UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/31**

Paper 3 Law of Contract **May/June 2013**

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.

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

Section A

1 It has been frequently argued that people should be able to make valid and enforceable contracts from the age of 16.

Critically assess the value of the current rules relating to the formation of contracts by minors and explain why you think that this change to the law has never been made. [25]

2 Innocent parties to a breach of contract who claim damages are entitled to be restored to the financial position that they would have been in if the contract had been performed.

With reference to decided case law, discuss the extent to which this assertion is true. [25]

3 The effects of the breach of a contractual term can be many and varied.

Critically assess the extent to which analysis by the courts, based on conditions and warranties alone, provides just outcomes to the parties in dispute. [25]

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Section B

4 Farooq works as an assistant in the mortgage department of Aardvark Finance. His work entails the preparation of official paperwork used when clients borrow money from the firm to buy houses. All loan paperwork has to be authorised by Mahmoud, the Finance Manager. Farooq has a large number of personal debts, but his credit rating is poor and he is unable to borrow the money he needs to repay them. One day he places a pile of documents on Mahmoud's desk for him to authorise. He includes a form which has the effect of granting him a five year interest free loan from the company which would normally require excellent credit references. Mahmoud is extremely busy and signs the entire pile of documents without his usual care. At a later date he discovers that he has authorised the loan to Farooq in error.

Consider the extent, if any, to which Mahmoud and Aardvark Finance are legally bound by the document that Farooq got him to sign. [25]

5 Noah agrees to buy a boat from his friend Abraham. He agrees to pay the £15 000 purchase price by 15 monthly instalments. For the first 12 months Noah pays the agreed amount, but he then loses his job. He is unable to find alternative employment and is consequently unable to continue to make the payments. He informs Abraham, who immediately promises to let him off the remaining £3 000 if Noah agrees to paint the outside of Abraham's house for him.

Discuss Noah's potential liability towards Abraham for the £3 000 that he still owes even if he paints the house as requested. [25]

6 Tim has to get to the airport in order to catch an early morning flight from London to Paris. He asks his friend John if he could drive him to the airport. John, who is a taxi-driver, kindly agrees. John's usual charge for a trip to the airport would be £75.

Using case law to support your views, consider Tim's legal position if John was to charge him the usual price and Tim was to refuse to pay him. [25]

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