

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

LAW

9084/03

Paper 3 Law of Contract

October/November 2004

Additional Materials: Answer Booklet/Paper

1 hour 30 minutes

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 on both sides of the paper.
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.

Section A

You must attempt at least one question from this section.

- 1 In *Hong Kong Fir Shipping v Kawasaki Kisen Kaisha (1962)* it was established that it was no longer appropriate to categorise terms of contract as being merely conditions or warranties. It was said that the correct approach is to look at what had happened as a result of the breach and then decide if the claimant(s) had been deprived of substantially the whole intended benefit of the contract.

Critically analyse and evaluate the decision of the Court of Appeal in the above case and its subsequent effect on remedies for breaches of contractual terms. [25]

- 2 In the view of the American academic, Professor Williston, the contractual requirement that there should be an intention to create legal relations is superfluous because English Law has the test of consideration to determine the boundaries of contract.

Discuss this view. [25]

- 3 'Contracts are frequently induced by misrepresentation'.

Critically assess the remedies available to a person who has entered into a contract on the basis of a misrepresentation. [25]

Section B

You must attempt at least one question from this section.

- 4 Saw-well Carpenters agree to lay a new wooden floor for Mr and Mrs Shah. The carpenters cause a number of problems. On three occasions they fail to start the work at the promised times. The work is further delayed due to the carpenters obtaining the wrong flooring materials. When the job is eventually finished, Mr Shah decides not to pay the carpenters immediately and to make complaints. The carpenters do not think the complaints justified, but, in order to get some money, they agree to reduce the price for the job by 25% and sign the invoice as if the full amount has been paid. Saw-well Carpenters now wish to recover the 25% which has not been paid to them.

Discuss whether Mr Shah would have any legal liability to repay any of the money claimed by the carpenters. [25]

- 5 Melanie works as a secretary for Maxwell, the owner of a small finance company. As part of her role, she frequently has to ask Maxwell to sign documents. One day she places a document in front of him for signature. While searching for his reading glasses, he asks her what it is and she says that it is a bank mandate authorizing payments to be made to one of Maxwell's suppliers. He signs it. At a later date he discovers that the document is in fact a guarantee of Melanie's overdraft with her bank.

Consider the extent, if any, to which Maxwell is legally bound by his signature on the document that Melanie asked him to sign. [25]

- 6 Giovanni enters a car-park in his new sports car. As he does so, he has to take a ticket from a machine and a barrier is raised before he is able to drive into the car-park. He parks the car and puts the ticket safely in his wallet because he will need it when he leaves the car-park, but does not read it. The ticket clearly states that cars are parked according to the terms and conditions displayed in the office at the exit to the car-park. The terms and conditions state that cars are parked entirely at the risk of their owners.

Discuss the contractual liability that the owners of the car-park would have towards Giovanni if he was to return to his car to find that it had been deliberately damaged by a gang of youths. [25]

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