Summer Examination 2016

LAW302616N

Module Title: Equity and Trusts
Level: Six
Time Allowed: One hour and forty minutes

Instructions to students:
- Enter your student number not your name on all answer books.
- Answer two questions: one from Section A and one from Section B.
- All questions are equally weighted.
- Begin each question in a separate answer book; label each answer book clearly with the number of the question you are answering.
- Students are permitted to remove this examination paper at the end of the examination.

No. of Pages: 3
No. of Questions: 4
Section A

Answer one question from this section.

1. Critically discuss the extent to which the courts apply the strict rule in Milroy v Lord (1862) 4 De GF & J 264 to the constitution of trusts.

2. Critically assess the importance of the beneficiary principle to the creation of a trust.
Section B

Answer one question from this section.

3. Anita and Bernard, who are not married, bought Garden Lodge for £100,000 as a home for themselves. Anita and Bernard each contributed £25,000 towards the purchase price. The remaining £50,000 was raised by a mortgage to which both contributed to the repayments. Garden Lodge was registered in Anita’s name alone.

Five years after purchasing Garden Lodge Bernard and Anita’s relationship broke down and Bernard left and purchased another house. He no longer contributed to the mortgage repayments which Anita now paid.

When Bernard left, Celia, Anita’s mother came to live with her at Garden Lodge which now required modernising and Celia paid £50,000 to have the refurbishment work carried out.

It is now ten years since Bernard left and Anita has just paid off the mortgage and is thinking of moving and has received an offer for Garden Lodge of £300,000. Bernard and Celia both claim a share of the proceeds of sale.

Advise Anita.

4. The following organisations are intending to seek charitable status:

a. The Bilsby Sports Centre started as a private company but was bought for a nominal sum by a group of local people. It has a variety of sports facilities which are used by schools and clubs in the area as well as individuals. They intend to make a charge to run the centre.

b. The Universal Church believes that the Universe is run by a group of higher beings who live on another planet. Their meetings are private to members although there is no restriction on becoming a member of the church. One of the aims of the Church is to ban all guns and its funds are used to lobby Members of Parliament for this purpose.

c. The Integrated Systems Ltd is a very large company that wishes to set up a fund to help those employees who are in financial difficulties and to give grants to support those in education.

Advise each of these organisations as to whether they are likely to obtain charitable status.

End of Section B
End of Paper