



Thursday 12 June 2014 – Morning

A2 GCE LAW

G155/01 Law of Contract

Candidates answer on the Answer Booklet.

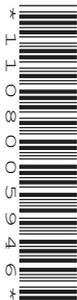
OCR supplied materials:

- 12 page Answer Booklet (OCR12)
(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 front of 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.
- Write your answer to each question on the lined pages in the answer booklet. The question numbers **must** be clearly shown.
- 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.
- 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 written communication including your use of appropriate legal terminology. These questions are marked with an asterisk (*).
- This document consists of **8** 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* 'The rules for communication of offer, acceptance **and** revocation have evolved with changes in society. However, there are still areas where the law is unclear.'

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

- 2* Discuss whether the terms that are implied into a contract by the courts **and** by statute are a justified interference with the express agreement of the parties. [50]

- 3* Discuss the extent to which the law on undue influence balances the needs of certainty **and** justice. [50]

SECTION B

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

- 4* Jan has contracted to supply Bill's factory with cloth for a one year period. The contract specifies the following terms:
- The cloth shall be delivered undamaged.
 - Payment must be made within two weeks of each delivery.
 - It is a condition that all deliveries will be unloaded by workers employed by the factory.

A recent delivery of cloth was damaged with about 50% being unusable. Bill refused to accept the whole delivery and has not paid for it. Jan managed to sell the cloth to another factory at a reduced rate. She has now found out that this other factory did not use it but sold it on to Bill.

Bill has paid for most of the deliveries within one week but the most recent delivery was left unpaid for three weeks. Last month Jan had to unload the delivery herself when there was no one available at Bill's factory to do it.

Advise Jan **and** Bill whether any of the breaches of contract outlined above will entitle them to end the contract. **[50]**

- 5* Movers is a delivery company. It makes a contract with Stitches, a newly formed clothing company, to deliver customer orders for the next two years at a fixed price of £4 per package. It also makes a six-month contract with Dents, an established furniture company, to deliver chairs to customers for £15 each.

Movers finds that it is making a loss on these contracts. Movers tells Stitches that it wants to immediately raise its prices by 25%. Stitches says that it is very unhappy about this but it agrees to the increase as it feels it has no choice. Movers tells Dents that it will not be able to renew the contract unless the price immediately increases by 25%. Dents says nothing and pays the increased price.

After two months, Stitches decides it cannot afford to continue with the higher payments. It contacts Movers to say it wishes to reclaim the extra payments it has made, and to reduce the price of future deliveries to the original contract price. After the six-month contract has ended, Dents contacts Movers to say that it is not happy with the extra payments that were made and wants the extra payments to be repaid.

Advise whether Stitches **and** Dents' agreements to pay the extra 25% can be made void for duress. **[50]**

- 6* Aurus, an events company, is organising a concert by the rock group Megabad. Jasmine has purchased a ticket from Aurus for the concert.

Megabad's contract with Aurus states that the group will be paid its entire fee the day after the concert has taken place. This contract also states that Aurus has the choice to arrange the concert at either City Arena or City Stadium. After the contract has been made, Aurus decides to hold the concert at City Arena as Aurus is holding a dog show at City Stadium.

Megabad like to have a trampoline available at their hotel to warm up on before concerts. Megabad contracts with Jumpies to supply a trampoline at the hotel. Jumpies have supplied the trampoline but have not yet been paid for it.

On the afternoon of the concert there is a fire which destroys a building in the same street as City Arena. For safety reasons the police block the only road to City Arena and the concert has to be cancelled.

Advise whether Jasmine's contract with Aurus **and** Megabad's contracts with Aurus and Jumpies have become void for frustration **and** whether any money can be claimed. **[50]**

SECTION C

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

- 7 Greg has joined the gym where several of his friends go. Before joining, he met with Dawn, the gym manager, who told him that they intended to add an extra room of weightlifting equipment within the next two months. Dawn also told Greg that Paula, a famous sports star, was about to join the gym. In fact Dawn had heard that Paula had moved to the area but she had not applied to join the gym.

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: If the gym did not add an extra room of equipment, Dawn's statement about the room was a misrepresentation.

Statement B: Because Greg was keen to join the gym where his friends go, Dawn's statement about the room was **not** a misrepresentation.

Statement C: Dawn's statement about Paula was a fraudulent misrepresentation.

Statement D: It would be better for Greg to claim that Dawn's statement about Paula was a statutory misrepresentation rather than a fraudulent misrepresentation. [20]

- 8 Louise, a lorry driver, is employed by Sanjit to work for eight hours a day. She gets an extra payment each week if she is not caught speeding. Rula, another driver, becomes unwell. Sanjit avoids using an extra driver by promising Louise that if she takes more goods in her lorry he will pay her a bonus. Rula promises to take Louise out to dinner if she does the extra work. At the end of the week, Sanjit is so pleased that he promises to give Louise an extra week's holiday that year.

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: Louise gives **no** consideration for the payment for not speeding.

Statement B: If Louise completed all the extra work without going beyond her eight hours a day she has **not** provided good consideration for the bonus.

Statement C: Louise does **not** provide consideration for Rula's promise.

Statement D: Louise does **not** provide any consideration for the promise of the extra week's holiday. [20]

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