

OCR

Oxford Cambridge and RSA

Tuesday 13 June 2017 – Afternoon

A2 GCE LAW

G155/01 Law of Contract

QUESTION PAPER

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. 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.

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 **8** pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER/INVIGILATOR

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Answer **three** questions.

Answer **one** from Section A, **one** from Section B and **one** 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 law on misrepresentation is fair because the level of fault of the party making the false statement is closely linked to the remedies available.'

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

- 2* 'The law on terms in restraint of trade is uncertain because the court exercises a wide measure of discretion.'

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

- 3* Discuss whether there are so many limits to the law of frustration that this is now an irrelevant doctrine. [50]

SECTION B

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

- 4* Sergei runs a drinks company which supplies Boozers Restaurant. Sergei tells Boozers that if they advertise his drinks in their restaurants he will make sure they get the best deal possible. After Boozers have advertised Sergei's drinks for several months they find out that he is supplying rival restaurants at lower prices.

Sergei part owns the company with his sister Valerie. Sergei asks Valerie to sell some of her shares to his son Ivan. Sergei says that if she does so, as an act of goodwill, he will make an extra payment to her. Valerie sells some of her shares but Sergei changes his mind and refuses to pay her any extra money.

Sergei's son Ivan is a college student, he also has a part time job in a supermarket. Sergei offers Ivan money to decorate his office. Ivan gives up some overtime at the supermarket in order to do this work. When Ivan asks for payment Sergei refuses and says Ivan should be pleased to help the company.

Advise whether there is any intention to create legal relations in Sergei's agreements with Boozers, Valerie and Ivan. **[50]**

- 5* Alex is a property developer. He made a contract with Owen, a builder, to build a house. Owen subcontracted part of the work to Sparks Electricians. When the work was finished Alex found several faults with the electrical system which were due to errors by Sparks. Sparks did not return to the house to correct these faults and Alex had to pay another company to complete the work.

Owen owed money to Brickz, a building supplies company. The contract Owen made with Alex required Alex to pay the money for the building work directly to Brickz. However there were defects in the house so Alex refused to pay any money to Brickz.

When the house was completed, Alex sold it to Sarah. Sarah has discovered more faults with the house which will cost a lot of money to put right. Sarah has asked Alex to get her some compensation from Owen to cover the costs of correcting the faults.

Advise whether issues of privity will prevent Alex from suing Sparks, **and** Brickz from suing Alex, **and** Alex from suing Owen. **[50]**

Turn over for the next question

6* Flighty, a publishing company, contracts with Bill to write a book about British birds. Bill has to produce 15 chapters by 1st December, he is to be paid £500 per chapter. On 1st December Bill has only written 8 of the chapters, he offers these to Flighty but they refuse to take them.

Flighty also contracts with Lucy, an artist, to produce 20 illustrations for a book on bird anatomy. All illustrations have to be ready to publish by 1st February. When Lucy sends Flighty the illustrations, two of them need further work and are not yet ready for publishing. The faults mean that Flighty cannot publish their book in time for an exhibition on bird books.

Flighty also orders a printing machine from Pressers, there is no date for delivery in the contract. After 3 months Pressers have not delivered the machine so Flighty say they must have it within 2 more weeks. A month later Pressers delivers the machine but Flighty refuse to take it.

Advise whether Flighty have any obligation to pay any money to Bill, Lucy or Pressers. **[50]**

SECTION C

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

- 7 On Monday Alfie sold a valuable painting to Rick. In order to make Alfie trust him, Rick showed him a stolen passport. Rick paid by cheque but the cheque was worthless. On Thursday Rick sold the painting to Tina.

Alfie has sold an antique table to Bram who is also an antiques dealer. In their initial negotiations they discussed a price between £2000 and £3000 so Bram was surprised when he received an email from Alfie offering to sell the table for £250. Bram accepted immediately. Alfie realised his mistake 3 weeks later when Bram came to collect the table.

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 Alfie and Rick is void for **unilateral mistake**.

Statement B: Alfie can recover the painting from Tina due to **misrepresentation** if he realised on Wednesday that Rick's cheque was worthless and contacted the police immediately.

Statement C: Alfie's contract with Bram is void for unilateral mistake.

Statement D: Bram cannot end the contract with Alfie because of lapse of time. **[20]**

- 8 Harry has borrowed money from Southern Bank to pay debts run up by his business. The house he jointly owns with Daisy, his wife, was used as security for the loan. Harry and Daisy were warned by the Southern Bank's manager that they would lose the house if they couldn't pay the loan back.

Harry also asked Sheila, his mother, to buy a share of the business. During a meeting at the bank Harry told Sheila to shut up and stopped her asking any questions. Sheila was very upset but she did agree to buy a share in the business.

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: Southern Bank have constructive notice of possible undue influence by Harry on his wife Daisy.

Statement B: The advice given to Harry and Daisy by Southern Bank's manager was sufficient to remove any possible constructive notice.

Statement C: Sheila cannot claim undue influence if she doesn't have a relationship of trust with Harry.

Statement D: Sheila cannot claim undue influence if the share was worth the money she paid. **[20]**

END OF QUESTION PAPER

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