



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW

9084/32

Paper 3 Law of Contract

October/November 2009

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 other**, thus making a total of **three** responses required.

Section A

- 1 Critically examine the circumstances under which a statement made by one party during oral contractual negotiations will become a term of the contract. [25]

- 2 Consideration must be sufficient but need not be adequate.

Analyse the meaning of this statement and evaluate the extent to which it is true with regard to the formation of valid contracts. [25]

- 3 With reference to decided case law and relevant rules for the formation of contracts, discuss the exact moment in proceedings when acceptance occurs and a binding contract results. [25]

Section B

- 4 Anthony sends identical emails to David and Lenka, offering to sell a lap-top computer for £300, saying that it is the lowest price that he is prepared to take for it. David responds immediately by email, agreeing to pay £300, but also asking if Anthony will accept the money in instalments over four months.

Lenka posts a letter to Anthony that morning, offering to pay £400 for the computer, but later changes her mind and immediately telephones Anthony and tells him that she is willing to pay him £300 cash as asked by him. Anthony says that he needs time to think about it and agrees to get back to her in a couple of days.

That evening, having read David's email, he decides that he will sell the computer to neither of them and sells it to a friend, Carol, for £250.

Using case law to support your views, consider Anthony's legal position when he decides to sell his computer to Carol rather than to David or Lenka. [25]

- 5 While out for a drink in a bar one evening, Stan met his friend Ollie and during their conversation Stan agreed to buy Ollie's entire collection of vinyl records by Elvis Presley and to buy Ollie's pink Cadillac motor car.

As Stan arrived at the bar, he saw a pink Cadillac standing outside. He assumed that this was the car he had agreed to buy. In fact, Ollie's car was much older, smaller and in worse repair than the one he saw.

When Ollie got home, he discovered that his wife had thrown the records away some time ago because they were never played.

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 vinyl records and of the contract made for the car. Advise Stan of the potential remedies available to him. [25]

- 6 Dilip sets up his own television sales and repair business and contracts with Out East Builders Ltd to construct a building in his garden from which he will operate his business. A price for the job and a completion date are agreed. Delays associated with staff and materials shortage mean that the job is completed three months later than agreed, by which time, much profitable television repair work and sales contracts have been lost. Dilip is particularly frustrated at the loss of a very lucrative contract to supply televisions to a large hotel nearby.

Using case law to support your views, discuss the contractual liability of Out East Builders Ltd for lost business profits and for the pain and suffering caused to Dilip. [25]

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