

**Tuesday 31 January 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.

**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\*** 'During negotiations for a contract, often involving a large amount of correspondence, it can be difficult to identify exactly where the offer and acceptance lie.'

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

- 2\*** Discuss how well the law on economic duress protects a party from unfair pressure from another party. **[50]**

- 3\*** 'The rules on frustrated contracts leave a lot to the discretion of the judge at the expense of certainty for the contracting parties.'

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

## SECTION B

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

- 4\* John, a gardener, makes a contract with Ann to install a waterfall in her garden for a price of £3,000. After completing the work Ann says she can't afford to pay him the full price. John has financial difficulties and needs the money so he reluctantly agrees to take £2,500 as full payment. John has since found out that Ann has plenty of money in the bank.

Before starting work on the waterfall, Ann's son, Rupert, told John that if he did a really good job and made Ann happy he would give John an extra £1,000. Ann was very happy with the waterfall but Rupert has not paid John any money.

While John was building the waterfall Ann also mentioned that she had a tree that needed cutting down. John cut down the tree when Ann was out one day. When she returned she promised to pay John £300 for doing this work but she has never paid the money.

Advise whether John is likely to be successful if he sues Ann for the remaining £500 for the waterfall and the £300 for cutting down the tree, **and** Rupert for the extra £1,000. [50]

- 5\* Zara has purchased a jumper from Red Nile, an internet site. During the purchase she had to tick a box to say she agreed to Red Nile's terms. Zara did not read the terms before doing so. One of the terms allowed Red Nile to change the colour of any items.

Zara also purchased a ticket to see a play at the Royal Theatre. She bought her ticket over the telephone and picked it up at the theatre just before the performance. There were terms on the back of the ticket which allowed the Royal Theatre to change the details of the play being shown.

Zara also went to Gusts windsurfing school and agreed to go on a three week course. She signed a very long document after being told that it contained windsurfing rules, in fact on the 23<sup>rd</sup> page there was a term that excluded Gusts' liability in the case of an accident.

Advise whether all these terms have been incorporated into the contracts that Zara has made. Do **not** discuss statutory regulation of any of these terms. [50]

- 6\* Hans helps negotiate contracts between ship owners and customers. Hans has helped to negotiate a contract between George, who owns a large ship, and Fuito, a company which wishes to transport 20 large containers of fruit from Africa to England. A term of the contract between George and Fuito states that George must pay 5% of the contract price to Hans but George has not paid Hans anything.

Fuito have some room left in one of the containers so have agreed with Rypee, another company which sells fruit, that they will transport some of Rypee's fruit in one of the containers to be carried on George's ship. George is aware that part of the shipment will also be used by Rypee. George promised Rypee that the shipment will take no more than four weeks to arrive.

Because of George's failure to obtain fuel for the ship in time the shipment takes six weeks instead of four to reach England and most of the fruit is ruined.

Advise whether issues of privity of contract will prevent Hans from suing George for the 5%, **and** Rypee from suing George for its loss of the fruit. [50]

## SECTION C

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

- 7 Larry, a builder, has agreed to build a garage for Davina, his sister. He has also agreed to remove a broken fence for Jules, his friend, because Jules regularly gives Larry vegetables from his garden.

Larry has agreed to buy all his material for his building work from Shane. In return Shane gives Larry a 20% discount. Larry and Shane agreed this deal in a conversation six months before, Shane called it a 'gentlemen's agreement'.

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:** No intention to create legal relations will be found between Larry and Davina.

**Statement B:** No intention to create legal relations will be found between Larry and Jules.

**Statement C:** No intention to create legal relations will be found between Larry and Shane in relation to the discount.

**Statement D:** Larry has **not** given any consideration for Shane's promise of the 20% discount. [20]

- 8 Alice sells jewellery in a shop. She sells an expensive watch to Michael who pays by cheque in the shop. The cheque is worthless and Michael was not who he claimed to be. Shortly after obtaining the watch from Alice, Michael sells it to Sparkles, another jewellery shop.

Alice also sells a ring, which she knows is decorated with shaped glass, to Elsa who thinks she is buying a diamond ring. The only label on the ring is the price.

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 contract between Alice and Michael is void for unilateral mistake.

**Statement B:** If the contract was **not** void for mistake, Sparkles would have good title to the watch and need not give it back to Alice.

**Statement C:** If Alice is unaware of Elsa's mistake, they are at cross purposes and the contract can be made void for mistake.

**Statement D:** If Alice knows that Elsa is mistaken about the ring, the contract can be made void for unilateral mistake. [20]

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