

Friday 15 June 2012 – Afternoon

A2 GCE LAW

G155/01 Law of Contract

Candidates answer on the Answer Booklet.

OCR supplied materials:

- 16 page Answer Booklet
(sent with general stationery)

Other materials required:

None

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the spaces provided on the Answer Booklet. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **three** questions; **one** from Section A, **one** from Section B and **one** from Section C.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- If you use additional sheets of paper, fasten these securely to the Answer Booklet.
- Write the numbers of the questions you answer on the front of your Answer Booklet.
- When answering Section A and Section B questions you are required to demonstrate some synoptic thinking. In Section A this is achieved by relevant reference to precedent and/or statutory materials including the development of law and comments on justice or morality where appropriate. In Section B this is achieved by relevant use of precedent and/or statutory materials in the application of legal reasoning to given factual situations including comment on the justice or morality of the outcome where appropriate. You are not required to demonstrate synoptic thinking in Section C.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **120**.
- Candidates are reminded of the need to write legibly and in continuous prose, where appropriate. In answering **Section A** and **Section B** questions you will be assessed on the quality of your written communication (QWC) including your use of appropriate legal terminology. These questions are marked with an asterisk (*).
- This document consists of **4** pages. Any blank pages are indicated.

Answer **three** questions.

Answer **one** question from Section A, **one** question from Section B and **one** question from Section C.

You are advised to spend 50 minutes on Section A, 50 minutes on Section B and 20 minutes on Section C.

SECTION A

Answer only **one** question from this section.

1* Discuss the extent to which the courts have been flexible with the requirement of consideration in order to ensure certain contracts are enforced. **[50]**

2* 'The law effectively balances legitimate interests in restraining someone from exercising their trade against fairness to the individual and the needs of society as a whole.'

Discuss the extent to which this statement is accurate. **[50]**

3* 'The narrow circumstances in which a contract will be made void for mistake promote certainty but the rules often lead to unfair results.'

Discuss the extent to which this statement is accurate. **[50]**

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SECTION B

Answer only **one** question from this section.

- 4* Cookit, a café, has a broken window. The owners email Bradley, a builder, to ask whether he can replace it before they open for business the next day. Bradley sends an email to confirm he will do the work, including the standard terms which include that he will not be responsible for delays beyond his control.

The window is quite high off the ground so Bradley needs to hire a ladder. He arranges by phone to hire one from Equipfix and it is delivered to the café early the next morning. Bradley signs a delivery note which contains the following term:

'Equipfix do not accept liability for any injury or financial loss caused by faulty equipment.'

When Bradley climbs the ladder to start the job it breaks. He falls, twists his ankle and is unable to continue.

Advise whether Cookit can sue Bradley because they were unable to open for business that day **and** whether Bradley can sue Equipfix for his loss of profit on the job **and** for his injuries. [50]

- 5* Grange Bank has lent money to Lucy and her husband in order for Lucy to expand her business. Their jointly owned house was used as security for the loan. When they took out the loan Lucy's husband was told by the bank's solicitor that they risked losing the house if the loan was not repaid.

Grange Bank has also lent money to Dylan but he is having trouble paying the money back. Rachel, Dylan's daughter, agreed that her house could be used as security for the loan. Rachel was never given any advice from the bank about what would happen if Dylan could not pay the money back.

Grange Bank has also lent money to Bruce and his wife so that Bruce could open a restaurant. Their jointly owned house was used as security for the loan. While they were at a meeting at the bank to discuss the loan, Bruce prevented his wife asking any questions and told her to 'shut up as she did not understand finance'.

None of these loans have been repaid.

Advise whether issues of undue influence are likely to prevent Grange Bank gaining possession of the house in each case to recover its money. [50]

- 6* Glowz has been contracted to carry out the following three lighting jobs in Erin's house:

Job 1: to install outdoor lighting in the garden

Job 2: to replace the lighting in five bedrooms

Job 3: to install security lighting with movement sensors outside the house.

The contract specifies that all of these jobs are to be completed in time for a party on 3 July.

On the morning of 2 July Erin inspects the work done so far and finds that Glowz has not started to work on the garden lighting. She finds that Glowz has replaced the lighting in only three of the five bedrooms. She also finds that Glowz has installed the security lighting but that the movement sensors do not work. Erin is angry and tells Glowz not to come back to her house.

Advise whether Erin is liable to pay Glowz for any of the work it has performed on Erin's house. [50]

SECTION C

Answer only **one** question from this section.

- 7 Workmates, Dan and Rick, agree to each buy a lottery ticket weekly and that if either of them wins the jackpot they will share the winnings equally. In return for Rick giving Dan a lift to work, Dan also promises that he will buy a car for Julian, Rick's son, if he wins the jackpot.

Friends, Lucy and Jane, also each buy a lottery ticket weekly. Previously, when one has won, they have given some money to the other, but the amount varies.

A notice on the lottery ticket states that buying a ticket does not give rise to any legal relationships between the lottery company and the purchaser.

Evaluate the accuracy of **each** of the four statements A, B, C and D individually, as they apply to the facts in the above scenario.

Statement A: The court will find intention to create legal relations in Dan's agreement with Rick to share the winnings.

Statement B: Julian would **not** be able to enforce Dan's promise because he is not a part of the contract between Dan and Rick.

Statement C: The court will find intention to create legal relations in Lucy's agreement with Jane to share the winnings.

Statement D: No intention to create legal relations will be found between the lottery company and the purchasers of the lottery tickets. **[20]**

- 8 Ava has purchased a car from Ruby. Ruby did not mention that the car had been in an accident the previous year. Ava inspected the car on Monday. On Tuesday Ruby had another accident in the car but she had the damage repaired and didn't inform Ava what had happened. Ava purchased the car the following Friday.

When Ava phoned an insurance company to insure the car they did not ask her whether she has had any penalty points on her licence.

Statement A: When Ruby failed to tell Ava about the previous year's accident this was a misrepresentation.

Statement B: Ruby was under an obligation to inform Ava about Tuesday's accident.

Statement C: If Ruby is found to have made a misrepresentation with regard to Tuesday's accident, Ava could rescind the contract but not claim any damages.

Statement D: Ava was under no obligation to tell the insurance company about any penalty points. **[20]**