



# ICM

JUNE 2016

THE LAW OF EQUITY & TRUSTS

**Instructions to candidates:**

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
  - b) Answer any FIVE questions
  - c) All questions carry equal marks. Marks for each question are shown in [ ]
1. Evaluate the equitable maxim 'Equity will not assist a volunteer'. [20]
  2. Rupert was the managing director of a multinational company. He died and in his will left the following bequests, before leaving residuary beneficiaries:
    - My favourite cars are to be held on trust for my beloved grandson, Toby until his twenty-first birthday
    - £1,000,000 to Smith and Brown, to be held on trust for any of my trusted work colleagues in any amount at their absolute and unfettered discretion
    - £5,000,000 to my sister Mary, who I trust will keep on supporting her daughter, SueDiscuss the validity of these bequests. [20]
  3. What is the significance of the express trust in the context of beneficial co-ownership? [20]
  4. Andrews and Co., accountants, have several Trust Tax clients. One partner, Jones, takes £30,000 out of the client account. He spends £20,000 at the casino, Funtime. He places £10,000 in his bank which already has £5,000 in it. He then takes £10,000 from his account and buys a picture from his friend, Augustus, which is now worth £20,000. The remaining £5,000 in his account he spends on a holiday weekend in France. Advise Andrews and Co. as to their remedies. [20]
  5. Are the duties of Trustees sufficiently onerous to protect beneficiaries, and are the powers and discretions too wide for beneficiary protection? [20]
  6. Evaluate the law of secret Trusts and their relevance today. [20]
  7. What is the significance of the difference between law and equity? [20]
  8. What is the value of injunctive relief in breach of trust proceedings? [20]