

ADVANCED GCE UNIT

2576

LAW

Law of Contract Special Study

TUESDAY 30 JANUARY 2007

Morning

Time: 1 hour 30 minutes

Additional materials: 16-page Answer Booklet
Special Study Materials



INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Answer **all** questions.
- 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 document consists of **2** printed pages.

You are reminded of the importance of including relevant knowledge from all areas of your course, where appropriate, including the English Legal System.

Answer **all** questions.

- 1 In Source 1 [page 2 lines 34-36 Special Study Materials] the author suggests that *“It is fair to say that certain judges deem it to be within their function to create new principles of law while others believe that any far-reaching change should be left to Parliament...”*

Compare the literal and purposive approaches to statutory interpretation in the light of the above statement. [30]

- 2 Discuss the extent to which the decision in *Avery v Bowden* [Source 9 page 7 Special Study Materials] amounts to a development of the law on frustration and anticipatory breach. [15]

- 3 In Source 4 [page 5 lines 10-13 Special Study Materials] Lord Justice Vaughan Williams states *“I do not think that the principle [of frustration] is limited to cases in which the event causing the impossibility of performance is the destruction or non-existence of some thing which is the subject matter of the contract...”*

Discuss the ways in which the courts have developed the concept of a frustrating event in the light of the above statement. [25]

- 4 Consider the basis on which it might be claimed that the contract has been frustrated in each of the following situations and what factors might prevent the court from accepting that the contract is in fact frustrated.

(a) Greg Ghastly, a pop star, contracts with Glamdiscs to record a new CD. When the contract is formed, Glamdiscs is aware that Greg is awaiting trial on criminal charges. Greg’s trial is two days before recording is due to start and he is convicted and imprisoned for five years. (10)

(b) Deepak contracts with Eastcars, a car manufacturer in Ardvarkia, a foreign country, to supply three large machines. A clause in the contract states that Eastcars agree to pay Deepak 10% of any costs that he incurs in advance of the contract, if the contract cannot be performed. War breaks out between the two countries and the UK government introduces a ban on all trade with Ardvarkia. Deepak has incurred costs. (10)

(c) Emma manages a car racing team. She agrees to hire three racing cars from Reliable Racing for the 2007 season before she hears from the Car Racing Authority (CRA) whether she can enter her team. The CRA then gives Emma a permit to race only two cars. Emma only accepts delivery of two of the cars from Reliable Racing and refuses to pay the hire fee for the third car. (10)

[30]

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