Cambridge International AS & A Level

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Cambridge International Advanced Subsidiary and Advanced Level

LAW **9084/33**

Paper 3 Law of Contract **October/November 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 The requirement of capacity is intended to protect and not to restrict a young person's ability to make a contract.

Explain the rules relating to the enforceability of minors' contracts and comment on the validity of the statement above. [25]

2 Promissory estoppel can have a significant effect but the conditions imposed on its use only serve to limit the number of cases where it applies.

Describe the doctrine of promissory estoppel and examine the validity of the statement above. [25]

3 The innominate term approach introduces flexibility when a court is called on to determine the outcome of the breach of a contractual term. However, the use of the approach is undermined by the uncertainty that results.

Describe and evaluate the use of innominate terms. [25]

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Section B

4 On 1 October Nita writes a letter to both Owen and Parveen offering to sell her moped for £500 informing them that the offer remains open until 15 October.

She receives a letter from Owen on 10 October saying that he may be interested. He says he could pay £400 now and the remaining £100 when he gets paid at the end of the month.

Not prepared to wait that long and hearing nothing from Parveen, Nita advertises the moped online and sells it that day. She then writes a letter of revocation to both Owen and Parveen which they receive on 14 October.

On receipt Parveen immediately telephones Nita saying she will accept the offer of 1 October while Owen had posted a letter on the 12 October accepting Nita's offer to sell the moped for £500.

Advise Nita if she has any liability to Owen and Parveen. [25]

5 Ahmed advertises for sale a cricket bat signed by the Australian World Cup winning team of 2015. A man turns up at Ahmed's house and introduces himself as David Smith, the famous ex-cricketer. He offers to buy the bat for £8000 and to pay by cheque.

The man bears a striking resemblance to David Smith and he produces a driving licence with his name and picture on it. Ahmed is so impressed that he accepts a cheque as payment and the man leaves with the bat. Three days later, Ahmed's bank informs him that it has rejected the cheque. The man who posed as David Smith cannot be found.

A week later, Ahmed sees the bat for sale on a website. When he makes enquiries, the seller, Carla, tells him that she bought it for £10 000 in good faith a few days ago. Carla insists that if Ahmed wants it he will need to buy it back.

Advise Ahmed if he is entitled to recover the bat from Carla without paying her. [25]

6 Poppy has recently established a painting and decorating business. Rainbow Paint Ltd is contracted to supply her with specialist paint. The company informs Poppy that their machine has developed a major fault and they will be unable to supply her with paint for at least three months.

Poppy cannot find an alternative source of the specialist paint so loses £10 000 in revenue from contracts she has to cancel. In addition, she loses a special contract worth £15 000 to decorate local government offices.

She fears for the impact this will have on her new business and suffers considerable mental distress.

Discuss any possible contractual liability Rainbow Paint Ltd has for the losses suffered by Poppy. [25]

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