

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
ADVANCED GCE**

G155

LAW

Law of Contract

TUESDAY 1 FEBRUARY 2011: Afternoon

DURATION: 2 hours

SUITABLE FOR VISUALLY IMPAIRED CANDIDATES

Candidates answer on the answer booklet.

OCR SUPPLIED MATERIALS:

16 page answer booklet (sent with general stationery)

OTHER MATERIALS REQUIRED:

None

READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name, centre number and candidate number in the spaces provided on the answer booklet. Please write clearly and in capital letters.**
- **Use black ink. Pencil may be used for graphs and diagrams only.**
- **Read each question carefully. 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.**
- **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.**
- **When answering Section A and Section B questions you are required to demonstrate some synoptic thinking. In Section A this is achieved by relevant reference to precedent and/or statutory materials including the development of law and comments on justice or morality where appropriate. In Section B this is achieved by relevant use of precedent and/or statutory materials in the application of legal reasoning to given factual situations including comment on the justice or morality of the outcome where appropriate. You are not required to demonstrate synoptic thinking in Section C.**

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 120.**
- **Candidates are reminded of the need to write legibly and in continuous prose, where appropriate. In answering SECTION A and SECTION B questions you will be assessed on the quality of your written communication (QWC) including your use of appropriate legal terminology. These questions are marked with an asterisk (*).**

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* 'If a false statement is made before contracting, the innocent party may find it easier to prove misrepresentation but will receive greater damages if they can prove a breach of contract.'**

Discuss the extent to which this statement is justified. [50]

- 2* 'Even before the Contract (Rights of Third Parties) Act 1999 there were so many exceptions to the rule of privity that it could hardly be said to have been a rule at all.'**

Discuss whether privity is still a relevant rule in contract law in the light of the above statement. [50]

- 3* 'The law on contract terms in restraint of trade is generous to the stronger party; it imposes few limits.'**

Discuss the extent to which this statement is true. [50]

SECTION B

Answer only ONE question from this section.

- 4* Press Up are a company who make biscuit tins. They hire some large machines from Rentamac for use in their factory, the contract requiring them to pay rent on the first day of each month. This month they were five days late in paying the rent. Rentamac are threatening to end the contract and reclaim the machines.**

Two months ago Quki, a biscuit baking company, ordered 5,000 biscuit tins from Press Up, saying they needed them as soon as possible. Press Up have not yet delivered the tins and Quki are threatening to end the contract.

Press Up have recently delivered a large quantity of tins to Snakit, another biscuit baking company. Several of the tins cracked when Snakit started to pack biscuits into them and Snakit are unable to use the tins.

Advise whether Rentamac, Quki AND Snakit may terminate their contracts with Press Up. [50]

5* A cargo of scrap metal, arriving on a ship called Bella Vista from Japan, was advertised as being for sale by auction. Gollum, a scrap metal buyer, saw the advert. He discovered that a ship called Bella Vista was arriving on 1 October. He purchased the cargo at the auction. In fact the auctioneers knew that the Bella Vista would arrive on 1 December. The Bella Vista arriving on 1 October was a different ship carrying fruit from Africa.

A year ago Gollum purchased a large container of scrap metal which both he and the seller thought was valuable aluminium. He has recently opened the container and discovered that the metal is in fact steel which is worth far less.

Advise whether Gollum is obliged to pay for the cargo of scrap metal that will arrive later than he thought, AND whether he is able to return the container of steel and get his money back. [50]

6* Carrbon are a petrol producing company. They are building an oil rig in the North Sea and they make a contract with Rigit for diving services. After Rigit have started to perform the contract the price of hiring divers goes up and Rigit realise they are going to make a loss. They tell Carrbon that they cannot carry on with the contract unless the contract price goes up by 20%. Carrbon have no choice but to agree to pay the extra as they cannot get diving services elsewhere at such short notice. Afterwards they complain to Rigit and refuse to pay the extra 20%.

Rigit obtain their compressed air cylinders from Airfill. Airfill rely on Rigit for much of their trade. Rigit are keen to cut costs. They tell Airfill that, if they are to place any more orders, Airfill have to cut the cost of their cylinders by 25%. Airfill make it clear that they are not happy about this but feel they have no choice but to agree.

Advise Carrbon AND Airfill whether their contracts with Rigit are voidable on the basis of economic duress. [50]

SECTION C

Answer only ONE question from this section.

- 7 Bob is the manager of a sports stadium hosting a professional football game. He is worried about crowd problems and the local police agree to station extra police officers outside the stadium. After the match Bob promises to pay the police for the extra work they did. Bob also promises to pay his staff a bonus because they worked very hard. When Bob gets home he promises to cook his wife, Megan, her favourite meal if she stops complaining about him working so hard.

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's promise to the police is unenforceable because their consideration is past.

STATEMENT B: The police have not provided any consideration because they are performing their public duty.

STATEMENT C: Bob's staff gave no consideration because they have not gone beyond their normal contractual duty.

STATEMENT D: If Megan stops complaining this will be good consideration and she will be able to enforce Bob's promise of the meal. [20]

8 Northbys is holding an art auction in London. The advert for the auction said there would be a painting by Picasso and one by Cezanne, each with a reserve price of £2 million, and a sculpture by Rodin with no reserve price. Jenny travels from New York hoping to buy the painting by Picasso.

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: If the Picasso painting is withdrawn from the auction Jenny can sue for wasted travel costs.

STATEMENT B: Northbys do not have to sell the painting by Picasso to Jenny regardless of how much she has bid.

STATEMENT C: Northbys can withdraw the Cezanne painting from the auction even if the bidding for it has begun.

STATEMENT D: Northbys must sell the Rodin sculpture to the highest bidder. [20]

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