UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/32**

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

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

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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 **3** printed pages and **1** blank page.

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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 Contracts are sometimes induced by unilateral mistake.

Critically examine the circumstances under which a unilateral mistake might affect the validity of a contract and discuss the impact of such a mistake on the parties to the contract. [25]

2 The postal acceptance rule is now out of step with the electronic age and no longer serves a useful purpose in the law relating to the formation of contracts.

Discuss. [25]

3 Damages are a common law remedy for breach of contract which can be obtained by a claimant as of right.

Critically assess the limitations on the award of damages for contractual losses. [25]

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Section B

4 Onslow agrees to buy a car from his friend Mycroft who runs a local car-dealing business. Onslow agrees to pay the price of £13 000 with £1000 as a deposit when the order is placed and the outstanding £12 000 by twenty-four monthly instalments. Onslow pays the deposit and Mycroft supplies the car. Onslow pays the agreed instalments for twenty-two months, until he loses his job and cannot get another one. He informs Mycroft and he is excused the outstanding £1000 provided that he agrees to decorate Mycroft's house instead.

Using relevant case law, discuss Onslow's potential liability towards Mycroft for the £1000 that he still owes, even if he does decorate Mycroft's house. [25]

5 Ronaldo goes on holiday and drives his car to the airport. He leaves the car keys at the car park reception desk and asks the staff to park it for him. He has paid the parking fee in advance using the online booking form and his credit card. He did not read the terms and conditions of using the car park when he made the booking but he still put a cross in a box to say that he had read and understood them. The terms and conditions state that cars are parked entirely at the risk of their owners.

Discuss the contractual liability that the owners of the car park would have towards Ronaldo if he returns to his car some days later to find that (a) it has been damaged whilst being parked by a car park employee and (b) its soft-top roof has been cut open by a gang of youths who have entered the car park as trespassers. [25]

6 Sarah designs clothing for children. She signs a contract to work for Romperwear, the terms of which state that she must work exclusively for the company for the duration of the two-year contract and that a sum of £10 000 will be payable for each and every breach of contract. Before the two years expire, Romperwear discovers that Sarah has also been doing design work for Bouncing Babes and for Twinkle Tots.

Advise Romperwear and Sarah of their respective rights and liabilities under the contract and of the likelihood of Romperwear obtaining any remedies that may enable them to enforce the contract and to obtain compensation. [25]

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