



## National Unit Specification: general information

**UNIT** Contract Law: An Introduction (SCQF level 5)

**CODE** F### 11

### SUMMARY

This Unit is designed to introduce candidates to the key areas of contract law and allow them to apply this knowledge to everyday business situations such as contracts between businesses and customers. It is an introductory Unit and candidates undertaking this Unit do not need any prior knowledge or experience of contract law.

Candidates will develop knowledge and understanding of how contracts are formed, the factors that can affect their validity and the consequences of breach of contract. Candidates will also develop a knowledge and understanding of basic consumer rights when entering contracts with business. They will be able to apply their knowledge and understanding to explain relevant factors in simple, straightforward business situations.

### OUTCOMES

- 1 Apply the main concepts of contract law to specific business situations.
- 2 Apply the main consumer rights to specific business situations.

### RECOMMENDED ENTRY

Entry is at the discretion of the centre.

### CREDIT VALUE

1 credit at Intermediate 2 (6 SCQF credit points at SCQF level 5\*).

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

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### Administrative Information

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## **National Unit Specification: general information (cont)**

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### **CORE SKILLS**

There is no automatic certification of Core Skills in this Unit.

This Unit provides opportunities for candidates to develop aspects of the following Core Skills:

Communication            (SCQF level 5)

Problem Solving            (SCQF level 5)

These opportunities are highlighted in the support notes of this Unit Specification.

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## **National Unit Specification: statement of standards**

### **UNIT      Contract Law: An Introduction (SCQF level 5)**

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit Specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

#### **OUTCOME 1**

Apply the main concepts of contract law to specific business situations.

##### **Performance Criteria**

- (a) Identify relevant basic concepts of contract law in specific straightforward business situations.
- (b) Identify and describe relevant items of legislation relating to contract law in these situations.
- (c) Draw conclusions on the application of the basic principles of contract law to these situations.

#### **OUTCOME 2**

Apply the main consumer rights to specific business situations.

##### **Performance Criteria**

- (a) Identify and describe relevant aspects of current consumer rights legislation in specific straightforward business situations.
- (b) Identify and describe relevant aspects of current sales of goods legislation in specific straightforward business situations.
- (c) Draw conclusions on the rights of consumers in these situations.

#### **EVIDENCE REQUIREMENTS FOR THIS UNIT**

The mandatory content for this Unit can be found in the Appendix at the end of this Unit Specification.

Written and/or oral recorded evidence is required which demonstrates that the candidate has achieved all Outcomes and Performance Criteria.

Evidence should be obtained under controlled supervised conditions. The assessment should last no longer than 1 hour. For this assessment candidates will have access to notes which they can prepare for themselves. These notes should not exceed 250 words in length.

The use of a cut-off score may be appropriate for this assessment.

The instrument of assessment will provide opportunities for both Outcomes to be fulfilled by means of sampling across the range of content of the Unit. Appendix 1 specifies the range of content for the Unit. Sampling should cover:

- ◆ a minimum of three of the four content items relating to Outcome 1
- ◆ a minimum of two of the four content items relating to Outcome 2

## **National Unit Specification: statement of standards (cont)**

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If re-assessment is required, it should sample across a different range of mandatory content.

The Assessment Support Pack (ASP) for this Unit provides sample assessment materials and illustrates the standard to be applied and the breadth of coverage required. Centres wishing to develop their own assessments should refer to the Assessment Support Pack to ensure a comparable standard.

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## **National Unit Specification: support notes**

### **UNIT      Contract Law: An Introduction (SCQF level 5)**

This part of the Unit Specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

#### **GUIDANCE ON THE CONTENT AND CONTEXT FOR THIS UNIT**

This Unit is an optional Unit in the National Certificate in Business at level 5 but can also be taken as a free-standing Unit.

This Unit is primarily intended to give candidates an insight into the basic elements of contract law. Entering into contracts is something that most individuals do everyday so the aim of the Unit is to introduce the theory but relate this to the personal experiences of candidates. For example discussion of mobile phone contract terms or returning faulty goods will allow candidates to relate their own experiences to the required theory.

#### **Outcome 1**

Candidates should consider the differences between agreements between friends and the legalities of forming a contract. The essential elements of a contract should also be discussed. Offers should be differentiated from invitations to treat with mention of relevant case law. The effect of counter offers should also be discussed. Acceptance should include what is meant by acceptance and consideration should also be given to time limits and the rules relating to withdrawal of offers and acceptances.

