

OCR

Oxford Cambridge and RSA

Tuesday 21 June 2016 – Morning

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 guidelines on whether the parties to a contract intended to create legal relations are vague and lead to judges exercising a wide degree of discretion.'

Discuss the extent to which you agree with the statement above. [50]

- 2*** 'Innominate terms have provided more justice in contract law but they have also created more uncertainty.'

Discuss the accuracy of the statement above. [50]

- 3*** Discuss the extent to which the rules on economic duress give clear guidelines on the way businesses can negotiate with each other. [50]

SECTION B

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

- 4* Gary owns a hotel. Gary asks Sanjeeda, one of the cooks, to make the cake for a large wedding at the hotel. Sanjeeda does this as well as doing her normal work in the kitchen. When the cake is ready Gary promises Sanjeeda a £400 bonus. After the wedding Sanjeeda asks for this money to be paid but Gary says he has changed his mind.

The Foxy Trotters dance club, which uses the hotel, owes Gary £3000 for unpaid hiring fees. As the club has very little money, Gary says that if they pay £500 they won't have to pay the rest. As a result of this promise, the club pays Gary £500. The following week, the Foxy Trotters receive a large grant from a lottery fund.

Fred, a singer, arranges a party at the hotel. Fred organises the party himself but Lucy, Fred's manager, says she will pay Gary an extra £2000 if the party is a success, which it is.

Advise Gary whether he is obliged to pay any money to Sanjeeda **and** whether he can claim any money from Foxy Trotters **and** Lucy. [50]

- 5* Alun owns a transport company. He is negotiating to buy Budgers, a smaller company, because he wants the services of an expert employed by Budgers. Once he has completed the purchase, Alun finds that Budgers provided incorrect accounts for their business which overstated the profits. He also finds that the expert resigned from Budgers before the purchase.

Alun needs a new lorry for his business. Truckups, a lorry dealer, states that a particular model can carry 15 tonnes so Alun buys it. After a job takes much longer than usual, Alun discovers the lorry can only carry 12 tonnes. Truckups based their statement on faulty data which they looked up on the internet.

Alun contracts with Moonshine Insurance to get insurance cover for his home which he also uses as an office for his business. Moonshine did not ask whether it was used as an office and Alun did not know this was relevant. Moonshine would have charged a lot more had they known all the facts. Alun has now made a claim on the insurance.

Advise whether Alun has a remedy in misrepresentation against Budgers **and** Truckups **and** whether Moonshine has any remedies in misrepresentation against Alun. [50]

Turn over for the next question

6* Harvey contracted with Ann, Bertha and Claudette to sell three plots of land.

The land Ann bought is located on a cliff top. Unknown to both of them a storm damaged the cliffs, and the land slipped into the sea, half an hour before the sale.

Bertha bought land which is next to a river. She assumed that she could use the river for fishing as previous owners of the land had this right. Harvey did not realise she had this in mind. After completing the purchase she discovered that, under a term of the contract, Harvey has kept the fishing rights. The land is worth a lot less because Bertha can't use it for fishing.

The land Claudette bought is next to a main road. Both Harvey and Claudette believed that a football stadium was going to be built next to this road. After completing the contract, they discovered that the football team had already decided to build their stadium somewhere else and so the land is worth a lot less than Claudette paid.

Advise whether any of the contracts made by Ann, Bertha **and** Claudette will be made void for mistake. [50]

SECTION C

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

- 7** Letsgo, a building company, sends offers by email to three companies, Chippies, Tiles and Planks. All the emails arrive at 7.00 am on 1st June. Chippies replies with its own terms, which are different to Letsgo's, and then commences performance of the contract.

Tiles does not reply but starts to perform in line with the terms of the offer.

Planks replies with an email of acceptance which arrives at 7.00pm on 1st June.

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. **[20]**

Statement A: Chippies has made a contract with Letsgo on Chippies' terms.

Statement B: If Letsgo knows that Tiles has started to perform the contract, it will be made on Letsgo's terms.

Statement C: A contract is formed between Planks and Letsgo at 7.00pm.

Statement D: If Planks did not accept Letsgo's offer the same day, they could still have done so up to six months later.

- 8** Anil is having his roof fixed by Hattie, a builder. A representative of Sunrewf, a heating company, tells Anil that Sunrewf's solar roof panels would be ideal on his house. Anil instructs Hattie to purchase Sunrewf panels.

Anil wishes to help his neighbour Fred. Anil makes a contract with Hattie that she will fix Fred's roof and Anil will pay her. Fred cuts down a large tree, with Anil's help, in order to give Hattie more room to work on his roof.

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. **[20]**

Statement A: There is a contract between Anil and Sunrewf.

Statement B: If Sunrewf's panels cause damage to Anil's house, Hattie can sue Sunrewf on Anil's behalf.

Statement C: Fred can sue Hattie if she does not fix his roof.

Statement D: If Anil falls out with Fred he can cancel the contract with Hattie to fix Fred's roof.

END OF QUESTION PAPER

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