post. By May, the business is operating at a significant loss, partly because a large DIY competitor opened in King's Landing in February, and operated a free fitting service for any customers who purchased a kitchen from them. Sam also realises that although the turnover has been as high as the £200,000 in the past, in the last year, it was closer to £100,000; this would have been apparent from Ian's accounts. In addition, one of Ian's employees has had an extremely poor absence record, on the grounds of health over the past 12 months, which has seriously affected business, as they have had to turn work away.

Sam is seeking some advice and has asked you to investigate whether he can rescind the contract for the purchase of the business, or claim compensation from Ian.

**Advise Sam.**

**(50 marks)**

**END OF QUESTIONS**