Cambridge International AS & A Level

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Cambridge International Advanced Subsidiary and Advanced Level

LAW **9084/33**

Paper 3 Law of Contract **May/June 2019**

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 Commercial agreements are motivated by profit and gain.

Explain and evaluate the approach to the intention to create legal relations in commercial agreements. [25]

2 The development of modern technology means that acceptance of an offer is no longer reliant on the use of the post. The law has evolved to take account of these developments but some uncertainty still remains.

Outline the general rule of acceptance and comment on the validity of the statement above. [25]

3 A contract is an agreement enforceable at law but specific performance is not the first remedy the courts turn to when there is a breach.

Explain the remedy of specific performance and suggest why this remedy is rarely used in contract law. [25]

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Section B

4 Alan owns a sports shop and is preparing for the annual one day sale. Anticipating high demand, he employs extra staff.

Alan employs Britney and agrees to pay her £50. At closing time he is impressed by how hard she has worked and promises her an additional £50. Later that evening, he discovers that takings from the shop sale were lower than expected and he tells Britney he cannot pay her the additional £50.

Cara, another temporary staff member, is contracted to work for £100. However, given the disappointing takings in the shop sale, Alan tells Cara he can only pay her £80. Cara reluctantly accepts.

The following week, Cara is told by one of Alan's full-time employees that although takings in the shop were down, the success of the online sale meant that overall profits were the best ever.

Advise Britney and Cara whether they have justifiable claims against Alan. [25]

5 Topfarm grows and sells vegetables. It has made two contracts, each of which contain various terms.

An important customer is Savastores. It agrees with Topfarm to accept vegetables provided they are '*in a saleable state*'. Savastores receives a delivery from Topfarm, two per cent of which is rotten.

Topfarm has an annual contract to hire farm machinery from Hiretech. One term in the contract says '*machinery will be serviced by a visiting engineer on a monthly basis*'. In the first six months of the contract, there have only been two servicing visits.

Advise Topfarm whether the agreements they have made with Savastores and Hiretech can be terminated following the alleged breach of the term identified in each contract. [25]

6 Arnie wants to sell his fitness centre and receives an enquiry from Fit Things Ltd (FTL), a company that owns several fitness centres.

FTL examines Arnie's accounts for the last financial year and concludes that the business is profitable.

Arnie, however, fails to tell FTL that membership has recently fallen significantly. This is because a number of personal trainers have left to work for a competitor and taken many of Arnie's members with them.

Members complain to staff that the water in the changing room showers is often cold but when asked by FTL whether there are any issues with the changing facilities, Arnie says not.

FTL buys Arnie's fitness centre but suffers a loss in its first trading year. It also has to pay several thousand pounds to install a new boiler to heat the water for the showers.

Advise FTL of any rights it may have against Arnie. [25]

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