Summer Examinations 2016

LAW100116N

<table>
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<tr>
<th>Module Title</th>
<th>Law of Contract</th>
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<tr>
<td>Level</td>
<td>Four</td>
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<td>Time Allowed</td>
<td>Two hours</td>
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Instructions to students:

- Enter your student number **not** your name on all answer books.
- Answer **three** out of **six** questions.
- All questions are equally weighted.
- Begin each question in a separate answer book; label each answer book clearly with the number of the question you are answering.
- Students are permitted to remove this examination paper at the end of the examination.

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<th>No. of Pages</th>
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Answer three out of six questions.

**Question 1**

By reference to cases explain how the courts classify the terms of a contract. Why is it important to classify the terms of a contract?

**Question 2**

Explain how the law on duress and undue influence operates to help protect the ‘weaker party’ to a bargain.

**Question 3**

Explain the differences between the principles of expectation loss, reliance loss and restitution in relation to remedies for breach of contract, illustrating your answer with examples from case law.

**Question 4**

Hana is selling her vintage 1946 Morris Minor motor car valued at £3,000. She advertises her car for sale for £3,000 on a web based market place.

A few days later she receives an email signed John Smith containing a scanned letter showing an address in Northampton, offering to buy Hana’s car for £2,500. Hana emails back her acceptance and they agree that he can come to collect the car on Friday.

On Friday John Smith arrives to collect the car and hands Hana a cheque for the agreed price of £2,500. Hana says she would prefer cash but he produces a driving licence and other official documents bearing the name of John Smith and an address in Northampton. He says “Look, you can see who I am.” Hana is persuaded and she hands him the keys and the car registration documents.

Three days later her bank contacts her to say that the cheque has not been paid and John Smith has disappeared and cannot be traced.

A few weeks later, Hana sees her car on display in the Coventry Motor Museum. She telephones the museum to say that car belongs to her and asks for its return.

The Museum tells Hana that they need the car to add to their collection and have paid ‘good money’ for the car to a gentleman who was selling his home.

Hana has come to see you about getting her car back.

Advise Hana.
Question 5

David, who has been in car sales for 30 years, is selling his luxury limousine hire business which Edgar, who is new to the motor industry, is interested in buying. In the course of negotiations David tells Edgar that the business makes an annual profit of £100,000 a year and says he can see the books if he likes. David says that his mechanic keeps the cars in excellent condition. He says that the business comes with a celebrity clientele who regularly book David to chauffeur them to major functions. Edgar replies that he is not interested in who the customers are.

Edgar expresses interest in a Rolls Royce he sees in the garage which David says is not included in the sale of the business. David tells Edgar that it was made in 1909 for King Edward VII and will sell it to Edgar for an additional £25,000.

David buys the business for £750,000 and the Rolls Royce for £25,000. Edgar has the companies’ name painted on the Rolls Royce. Twelve months later he discovers that the annual profit is only £15,000. The body work of the cars is good but the car engines are in poor condition and require a lot of work. The business has never had a celebrity clientele. The Rolls Royce was made in 1959 and has never been owned by Royalty and is worth £10,000.

Advise Edgar of any claims he may make for misrepresentation, including the remedies available in respect of:

a. the business
b. the Rolls Royce

Question 6

John and Asha were dedicated fans of the world famous Russian pianist, Andrei Askenazy, who was on a world tour.

They noticed that, Piano Craze Ltd was promoting the tour and offered the following exciting extravaganza:

- A two night stay including breakfast and dinner from the 14th to 15th July at the 5 star Hamilton Hotel in London which has a restaurant, spa, massage, gym, and casino;
- A backstage tour of the Royal Albert Hall concert hall with lunch in the green room;
- Tickets to hear Askenazy playing Mozart’s Piano concerto at the Albert Hall

Under the terms of the offer full payment must be made to Piano Craze Ltd by 1st June. John and Asha booked two places and paid in full for the package before the deadline.
On 10th July the Hamilton Hotel is damaged by fire and John and Asha are offered alternative accommodation with breakfast only at the 4 star Grendon Hotel which has a restaurant and gym. Andrei Askenazy is taken seriously ill and consequently the concert is cancelled. Due to a terrorist threat, as part of the security measures, members of the public are prohibited from the private areas of public buildings. Therefore the backstage tour of the Royal Albert Hall concert hall with lunch in the green room is cancelled.

Advise John and Asha as to their legal position.