

Thursday 6 June 2013 – Morning

A2 GCE LAW

G155/01/I 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. 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 **Contract (Rights of Third Parties) Act 1999** has removed the problems faced by those attempting to enforce contracts to which they are not a party. [50]

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

- 2* Discuss the extent to which the law on frustrated contracts **and** its outcomes are just **and** predictable. [50]

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

- 3* 'There are many reasons why a party who seeks to argue a misrepresentation may be unable to win a satisfactory outcome in court.'

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* Derek owns an antiques shop. A customer agrees to buy a ring and offers to pay by cheque. The customer shows Derek a driving licence to prove his identity and so Derek allows him to take the ring. Shortly after the customer leaves the shop, Derek becomes suspicious and contacts the local police. A week later, Derek finds out that the cheque book was stolen and he will not get his money. Derek has now found out that the customer sold the ring to Rusts, another antiques shop.

Derek had a vase for sale for £20, on it was a label saying it was 50-years-old. Yolanda, an antiques expert, saw the vase in the shop and realised that it was actually 300-years-old and worth £50 000. Yolanda purchased the vase for £20.

Derek decided that he wanted to sell antiques on the internet as well as in his shop. He contracted with Zaki to set up a website and was told the fee was £600. He signed the contract and gave Zaki the money. Zaki is now demanding more money as it turns out that the contract was for £600 a month for 12 months.

Advise whether the contracts with Yolanda **and** Zaki may be made void for mistake **and** whether Derek is able to recover the ring from Rusts. **[50]**

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

- 5* Agnes and her friend, Belinda, agree to set up a business selling greeting cards. They exchange a number of emails in which they agree that Agnes will send Belinda all her card designs and Belinda will contact potential buyers. They agree to share the profits. In the emails they agree that they are doing this as friends and hope to make a bit of extra spending money.

Agnes agrees with Belinda that if either of them wins more than £1000 on the lottery they will treat the other to a trip to the theatre. Agnes and Belinda shake hands on this agreement. Agnes also promises Danny, her husband, that she will buy him his favourite magazine every week if she can have first choice of what TV programmes to watch.

Agnes has now won £5000 on the lottery. She has also sold some greeting card designs to a large card-making company for £20000 without involving Belinda in the deal. Agnes has not bought Danny his magazine although he has kept his side of the deal regarding the TV. Agnes is also refusing to take Belinda to the theatre.

Advise whether Belinda **and** Danny have any legally enforceable claims against Agnes. Do **not** discuss issues of consideration. **[50]**

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

- 6* Manesh, a coin collector, receives three emails offering to sell him different rare coins.

The first email comes from Susan. Manesh immediately posts Susan a letter to accept her offer, however the letter never arrives due to a fire at the post office.

The second email comes from Billy. Manesh reads Billy's email at midnight. He is keen to buy the coin that Billy is offering so he immediately sends back an email to accept. At 8:00 am the next morning Manesh receives a text message from Billy saying that as he has not heard from Manesh he no longer wishes to sell the coin.

The final email comes from Dean who asks Manesh to phone him if he wants to buy his coin. Manesh tries to call Dean but there is no answer so he sends him a text message instead, saying that he wants the coin. Dean now says that he wishes to keep the coin for his own collection.

Advise whether Manesh has a binding contract with Susan, Billy **and** Dean. **[50]**

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

SECTION C

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

- 7** Leman is a company making specialist parts for racing cars. They are one of only three companies in the UK who make similar parts. The other two are over 100 miles away from Leman.

Gemma is the chief engineer of Leman; her contract prevents her from taking on any work related to car racing in the UK for two years after leaving Leman.

Hannah runs Leman's IT systems. Her contract prevents her from contacting any of Leman's customers and from doing any work in the IT industry for six months after leaving the company.

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: Leman has a legitimate interest in preventing Gemma from working for a competitor.

Statement B: The terms of the restraint on Gemma are reasonable in the interests of the parties.

Statement C: Leman has a legitimate interest in preventing Hannah from working in IT.

Statement D: It would be possible to blue pencil a part of Hannah's restraint of trade term. **[20]**

- 8** Lucy runs a sports shop. Amber is Lucy's employee in the shop; she normally works from Monday to Friday. In December Lucy asks her to work on Saturdays as well because she knows it will be very busy that month. In January Lucy promises to give Amber a £1000 bonus for all the extra work.

Lucy rents the shop from Pearl; she cannot afford to pay this month's rent. Pearl says to Lucy that she will be content with half the rent and a discount on some sports clothing. Lucy pays Pearl the reduced amount.

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: Amber will not be able to enforce Lucy's promise of the £1000 bonus as her consideration for it was past.

Statement B: Amber will not be able to enforce the promise of the bonus as the extra work she did was not worth £1000.

Statement C: Pearl could not force Lucy to pay the other half of the rent.

Statement D: Pearl would be estopped from going back on her promise to claim only half the rent. **[20]**

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