UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/33**

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

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

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

Section A

1 The impact of exclusion clauses on the consumer of goods and services in England and Wales is no longer of any significance.

Critically analyse the statutory controls that exist over the use of exclusion clauses and assess the truth of this statement. [25]

2 Innocent parties to a breach of contract are entitled to a measure of damages that will place them in the position they would have been in if the contract had been performed.

Using case law to support your views, assess whether there are any general limitations to this rule. [25]

3 The conditions on which the doctrine of promissory estoppel is applicable are abundantly clear, even if its scope is not.

Analyse the circumstances under which the doctrine of promissory (or equitable) estoppel might be applicable and discuss the limitations on its use by the courts. [25]

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Section B

4 Due to the recession, Jamal decides to sell his restaurant business. Hanif sees the restaurant advertised for sale and arranges to meet Jamal to discuss details. During their conversation, Jamal informs Hanif of the restaurant's recent sales and income and gives the impression that the business is doing well.

Jamal does not tell Hanif that the business has been in decline for several years or that local plans have been approved to build a new motorway close to the restaurant that will limit vehicle access to it.

Jamal has had structural repairs carried out on the building in the past. However, when Hanif asks Jamal whether there have ever been problems with the building he is told that there have not.

A price is agreed and Hanif buys the restaurant business. In subsequent months the number of customers drops significantly and the building suffers subsidence.

Consider Jamal's potential legal liability to Hanif and discuss any remedies that might be awarded against him. [25]

5 Norman restores and sells antique furniture. He sees several interesting items listed in the catalogue for an auction to be held at the Belgravia Auction Rooms, so he attends the sale.

The first item that Norman bids for is a set of 6 Regency chairs but, despite being the highest bidder for them, the auctioneer refuses to sell them to him because his bid failed to meet the reserve price set by the owner of the chairs.

He then bids for an eighteenth century table. He realises that he has bid far more than the table is worth and calls out to withdraw his bid. The auctioneer doesn't hear him, continues the sale and eventually knocks it down to Norman as the highest bidder.

Finally, Norman is disappointed to find that the one item in the catalogue that he most wanted to acquire, a French writing desk, has been withdrawn from the sale.

Using case law to support your views, consider Norman's legal rights and liabilities as a consequence of his attendance and actions at the auction. [25]

6 Yanick runs a very successful jam-making business. A piece of vital machinery breaks down and he arranges for its repair by Noah. Yanick explains that the repair is urgent and that production will have to cease until the machinery has been repaired and returned. Noah agrees to have the job completed within 10 days.

Problems in Noah's workshop result in Yanick's machinery not being returned for a month, by which time regular sales of jam valued at £20 000 and a very lucrative special contract to supply jam to a large chain of hotels (worth £25 000) have been lost. Noah refuses to compensate Yanick because he should have rented replacement machinery on a temporary basis while the repairs were being carried out.

Using case law to support your views, discuss the contractual liability of Noah for the losses claimed by Yanick. [25]

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