Cambridge International AS & A Level

Cambridge International Examinations
Cambridge International Advanced Subsidiary and Advanced Level

LAW **9084/33**

Paper 3 Law of Contract **May/June 2015**

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, 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 Explain the nature of liquidated damages clauses and penalty clauses.

Evaluate the extent to which these clauses might achieve their desired intention. [25]

2 A contract comes into existence as soon as acceptance is communicated.

Analyse the relevant legal rules and identify the exact moment in proceedings when a binding contract is actually formed, using appropriate case law examples. [25]

3 Describe the reasons why the law imposes limitations on the types of valid contract that minors can make.

Critically assess whether these limitations ought to be revised to enable young people to progress in the modern world. [25]

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Section B

4 Patsy and Robert have spent their married life in a house which they bought in joint names with the help of a bank loan. Recently their marriage has broken down. They have decided to divorce and they have reached an agreement: Robert is to move out of the house and Patsy is to make the repayments for the remaining 10 years of the loan. Robert also agrees to transfer ownership of the entire property to her once she has repaid the loan in full.

Robert moves out of the house but, after three weeks, he changes his mind and informs Patsy that he has decided not to transfer his share of the house to her after all. Patsy has yet to make her first loan payment when she learns of Robert's decision.

Advise Patsy whether or not she can legally enforce Robert's original promise, using suitable case law to support your views. [25]

5 Sue is a self-employed sales agent and trainer for a large supplier of safety equipment for the prevention of fire. She enters a contract with Firebrand to act as an agent on its behalf with responsibility for making regular sales and training visits to the company's customers. The written contract makes it a term that all customers in the area she is expected to cover are paid a visit at least once per calendar month.

Sue discovers that some of the larger customers need her to visit so frequently that she is unable to visit every customer every month. A number of them complain to Firebrand because Sue has not visited them in the past two months to deliver essential fire safety training.

Firebrand wishes to terminate the agency contract with Sue with immediate effect.

Advise Sue and Firebrand of their legal positions in this situation. [25]

6 Ahmed wishes to buy Bashir's tractor. Bashir wants £20 000 for it but Ahmed is undecided. Bashir invites Ahmed to have a close look at the tractor.

While Ahmed is inspecting the tractor, Bashir tells him that he has only used it for light farm work, a new engine was fitted and the tractor is in excellent condition. Having completed the inspection and listened to what Bashir has had to say, Ahmed pays Bashir £20 000 and drives the tractor away.

While driving it back to his farm, one of the tractor's tyres bursts due to a dangerous split that Ahmed ought to have been able to see, but missed during his inspection of the vehicle.

A few weeks later, Ahmed has difficulty with the tractor's engine and he asks a mechanic to look at the problem. The mechanic explains that the engine is not new but is the original one which has been poorly repaired.

Ahmed is very dissatisfied with his purchase and wishes to return the tractor to Bashir and get his money back. Discuss the parties' respective rights and liabilities in this situation. [25]

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