Cambridge Assessment International Education

Cambridge International AS & A Level

LAW **9084/31**

Paper 3 Law of Contract **May/June 2021**

1 hour 30 minutes

3786821235

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **three** questions in total:
  - Answer **at least one question** from Section A.
  - Answer **at least one question** from Section B.
  - Answer **one other question** from **either** Section A **or** Section B.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 75.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

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Answer **at least one question** from Section A.
Answer **at least one question** from Section B.
Answer **one other question** from **either** Section A **or** Section B.

Section A

1 All untrue statements made with the intention of inducing another person to enter into a contract will amount to an actionable misrepresentation.

Outline the requirements for an actionable misrepresentation and assess the validity of the statement above. [25]

2 Describe the different categories of minors' contracts. Assess the extent to which it is necessary for adults to be particularly cautious when making contracts with minors. [25]

3 Statute law regarding exemption clauses means that common law principles are now largely irrelevant.

Describe the common law rules regarding incorporation and construction of exemption clauses. Assess the validity of the statement above. [25]

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Section B

4 Roger owns a transport business. In May 2018 he entered into an agreement with ABC Ltd to transport stone extracted from its quarry for a period of five years. A term of this agreement stated: 'This arrangement is not entered into as a formal legal agreement.'

Roger's daughter, Tina, is a 20-year-old university student. Roger has agreed to pay Tina to work in his office during her summer vacation so that she can gain business experience.

In May 2021 Tina has been working for Roger for just three weeks when ABC Ltd informs Roger that it is terminating the agreement with immediate effect. The sudden loss of income forces Roger to tell Tina that he cannot now afford to pay her as promised.

Advise the parties of their respective rights and liabilities in contract law. [25]

5 Jim leaves his job as a potter with a large company in order to establish his own business. He contracts with DEF Ltd for the construction of a pottery workshop next to his home, with a completion date of 1 May.

In fact the workshop is not finished until 1 September because DEF Ltd prioritises other jobs. This delay causes Jim to lose £10 000 in revenue from contracts he had planned to complete during this four-month period. In addition he loses a special contract worth £5000 with a local school to provide pottery classes in his workshop to its art students.

These setbacks cause Jim to worry about the long-term future of his business and he experiences considerable mental distress.

Advise DEF Ltd of any contractual liability it may have for the losses experienced by Jim. [25]

6 Two valuable paintings have been stolen from Barchester Gallery (BG). BG places an advertisement in the local newspaper offering a £10 000 reward to anyone who provides information leading to the recovery of each painting.

Gina is walking in woodland with her dog when she finds one of the paintings partly concealed under a bush. Gina is unaware of the reward so takes it to the nearest police station. Gina only becomes aware of the reward the next day when viewing a TV news report featuring the safe return of the picture to the gallery. She then contacts BG to claim the reward.

Three months later, Frank finds the other painting inside an abandoned car. He has seen the reward advertised and contacts BG to claim it.

Advise Frank and Gina as to their contractual right to claim the rewards. [25]

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