

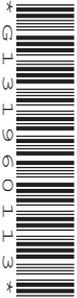
**Wednesday 23 January 2013 – Afternoon**

**A2 GCE LAW**

**G155/01/1** Law of Contract

**INSERT – QUESTION PAPER**

**Duration: 2 hours**



#### **INSTRUCTIONS TO CANDIDATES**

- Write your name, centre number and candidate number in the boxes on the Answer Booklet. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Answer **three** questions; **one** from Section A, **one** from Section B and **one** from Section C.
- 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.

#### **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.

#### **INSTRUCTION TO EXAMS OFFICER/INVIGILATOR**

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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 common law **and** statutory controls on an exclusion clause can be seen as justifiable limits to the parties' freedom to contract. **[50]**

Start your answer on **page 2** of the Answer Booklet.

- 2\*** Discuss the extent to which the classification of a contractual term as a condition is still relevant. **[50]**

Start your answer on **page 2** of the Answer Booklet.

- 3\*** 'The law on undue influence is clear but leaves a lot of room for judicial discretion in application of the rules.'

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

Start your answer on **page 2** of the Answer Booklet.

## SECTION B

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

- 4\* Red Crow is a computing business which has a contract to rent a shop for one year from Landlords Limited. It pays all the rent in advance. One week after the contract is formed the road where the shop is situated has to be closed due to the dangerous condition of another building. Because of this, Red Crow is unable to open its shop for eight months.

Red Crow has seen an advert saying there will be a large computing exhibition in the town which will last for one week. Because of this it agrees to hire extra shop space from Commershops for that week to benefit from expected extra sales. Red Crow is required to pay the rent in advance. Shortly after the contract is made, it is announced that the exhibition will now take place in a different town.

Red Crow has also agreed to place a large advert for Splat, a local paintball centre, on the side of its warehouse. However after a tragedy in another paintball centre, the government makes paintballing illegal. Splat are now refusing to pay the contract price for the advert.

Discuss whether Red Crow's contracts with Landlords Limited, Commershops **and** Splat can be treated as frustrated, **and** the financial consequences which would arise if they are. [50]

Start your answer on **page 10** of the Answer Booklet.

- 5\* Lydia is thinking of investing in Mishra's technology company. Mishra tells Lydia that she intends to develop new games for mobile phones. Lydia thinks this is a good idea and invests £50 000. After two years Mishra's company has not done any work on mobile phone games.

Lydia wants to invest in property. Nicky tells her that her house is going to be used by a TV company which will pay large fees. Lydia is also convinced that property in that area is going to increase in value. Three months later she buys Nicky's house. By the time the contract is formed the TV company has told Nicky that it is no longer interested in using the house.

Lydia is also considering buying some land. The owner, Oona, tells Lydia that she thinks it would be suitable for building new houses. Lydia buys the land but is refused planning permission to build on it.

Discuss whether Lydia would have any grounds to rescind her contracts with Mishra, Nicky **and** Oona on the basis of misrepresentation, **and** whether Lydia would have the right to claim any damages. [50]

Start your answer on **page 10** of the Answer Booklet.

- 6\* Cando, a printing company, has made a one year contract to buy paper from Bulkbuy. Cando has also made a one year contract with Victor's Vans to deliver its work. The cost of these contracts is reflected in the prices Cando charges clients. Cando has also started to use a new printing process which produces better quality work at a lower price. It has arranged for Alun, an employee, to receive training in the new process.

After a month, Bulkbuy tells Cando that unless Cando is prepared to pay 20% extra it will stop supplies. Victor's Vans tells Cando that unless Cando agrees to double the payment for each delivery it will not make any further contracts with Cando at the end of the year. After receiving the training Alun demands a 50% pay rise, saying that he will resign and work for a competitor if Cando refuses. Cando reluctantly agrees to make the extra payments to Bulkbuy, Victor's Vans and Alun but after another month Cando cannot pay its bills.

Advise whether Cando has the right to end its contracts with Bulkbuy, Victor's Vans **and** Alun on the basis of duress. [50]

Start your answer on **page 10** of the Answer Booklet.

## SECTION C

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

- 7** After seeing an advert in a magazine Dan decides to enter the Newtown Vegetable Show. There are £50 prizes for the competitors with the biggest onion and the longest carrot. He completes the entry form from the magazine and posts it to the organiser with the £10 entry fee.

On the day of the show Dan has the biggest onion but is disappointed to find that the £50 prize for the biggest onion has been withdrawn. Philip has entered the competition for the longest carrot but he was unaware of the prize.

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.

Start your answer on **page 18** of the Answer Booklet.

**Statement A:** The advert informing readers about the prizes was an invitation to treat.

**Statement B:** When Dan sent in the £10 entry fee he was accepting a unilateral offer, committing the organisers to hold the vegetable show.

**Statement C:** Once Dan arrived at the vegetable show with the biggest onion it was too late for the organisers to withdraw the £50 prize.

**Statement D:** Philip would not be able to claim the £50 prize for the longest carrot. **[20]**

- 8** Zenon is a record company. Patrick, aged 18, has signed a five year contract which gives Zenon 70% of the profits from music sales and prevents Patrick working for any other music company.

James is an established and successful musician. His contract with Zenon pays him a large sum of money but requires him to record his next four albums with Zenon.

Sarah is a talent scout for Zenon, her job is to find new musicians. Her contract has a term which prevents her from working for any other recording company for six months after leaving Zenon. Sarah is considering taking a job with Zenon's main competitor.

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.

Start your answer on **page 18** of the Answer Booklet.

**Statement A:** Zenon has a legitimate interest in preventing Patrick from working for another company.

**Statement B:** The terms of Patrick's contract with Zenon are reasonable in the interests of the parties.

**Statement C:** The terms of James's contract with Zenon are reasonable in the interests of the parties.

**Statement D:** Zenon has a legitimate interest to prevent Sarah from working for their main competitor for six months. **[20]**

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