UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/32**

Paper 3 Law of Contract **October/November 2012**

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

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READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.

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

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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

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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 In Hong Kong Fir Shipping Co Ltd v Kawasaki Ltd [1962], the Court of Appeal stated that some contract terms do not lend themselves to the traditional form of legal analysis.

Explain the traditional approach adopted by the courts to determine the effect of a breach of contractual term and critically assess the extent to which continued analysis based on this approach fails to provide justice to claimants and defendants. [25]

2 Many more 16 and 17 year olds are in full-time employment and are far less naïve than fifty years ago. Consequently it has been suggested that the age at which people acquire the capacity to make valid contracts should be reduced to 16.

Critically analyse the current rules relating to the formation of valid contracts made by minors and discuss the reasons why you believe the above change has never been incorporated in the law. [25]

3 Once an offer has been accepted, the contract is binding.

Assess the extent to which you believe this statement continues to be true, now that there is a high volume of distance selling that takes place on the Internet. [25]

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Section B

4 Mansfield, a car dealer, tells Newton that he has just bought a 1964 Aston Martin DB4 car for a bargain price. Newton, a collector of old cars, asks about the price and the car's condition. Mansfield tells him that it is in exceptionally good condition and that the asking price is £20 000. Newton makes an appointment to see the car.

Newton has to cancel the appointment. He telephones Mansfield and tells him that he is prepared to accept his word about the car's condition and agrees to pay the asking price.

Newton pays Mansfield for the car the following day in return for a sales invoice and the car's ownership papers and drives it home. Everything is fine for several weeks until the gearbox suddenly stops working. Newton asks Peters, a car mechanic, to look at the problem and is informed that the engine and gearbox need to be replaced. He estimates the repair cost to be over £10 000.

When Newton calls Mansfield to demand his money back for the car, which is not in the condition he was led to believe, Mansfield draws Newton's attention to the terms on the sales invoice for the car which clearly state that no guarantee is given on vehicles over three years old.

Consider Mansfield's potential contractual liability towards Newton. [25]

5 Kalib is a portrait photographer and Saeed contracts to build him a new studio. The written and signed terms of the contract provide that Saeed must complete the building by 28 February in return for a contract price of £75 000 and that Saeed is to pay Kalib the sum of £10 000 by way of compensation for any delay in completion after that date.

Saeed fails to complete the studio until the end of March. As a consequence of the delay, Kalib loses several regular contracts for photographic work and a very valuable special contract to take photographs at a local celebrity's wedding. The £10 000 compensation allowed under the terms of the contract does not cover the actual losses suffered by Kalib.

Consider Saeed's liability for his breach of contract and the measure of any remedies that Kalib could legally pursue. [25]

6 Charlton is a dealer who buys and sells soccer memorabilia. One day he attends a collectors' fair to see what he can buy. Amongst items that Best has for sale, he notices a very rare European Cup Winners' medal marked with a price of £750. Charlton picks up the medal and, showing it to Best, asks what the lowest price would be for it. Best has poor eyesight and tries to read the price ticket on the medal. He tells Charlton that the price is on the ticket and that it is £7.50.

Charlton immediately pays Best £7.50 for the medal and, leaving his business card, he asks Best to contact him if he gets any more soccer medals to sell.

Charlton immediately sells the medal for £1000 to a collector called Stiles.

Best discovers what has happened and contacts Charlton. He explains his eyesight problem to Charlton and demands the medal back in return for a refund of the money Charlton paid him for it. Charlton explains that it is impossible as he has already sold it to Stiles.

Applying the rules of contract law, explain whether or not Best has any legal right to the return of the medal from Stiles or to any compensation from Charlton. [25]

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