



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

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LAW

9084/03

Paper 3 Law of Contract

May/June 2008

1 hour 30 minutes

Additional Materials: Answer Booklet/Paper

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.



Candidates must attempt **one** question from **Section A**, **one** from **Section B** and **one** from **Section C**, thus making a total of **three** responses required.

Section A

- 1 English Law commonly draws distinctions between advertisements for unilateral and bilateral contracts.

Using suitable examples from case law, analyse this statement with reference to the formation of contracts. [25]

- 2 The rules that govern contracts made by minors have the potential to create injustice.

Critically assess the extent to which remedies against minors mitigate such injustice. [25]

- 3 Many judges have expressed disapproval of exemption clauses.

Using case law to support your argument, evaluate the ways that the courts have found to regulate their use. [25]

Section B

- 4 Nuala and Steve extend their house and redecorate it in order to accommodate Steve's father, Richard. Shortly after the completion of the work they hold a garden party to celebrate Nuala's birthday. Richard's younger sister Rose attends the party and is so delighted with what Nuala and Steve have done that she promises to give them £1500 to help look after Richard.

Another guest, Patrick, had lent them £750 that was used towards the cost of the work and, when he discovers what they have done for Richard, he tells them that he doesn't want the money repaid.

Several months later, they receive a telephone call from Patrick asking when he is going to receive the £750 that he lent them. In addition they have received none of the money promised by Rose.

Advise Nuala and Steve concerning their legal liability, if any, to repay Patrick and their legal entitlement to the money promised by Rose. [25]

- 5 Laiticia works as a personal assistant to Winston, who owns a small manufacturing company. Her duties regularly require her to present documents to Winston for his signature. On one occasion when she asks for his signature on some documents, Winston is unable to find his reading glasses, so he asks her to tell him what the documents are. She says that they are forms from the bank authorizing payments to suppliers of the business, so he signs them without reading them. Some time later he receives a letter from Laiticia's bank seeking payment from him. He now realizes that one of the documents that he signed must have been a guarantee of her overdraft.

Consider the extent, if any, to which Winston is legally liable to the bank as a consequence of his signature. [25]

- 6 Mahmoud decides to buy a brand new car from Ahmed's garage. He places a written order for a car with an 1800cc engine, in the colour red, and he asks for it to be fitted with alloy wheels and a satellite navigation system as accessories. Mahmoud pays Ahmed a deposit of £600 and agrees to pay the balance of £11,400 upon delivery.

Three weeks later, Mahmoud receives a telephone call from Ahmed to say that the car is ready for him to collect. When Mahmoud arrives to collect it, he discovers that the car that Ahmed has reserved for him is an 1800cc model, but is blue and has neither alloy wheels nor a satellite navigation system fitted. Mahmoud refuses to take delivery of the car and to pay the balance.

With reference to decided case law, advise Mahmoud and Ahmed of their respective rights and liabilities as a consequence of these events. [25]