Discussion of everyday 'small print' could be used to introduce the need for statutory protection from exclusion clauses. Candidates should have knowledge of the main aims of unfair contract terms legislation and the main protection they offer consumers.

Candidates should be introduced to contractual capacity and how it can affect the validity of a contract. Candidates should also be able to identify the concept of error with the emphasis being placed on the various forms of misrepresentation.

How breach occurs and the possible remedies that the innocent party has available to them should be introduced but the emphasis should be on damages. Mitigating loss, foreseeing of damages, normal and abnormal loss should be covered.

#### **Outcome 2**

Candidates generally will be much more aware of their consumer rights. Consumer programmes on television and information available on the Web have enhanced this. The aim of this Outcome is to get the candidates using available resources to investigate their statutory rights. Importance should be placed on the candidate's own experience ensuring that these are then used as a basis for the theory introduced by the tutor.

## **National Unit Specification: support notes (cont)**

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The implied rights of sale of goods legislation (as amended) should be covered such as title, satisfactory quality, description, fitness for the purpose etc.

Candidates should know what is meant by a trade description and the consequences of a business making a false description with regard to goods, prices or services.

Candidates should understand the aim of the consumer protection legislation and the liability of producers for dangerous goods.

Consumer credit is available from a wide range of businesses. As debt is becoming a problem in society, it is important to explain to candidates the different types of credit available and the consequences of getting into financial difficulties. Candidates should be able to differentiate between store cards, credit cards, credit agreements and Hire Purchase agreements. The rights of both debtor and creditor should be covered.

### **GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT**

Emphasis should be placed on the experiences of the candidates. Their examples should be used to illustrate the main legal points taught within this Unit. Candidates could be asked about their experiences of returning goods to a shop, then researching basic facts about their legal rights. Candidates could also work in pairs and investigate the small print contained within common business contracts, for example holiday brochures, bank accounts, internet providers and mobile phone contracts. Discussion and the use of case studies will help relate the theories to practical situations. A number of video/DVD products exist which could be used with the group as a basis for discussion. A visit or talk by the local trading standards officer may be a possibility. Use of ICT will also be beneficial.

It is suggested that the content of the Unit be delivered in the order set out in the Appendix which lists the mandatory content.

### **OPPORTUNITIES FOR CORE SKILL DEVELOPMENT**

In this Unit candidates will be applying their knowledge to real or simulated business situations, analysing these situations and drawing conclusions. They will also be researching and learning about various aspects of contract law. These activities can provide candidates with opportunities to develop aspects of the Core Skills of Communication and Problem Solving.

### **GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT**

#### **Opportunities for the use of e-assessment**

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by information and communications technology (ICT), such as e-testing or the use of e-portfolios or e-checklists. Centres which wish to use e-assessment must ensure that the national standard is applied to all candidate evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. Further advice is available in *SQA Guidelines on Online Assessment for Further Education (AA1641, March 2003)*, *SQA Guidelines on e-assessment for Schools (BD2625, June 2005)*.

## **National Unit Specification: support notes (cont)**

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### **CANDIDATES WITH DISABILITIES AND/OR ADDITIONAL SUPPORT NEEDS**

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering alternative Outcomes for Units. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* ([www.sqa.org.uk](http://www.sqa.org.uk)).

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## National Unit Specification: statement of standards (cont) — Appendix

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#### Appendix — Mandatory content

**NB:** This Appendix is within the statement of standards ie the mandatory requirements of the Unit.

#### Aspects to be covered for Outcome 1

Formation of a contract	Differences between agreements between friends and the legalities of forming a contract; essential elements of a contract — offer and acceptance; difference between offer and invitation to treat; effect of counter offers; time limits and the rules relating to withdrawal of offers and acceptances.
Unfair contract terms	Statutory protection from exclusion clauses; main aims of unfair contract terms legislation and the main protection they offer consumers.
Validity of contract	Contractual capacity; concept of error and forms of misrepresentation.
Remedies for breach of contract	How breach occurs; possible remedies — with emphasis on reparation; mitigating loss, foreseeing of reparation, normal and abnormal loss.

#### Aspects to be covered for Outcome 2

Consumer rights legislation	Trade descriptions including false description with regard to goods prices or services.
Sales of goods legislation	Implied rights — title, satisfactory quality, description, fitness for the purpose etc.
Unsafe goods	Liability of producers and remedies available to consumers.
Consumer credit	Different types of consumer credit — store cards, credit cards, credit agreements and Hire Purchase agreements; rights of debtor and creditor.