

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

LAW

2575

Law of Contract 2

Monday

19 JUNE 2006

Afternoon

1 hour 30 minutes

Additional materials:

16-page Answer Booklet

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Answer **two** questions, **one** from Section A and **one** from Section B.
- Read each question carefully and 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.

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 **100**.
- **All questions should be answered in continuous prose. You are reminded, therefore, that you will be assessed on your ability to organise and present information and arguments logically and coherently, and to communicate clearly and accurately, taking into account grammar, punctuation and spelling.**

This question paper consists of 2 printed pages.

Answer two questions, one from Section A and one from Section B.

Section A

Answer one question from this section.

- 1 'The definition of misrepresentation is clear but its application to real cases is less clear.'
In the light of the definition of misrepresentation, evaluate the accuracy of the above statement. [50]
- 2 Discuss the extent to which the current law on frustration achieves fairness between the contracting parties. [50]

Section B

Answer one question from this section.

- 3 Assim signs up new bands before they become famous and produces their records. He has just signed two new bands, 'Hardhead' and 'The Club' who have not yet released any records. In the contract with both bands is a clause that states that they cannot change producer for five years and that he has the exclusive rights to release all records for the same period. 'Hardhead' has suddenly become very popular following a tour and the release of a record.

'Hardhead' has received an offer from a major record company to promote and manage the band for two years. This would include major tours both in this country and abroad. The band is delighted and wishes to sign for the company as it will give them extensive media coverage.

'The Club's' lead singer, who writes most of their material, wishes to leave and concentrate on a solo career recording his own songs. This will mean the break up of the band. He intends to produce all his material on his own label.

Advise Assim whether the application to court to restrain both bands leaving is likely to be successful. [50]
- 4 Roger has a small furniture-making business in a remote rural location. He has a contract with a transport company, Move-It, to deliver all the finished furniture to its buyer. This has been at a fixed rate per mile and has a further six months to run. Move-It has found itself in financial difficulties because of the increase in fuel costs. It has decided to increase the charges substantially. This is not allowed in the contract but the company has stated that it will no longer deliver the furniture unless the price increase is accepted. Roger very reluctantly agrees.

At the same time the company that supplies Roger with specially prepared wood, Wood Craft, decides to reduce its credit period from three months to one month. Wood Craft states that unless the change is accepted they will no longer supply wood. The contract between Roger and Wood Craft states that the supplier may reduce the credit period at any time. Roger is unable to find any alternative supply so feels pressurised into agreeing.

Explain to Roger whether he can avoid either of these agreements and operate on the original ones. [50]