

ADVANCED GCE UNIT

2575

LAW

Law of Contract 2

MONDAY 18 JUNE 2007

Afternoon

Time: 1 hour 30 minutes

Additional materials: Answer Booklet (16 pages)



* C U P / T 3 3 7 9 7 *

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Write your answers, in blue or black ink, in the answer booklet provided.
- 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 to the questions you answer on the front of your answer booklet.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets [] at the end of each 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 document 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 Consider the changing ways that the doctrine of frustration has been applied including the apportionment of losses. [50]
- 2 ‘The remedies for misrepresentation depend on the type of misrepresentation.’

Evaluate the types of misrepresentation and the remedies available for each in the light of the above statement. [50]

Section B

Answer **one** question from this section.

- 3 Susan wishes to re-carpet the reception area of the hotel she owns. She needs a very heavy duty carpet to withstand the constant usage.

A representative of Carpets Ltd. visits the hotel and recommends a particular type of carpet that is only sold to approved installers.

Susan signs a contract with Brown Flooring Ltd., an approved installer, specifying the type of carpet recommended by Carpets Ltd.

Brown Flooring Ltd. lays the carpet to Susan’s complete satisfaction but, after a month, holes appear in the carpet. Tests establish the carpet was laid properly. Carpets Ltd. had supplied the wrong type of carpet to Brown Flooring Ltd. and Carpets Ltd. has admitted this.

Brown Flooring Ltd. is no longer in business.

Discuss any claims that Susan might have against Carpets Ltd. [50]

- 4 Chris has obtained a car from Cardealers Ltd. by means of a forged credit agreement with Loans Ltd. In order to obtain the credit agreement, Chris has used a stolen driving licence and forged the signature on the credit agreement.

Chris sells the car to Jasmine who is unaware of the forgery.

In credit agreements of this type it is the finance company that is the legal owner. Loans Ltd. financed the purchase of the car here and is now seeking re-possession from Jasmine as it has not received any payments from Chris.

Advise Loans Ltd whether it will be able to argue unilateral mistake in order to re-possess the car. [50]

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