Cambridge International AS & A Level

Cambridge International Examinations
Cambridge International Advanced Subsidiary and Advanced Level

LAW **9084/31**

Paper 3 Law of Contract **May/June 2016**

1 hour 30 minutes

No Additional Materials are required.

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READ THESE INSTRUCTIONS FIRST

An answer booklet is provided inside this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer paper ask the invigilator for a continuation booklet.

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

The number of marks is given in brackets [ ] at the end of each question or part question.

This document consists of **3** printed pages, **1** blank page and **1** insert.

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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 Distinctions are frequently drawn between advertisements for unilateral and bilateral contracts.

Critically analyse this statement with reference to the formation of contracts. [25]

2 The law relating to unfair terms in contracts is confusing and thus inaccessible to consumers who require protection.

Discuss whether the Unfair Contract Terms Act 1977 and the Unfair Terms in Consumer Contracts Regulations 1999 effectively regulate the use of terms in contracts. [25]

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

Critically assess the accuracy of this statement. [25]

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Section B

4 Ahmed decides to retire and sell the bakery shop which he has owned for 30 years. Balquees works in the bakery department of a large local supermarket and wants to buy a shop of her own.

Balquees sees Ahmed's shop advertised and makes enquiries. Ahmed shows Balquees the shop's sales figures up to the previous year and it appears to her that the business is in a healthy financial state.

However, Ahmed does not tell Balquees that the shop has been less profitable over the last few months since being closed for several weeks due to flooding. Ahmed is also aware that there are plans to build a new shopping centre nearby which is likely to result in a further reduction in the shop's customers, but he does not tell Balquees.

When asked by Balquees, whether the property experiences problems with flooding from the stream nearby, Ahmed says "No".

Consider whether Ahmed would be liable if Balquees decides to buy the shop and suffers a loss after the first year of trading. Discuss any remedies that she might have against him. [25]

5 Floella is 17 years of age when she moves to London to find work. She soon gets a full-time job in a restaurant owned by Enrique. She signs a contract to work five days a week with an additional day each week attending a local college for customer service training. She is also provided with a small apartment which she agrees to rent from Enrique for three years. She pays Enrique a deposit of three months' rent.

Floella works in the restaurant for six months and then finds another job. She gives Enrique a week's notice that she is resigning from her job and leaving the apartment.

Enrique reminds her that her contract requires her to give him at least four weeks' notice to resign from the job and tells her that he will keep back three weeks' worth of her wages in lieu of notice. He also tells her that if she breaks the agreement to rent the apartment, she will have to pay him a further three months' rent.

Discuss Floella's rights and liabilities with regard to both the employment contract and rental agreement she has made with Enrique. [25]

6 Carlos telephones his friend Domingo to tell him that he is going on a business trip and asks him if he will water the plants in Carlos' garden while he is away. Domingo agrees.

In addition to watering the plants as requested, Domingo spends time removing weeds and repairing Carlos' broken fence. On his return, Carlos is very grateful to Domingo and he promises to give him £500 for the work.

Critically analyse Carlos' legal liability to pay Domingo the money promised for all his work. [25]

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