Cambridge Assessment International Education

Cambridge International AS & A Level

LAW **9084/33**

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

1 hour 30 minutes

0175921919

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1 Certainty is important in the law and yet it is not always clear if an offer has been revoked effectively.

Discuss the accuracy of this view. [25]

2 The intention of the parties is always the essential factor in helping the court decide the relative importance of an express term following a breach.

Describe how express terms are classified and assess the validity of the statement above. [25]

3 Describe how the courts determine if the contracting parties intend to create legal relations and assess the need for such a requirement. [25]

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Section B

4 Wasim has a small business installing doors and windows. He contracts with Xena to carry out work at her home for £5000. They agree that payment will be made when the work is complete.

However, when the work is finished Xena tells Wasim that she is about to lose her job and can only pay £3000. Wasim is desperate for this payment. Without it he will be unable to buy the materials that he needs to complete work for his next customer. Consequently, Wasim reluctantly agrees to accept the £3000 offered in full settlement.

One month later Wasim sees Xena driving a new car. He contacts her, insisting she pay him the £2000 she still owes. Xena refuses, saying Wasim cannot change his mind and she will defend any court action.

Advise Wasim as to the likely success of any action he might bring against Xena. [25]

5 XYZ is a production company that is about to start making a number of movies. It begins preparations by renting sites to be used as locations and hiring a film crew and actors. It makes a contract with Edgar, a famous actor, to play the lead role in the movies. The contract also requires him to work exclusively for XYZ for a period of three years.

The day before filming of the first movie is due to start, Edgar tells XYZ that he has signed a more profitable contract with another production company and will no longer work for XYZ. The company is unable to hire another actor as famous as Edgar and, as a consequence, it will lose a lot of money.

Advise the parties of their rights, responsibilities and remedies in this situation. [25]

6 Giles is an experienced dairy farmer who advertises his farm for sale. He is contacted by Brown who visits the farm, examines the accounts up to the previous year and concludes that Giles's business is profitable. However, Giles does not tell Brown that income has recently declined since some of his customers have stopped buying his milk as they have found cheaper sources of supply elsewhere.

Following a recent storm, a builder advises Giles that the milking shed roof is in a dangerous condition and needs replacing immediately. When Brown asks whether the milking shed is in good repair, Giles says it is.

Brown wants to diversify the business further and asks Giles if the land near the river would be suitable for growing fruit. Giles replies that it is.

Brown buys the farm and suffers a financial loss in the first year of trading because he cannot find new customers for the milk. He spends £20 000 on repairing the milking shed and the fruit trees fail to grow because the land is too wet.

Advise Brown of any rights he may have against Giles. [25]

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