

**ADVANCED GCE  
LAW**

Law of Contract

**TUESDAY 29 JANUARY 2008**

**G145**

Morning  
Time: 2 hours

**Additional materials:** Answer Booklet (16 page)



**INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your 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.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Answer **three** questions, **one** from Section A, **one** from Section B and **one** from Section C.
- Write the numbers of the questions you answer on the front of your answer booklet.
- If you use additional sheets of paper, fasten these securely to the 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 **120**.
- **Quality of Written Communication (QWC)**  
**Candidates are reminded of the need to write in continuous prose where appropriate. You will be assessed on your written communication and your use of appropriate legal terminology.**

This document consists of **4** printed pages.

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 'The concept of invitation to treat is as important as ever in giving essential protection to those who sell goods.'

Discuss the circumstances in which the courts have identified an invitation to treat. [50]
- 2 'At common law a term will not be implied into a contract simply to make it fair.'

Compare the terms which are implied into a contract by the courts, with those implied by statute, in the light of the above statement. [50]
- 3 Discuss to what extent both the common law **and** equitable remedies for misrepresentation meet the needs of the parties to an action. [50]

**SECTION B**

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

- 4 Lewis works in a shop owned by Scott, his father. One of Lewis' duties is to keep the shop clean. Scott is becoming increasingly annoyed at the dirty state of the shop and thinks that Lewis is not working hard enough. To motivate Lewis he offers him an extra £30 a week.

Scott is also concerned about cars parked behind the shop which prevent supplies from being delivered. He offers Shelley, a local traffic warden, £20 a week if she makes a particular effort to give parking tickets to anyone who illegally parks behind the shop.

For the next month Lewis and Shelley carry out their side of the deals. When they ask Scott for the money he refuses and says they are only doing their jobs anyway.

Advise Lewis and Shelley whether they are able to claim their money. [50]

- 5 Rosie, a builder, contracts with Erin to build an extension to her house. On 1st February they agree a price and a start date of 8th March.

On 1st March Rosie sends Erin a full set of written terms, these include:

- (1) Rosie does not accept any liability for any loss or damage, however caused; and
- (2) Rosie has the right to start the work at any time.

Rosie eventually starts the work on 8th April. Shortly after starting the job Rosie drills through a water pipe and causes flooding to the downstairs of the house. She also leaves an electrical cable exposed, which gives Erin an electric shock. Erin asks for compensation from Rosie for the damage, the electric shock and the late start but Rosie says she has no liability for any of these things.

Advise Rosie whether she can rely on the exclusion clause in relation to any of these claims. [50]

- 6 Gill and Sanjay are married and live in a large house which they jointly own. Gill is the principal earner having a very good job as an accountant. It is decided that Sanjay's ageing parents should live with them as they are starting to have difficulties looking after themselves. Sanjay's parents decide to make a large payment which considerably reduces the mortgage on the house in exchange for living there. They think that this will give them the care and protection they want in their old age. No documents are ever signed.

Gill persuades Sanjay to sign a document for an investment loan using the house as security. He knows that it is for an investment but does not really understand the risks involved so he relies on his wife's knowledge and does not read the document properly.

Sanjay's parents know nothing of this transaction.

The investment fails and the bank wishes to sell the house to pay off the loan.

Advise Sanjay **and** his parents whether the house can be sold. [50]

## SECTION C

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

- 7 Bob has seen a camera for sale on an Internet website for £20. He is aware that the normal selling price of that model is £300 and so he jumps at the chance to buy it so cheaply. He completes an order form and emails it to the company. A few moments later he receives an automatically generated email from the company thanking him for his order.

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:** Bob and the company have completed offer and acceptance, when Bob receives the automatically generated email, and made a binding contract.

**Statement B:** The camera being placed on the website is a unilateral offer that is accepted by the conduct of Bob emailing an order form.

**Statement C:** Even if Bob is aware that the company have made a mistake he is still entitled to accept the offer and make a binding contract.

**Statement D:** If Bob makes a contract without realising the mistake of the seller, the law of equity will provide a remedy for this mistake and correct the price to what it should normally be.

[20]

- 8 Barbara has purchased a ticket for an opera performance; she has also booked a taxi to take her there. The main star of the opera is Juliano, a world famous singer, who has just flown in from Italy. Juliano is to be paid all his fee for singing on the night of the performance. On the night of the performance there is a fire in the building next to the opera house and the police close the street, preventing the performance from going ahead.

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 opera company would not be liable to Barbara for compensation as the performance would have been frustrated.

**Statement B:** The taxi company are still entitled to the fare they would have expected if the opera had gone ahead.

**Statement C:** Juliano is entitled to claim his lost expenses from the opera company as he has paid for an expensive hotel and a private jet to get there.

**Statement D:** Barbara is not entitled to a refund of the price of her ticket.

[20]

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