UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/31**

Paper 3 Law of Contract **May/June 2012**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

2796530647

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **one** question from **Section A**, **one** from **Section B** and **one other**, thus making a total of **three** responses required.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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

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Candidates must attempt **one** question from **Section A**, **one** from **Section B** and **one other**, thus making a total of **three** responses required.

Section A

1 Critically examine the common law controls implemented by the courts to regulate the use of exclusion clauses in contracts. [25]

2 Discuss the meaning of the term 'contract *uberrimae fidei*' and explain the implication for the rules relating to misrepresentation as a vitiating factor in the formation of contracts. [25]

3 Common law damages compensate for losses suffered and are available as of right if a contract is breached.

Assess the truth of the above statement. [25]

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Section B

4 For twenty years Jackson Textiles has been a major supplier of clothing to shops owned by Hebdon Retail. Six months ago, Hebdon Retail advised Jackson Textiles that it would cease all supply arrangements from the end of April 2012. There had never been any signed and written agreement between Jackson Textiles and Hebdon Retail. Jackson Textiles claim that it had a contract with Hebdon Retail and a term of this contract had been breached when the company terminated its supply arrangements. Hebdon Retail argues that there was never any intention on its part to be bound by any long term supply contract.

Using case law to support your answer, analyse the rules relating to formation and breach of contract and advise Jackson Textiles of the possible outcome of any legal action that might be pursued. [25]

5 In May 2009 Sports Projects International (SPI) employed Mayfair Estates to build a stadium for the 2012 Olympics in London. A price of £3 billion was agreed and a completion date for the contract was set as 30 April 2012. By the end of 2010 it was clear that the construction works were falling seriously behind schedule. Mayfair Estates informed SPI that financial difficulties were causing problems and consequently the athletics stadium would not be completed on time. SPI offered to pay an additional £300 000 to ensure that the completion date would be met.

Mayfair Estates eventually completed the stadium at the end of April 2012, but SPI refused to pay the additional £300 000.

Discuss Mayfair Estates' legal right to the additional payment promised by SPI. [25]

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6 The following advertisement appears in the trade magazine called Bits for Boats.

> Personal Buoyancy Aids for sale – £50 each.
>
> Orders accepted by post or telephone.
>
> No minimum order quantity.
>
> Safety First Afloat, Brownsea View, Poole
>
> Telephone 01234 – 567890

Bournemouth Pleasure Cruisers (BPC) responds to the advertisement by sending its own standard order form to Safety First Afloat (SFA) on the front of which is typed an order for 500 personal buoyancy aids at £50 each for delivery by 1 May. On the back of the form a number of terms of business appear in small type, including one which says that payments are due within 28 days of delivery.

SFA sends a standard order acknowledgement form back to BPC, the front of which confirms the order quantity, price and delivery date (as stated above). On the back of the form, its terms of business provide for payment on delivery and that the supplier is liable to the buyer for faults in materials or construction of products supplied. An administrator working for BPC simply files the order acknowledgement form without reading it.

The order is delivered to BPC on 1 May and an immediate demand for payment is made. BPC refuses on the basis that its terms of business permit 28 days for payment and subsequently rejects the entire consignment on the grounds that a quality check of a sample of fifty reveals manufacturing defects.

Analyse the respective rights of the parties under the contract and advise SFA of the likely success of any legal action to recover damages. [25]

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