UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW **9084/31**

Paper 3 Law of Contract **October/November 2013**

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 **4** printed pages.

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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 The Unfair Contract Terms Act 1977 and the Unfair Terms in Consumer Contracts Regulations 1999 play substantially different roles in the control of clauses in contracts that attempt to limit or exclude liability.

Critically assess this view. [25]

2 Explain the rule in Pinnel's case and evaluate the extent to which its application has been mitigated by the development of the doctrine of promissory (or equitable) estoppel. [25]

3 Critically examine the different factors taken into account by the courts when making awards of both liquidated and unliquidated damages. [25]

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Section B

4 Alex collects Manchester United football programmes. He has a collection spanning 25 years. He advertises for sale the entire collection together with a Barcelona football shirt signed by the club's players. Beth is interested in buying them for her boyfriend who is a football fan.

Beth and Alex agree a price for the programmes. She arranges to visit Alex's house later that day to collect them and to see the football shirt before deciding whether or not to buy it.

As Beth enters Alex's house, she sees a full-size signed Barcelona football shirt displayed on the wall. She assumes it to be the one that Alex wishes to sell and immediately says that she will buy the shirt for the advertised price. In fact, the one Alex wishes to sell is a different shirt and is in a child's size.

When Alex looks for the programmes for Beth, he discovers that they have been soaked by water leaking through the roof of the house, have disintegrated and cannot be read.

Using case law to support your views, consider the effect of the circumstances set out above on the validity of the contract made for the football programmes and on the contract made for the football shirt. Advise Beth of the potential remedies available to her. [25]

5 Ollie decides to sell his hi-fi system and sends a letter to Henry, offering to sell it to him for £300 and saying that he needs a reply by the 20 October.

Henry wants to buy the hi-fi but doesn't have the money to buy it until a loan is repaid to him towards the end of October. On 10 October, Henry telephones Ollie and asks if he would be prepared to keep open the offer to sell the hi-fi until 5 November. Ollie is not keen to do so, as he has also offered it on the same terms to Charlie, but agrees when Henry promises to treat him to a restaurant meal if he does.

Meanwhile, on 17 October, Charlie posts a letter accepting Ollie's offer; but, due to postal delays, it does not arrive at Ollie's house until 7 November.

On 3 November, Ollie takes the hi-fi to a dealer, Geoff, who gives him £275 for it.

With reference to case law, discuss the potential contractual rights and liabilities of the respective parties that arise out of this scenario. [25]

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[Turn over

6 Yvette is a 17 year old student who has set up an Internet business which buys and sells CDs and DVDs on which she thinks she can make a quick profit in order to pay for her studies. She rents a small storeroom from Xavier on a two-year contract and at a rent of £20 per week.

She sees 1000 assorted CDs being offered for sale by Victor, she agrees to pay the purchase price and writes him a cheque for £1250.

Yvette then divides up the CDs into batches and advertises them for sale for £250 per 100. She sells 3 batches to William for £750 in cash and the remaining 7 batches to Ursula for £1750. Ursula pays her by cheque.

Discuss:

(a) Yvette's liability towards Xavier in the event of her deciding to break the rental agreement within the two-year period;

(b) Yvette's liability towards Victor if she has insufficient funds at the bank to cover her cheque; and

(c) Yvette's rights to recover the £1750 from Ursula if her cheque is returned to Yvette unpaid by the bank. [25]

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