

OCR

Oxford Cambridge and RSA

Tuesday 12 June 2018 – 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* 'In order to maintain contractual certainty, the courts tend to enforce harsh outcomes rather than declare a contract void for mistake.'

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

- 2* Discuss the extent to which implied terms are a justified interference with the concept of freedom of contract. **[50]**

- 3* 'The exceptions to the rule, that performance of a contract must be complete and exact, have the effect of undermining the certainty that parties to a contract require.'

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

SECTION B

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

- 4* Sinder, a building company, agrees a fixed price with Abbie to build a bridge across a river by the 1st October. After a period of bad weather, the contract becomes more difficult for Sinder to complete. Sinder tells Abbie that they can no longer do the job for the agreed price. Abbie is under commercial pressure to have the bridge finished on time so she agrees to pay Sinder extra money. As a result of the promise Sinder continues the work.

Jess owns a business. She hears about the contract to build the bridge and realises that it will benefit her business if it is completed on time. Jess offers to pay money to Sinder if the bridge is built on time and Sinder agrees. After the bridge is built Jess refuses to pay any money to Sinder.

Dave, a building inspector employed by the local authority, regularly inspects the building work. Sinder offers to pay Dave if he does all the inspections on Mondays as this will minimise disruption to the work. When the work is complete Sinder refuses to pay anything to Dave.

Advise whether Sinder has given consideration for the extra promise from Abbie **and** for the promise from Jess **and** whether Dave has given any consideration to Sinder. **[50]**

- 5* Cattys has a factory which makes pet food, it has a 2 year contract to purchase ingredients from Harry. Harry tells Cattys that the cost of materials has gone up and that they have to pass these costs on to Cattys in breach of the contract they have made. Cattys is worried about possible damage to their reputation if they sue Harry so they reluctantly agree to pay. Six months later they discover that Harry is supplying other companies at a lower rate.

Cattys has a valuable contract to supply pet food to Kwikgo supermarket. Kwikgo tells Cattys that if they wish to continue supplying them in the future they must pay a large contribution towards marketing costs. Cattys is unhappy about this but feel they have no choice but to agree to the payment.

Cattys has a contract with Driva to supply their goods to Kwikgo. After negotiating the contract Driva discovers that they have overestimated the amount of pet food that can fit onto a lorry and will make a loss. They tell Cattys that unless the price increases they will breach the contract.

Advise whether Cattys can avoid their promises to pay extra to Harry, Kwikgo **and** Driva on the basis of duress. **[50]**

Turn over for the next question

- 6* Martha and Bill are members of Sporto Fitness Club and attend on a regular basis. Members of Sporto have an annual contract which they make on the internet, this involves ticking a box to agree to a set of terms. One of the terms says that *'Sporto does not accept liability for any losses suffered by customers while on Sporto premises'*. Another term says that *'Sporto can change the terms of the contract at any time during the 12 month period'*. There is a notice in Sporto's changing rooms that says *'Sporto does not accept liability for any injuries sustained in the swimming pool area'*.

While attending a Sporto fitness class Martha leaves her bag with the receptionist. When she returns to the reception she finds that there are no staff present and the bag is missing. Martha is currently half way through a one year membership contract. She receives a letter telling her that her membership details are changing and that she must now pay an extra fee to attend yoga classes, previously these were included within her contract.

During a visit to Sporto, Bill trips over a bucket which has been left on the side of the pool and breaks his arm.

Advise whether Martha can sue Sporto to recover the value of the bag taken from the reception **and** whether Sporto is able to start charging for yoga classes **and** whether Bill can sue Sporto in respect of his broken arm. **[50]**

SECTION C

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

- 7** Amber owns a successful accountancy business and an IT business in the middle of London.

Xena buys the accountancy business from Amber. A term of the contract provides that for a period of two years following the sale Amber will not work with any former clients and will not provide accountancy or other financial services within 20 miles of the old business.

Maddie buys the IT business from Amber.

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 distance of 20 miles is reasonable within the interests of the parties.

Statement B Xena has a legitimate interest to protect and will be able to prevent Amber from working for a local bank.

Statement C If the court decides that the restraint on Amber is unreasonable it could be blue pencilled to make it more reasonable.

Statement D Maddie will be able to prevent Amber from opening an IT consultancy in the same part of London, 6 months after the sale. **[20]**

- 8** Carla owns a hotel near a stadium where there is going to be a concert. Iwan plans to attend the concert and books a room for the night of the concert, he pays Carla the full amount in advance.

Zoltan makes a contract with Mercury, the organisers of the concert, to arrange the lighting. This requires them to work every day in the week before the concert to put the lighting in place. They are to be paid after the concert.

On the morning of the concert the stadium is declared unsafe and the concert has to be cancelled.

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 Carla and Iwan will be frustrated.

Statement B The contract between Zoltan and Mercury will be frustrated.

Statement C If the contract between Carla and Iwan is frustrated, Iwan will be able to claim back all the advance payment he has made to Carla.

Statement D If the contract between Zoltan and Mercury is frustrated, Zoltan will be able to claim for the value of the work they did preparing for the concert. **[20]**

END OF QUESTION PAPER

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