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 2017**

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 Critically examine when a statement made by one party during oral contractual negotiations will become a term of a contract. [25]

2 An order of specific performance is a perfectly justifiable and fair remedy for breach of contract.

Critically discuss the conditions under which a court might grant specific performance and analyse the validity of the above statement. [25]

3 The Common Law rule in Pinnel's Case has proved a frequent cause of hardship.

Explain the rule and critically analyse the extent to which the development of the doctrine of promissory estoppel has mitigated its application. [25]

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Section B

4 Alvin wants to sell his motorhome. He writes a letter to his friend Bradley, offering to sell the vehicle to him for £20 000. He tells him that he needs a reply by 20 April. Bradley decides that he would like to buy it and sends an acceptance by email to Alvin on 18 April agreeing to pay the asking price. However, Alvin is unexpectedly called away on business and is unable to access his emails.

While he is away, Alvin meets Callum, who is interested in buying a motorhome. Alvin orally agrees to sell his motorhome to Callum on 19 April.

On his return home on 20 April, Alvin reads Bradley's email acceptance.

Assess Alvin's potential contractual liability towards Bradley and Callum in this situation. [25]

5 Domingo sets up a fictitious jewellery business and orders twenty valuable watches from Elisabeta, a watch dealer. Domingo has premises located in a street known for its expensive jewellery retailers.

When Elisabeta receives Domingo's order, she thinks that she is dealing with a reputable firm and is happy to accept it. She posts the watches to Domingo on credit terms requiring payment in 30 days.

A few days later Domingo sells all the watches to customers. He then leaves the country with the money having failed to pay Elisabeta.

Discuss the legal position of Elisabeta and Domingo's customers. [25]

6 Farooq sells and repairs computers. His shop is in poor condition and he asks Grafter to renovate and decorate the premises. A price for the job and a completion date are agreed and Farooq closes the shop for the work to be completed. Grafter is working on a number of jobs for different customers at the same time and the work for Farooq overruns by nearly four weeks.

By the time the shop can be reopened, Farooq has lost a lot of profitable repair work and a number of sales. He is particularly annoyed and upset at the loss of a very lucrative contract to supply computers to a nearby company.

Assess Grafter's contractual liability for Farooq's lost business profits and for his mental distress. [25]

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