

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

LAW

2574

Law of Contract 1

Monday

20 JUNE 2005

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 have used additional sheets of paper, fasten these securely to the 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 (50 per question)**.
- **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 use of the innominate term introduces an unwelcome, but unavoidable level of uncertainty to a contract.'

Discuss this view of the current approach to the classification of terms. [50]

- 2 'The common law 'rules' of acceptance are still fundamental to identifying agreement, despite developments in modern methods of communication.'

Consider the accuracy of the above statement. [50]

Section B

Answer one question from this section.

- 3 Andy plans to drive to London for a meeting. He offers a lift to Beth, a retired colleague. After returning home, Beth says that she enjoyed her day and agrees to pay Andy £20 towards expenses.

The next day Andy talks to Chris, his gardener. Andy normally pays Chris to work two days each week to maintain the garden. Andy now agrees to pay Chris £50 extra this month to keep the plants in the garden especially well looked after, ready for visitors.

Andy then meets Dana. Some time ago Dana borrowed £1,000 from him to help pay for a training course. Dana tells Andy that she will have to miss the final month of the course in order to earn the money to repay the loan on time. Andy agrees with Dana that she need not make the repayment, as he would prefer her to complete the course. Dana thanks Andy and continues her training. Andy later regrets his generosity when he sees Dana buying an expensive television.

Advise Andy whether consideration has been provided in each of these situations. [50]

- 4 Ellen is 17 years old. Her parents guarantee a bank loan to enable her to follow an art course at Firstrate College. Ellen pays the fees to the college for the first term and begins the course.

Towards the end of the first term Ellen visits Gstore where, attracted by publicity, she buys an expensive DVD player on credit. Then, realising that she is late for a lecture, Ellen uses a luxury taxi to return to college. On arrival Ellen tells the driver, Harry, that she has no money. She informs him of her name and address, saying that she will post the amount owed.

Three months later Ellen has still not paid Harry. She finds the course at Firstrate college boring and has decided not to attend any more, so she has not paid this term's fees. She has not made any repayments to Gstore for the DVD player and has not repaid the bank loan.

Discuss any contractual liabilities which may arise in the above situation. [50]