

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

LAW

9084/03

Paper 3 Law of Contract

May/June 2005

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.

Answer **three** questions, at least **one** of which must be from **Section A** and **one** from s

Section A

- 1 Minors cannot make valid contracts. Critically assess the extent to which this statement is true. [25]
- 2 A contract may be declared void or voidable if the consent to the agreement is undermined by a recognised vitiating factor.

Evaluate the extent to which ownership of the subject matter to a contract for the sale of goods passes from seller to buyer in these circumstances. [25]

- 3 Specific Performance is a discretionary remedy in civil law.

Explain the nature of this remedy and discuss the conditions under which a court might exercise its discretion and grant it for breach of contract. [25]

Section B

- 4 Laurel is at university, studying to be a doctor. Whilst away at university, she receives a letter from Michael, saying that he is due to retire from his doctor's practice in a few weeks time and that he wonders whether she would be interested in buying his medical equipment for the bargain price of £500. His letter asks for a prompt reply, as a junior partner in his medical practice is also interested in buying the equipment.

Upon receipt of Michael's letter, Laurel decides that she would like to buy the equipment, but needs to borrow the money. She writes to Michael expressing a firm interest, but asking if he is prepared to accept payment by instalments. Her letter gets lost in the post and is never received by Michael.

Although she does not hear from Michael, Laurel arranges a bank loan and posts a second letter to Michael, enclosing a cheque for £500. This letter does arrive, but Michael has already sold the equipment to his junior partner.

Consider Michael's potential contractual liability towards Laurel and the remedies that she might pursue against him. [25]

- 5 Gulzar owns a small shop in London and has decided to retire and sell it. Nazir sees the business advertised and decides that it could make a sound investment. During a visit to discuss the sale of the shop, Gulzar tells Nazir that the business is in a healthy financial state, even though he knows that profits are in decline. When Nazir asks whether the property has had any structural problems during the time he has owned it, Gulzar deliberately says 'no' even though it had suffered subsidence problems five years ago.

If Nazir decides to buy the shop, consider Gulzar's potential contractual liability towards him and the possible remedies that Nazir might pursue against him. [25]

- 6 George buys a ticket to travel on the Bristol Underground and, without reading it, places it in his pocket for safety and waits for the arrival of the train. As George attempts to get on, he slips between the train and the platform and is severely injured. When George applies to Bristol Underground for compensation for his injuries, the company seeks to rely on a clause printed on the back of George's ticket that excludes its liability for breach of the contract of carriage made with its passengers.

Consider Bristol Underground's contractual liability for George's injuries. [25]

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