



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW

Paper 3 Law of Contract

9084/03

May/June 2007

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** The range of common law and equitable remedies available to complainants suggests that a solution is available for every breach of contract.

Using suitable examples from case law, analyse the truth of this statement. [25]

- 2** Compare and contrast the roles played by the Unfair Contract Terms Act 1977 and the Unfair Terms in Consumer Contracts Regulations 1999 in controlling the use of clauses in contracts that attempt to limit or exclude liability. [25]

- 3** Assess the contribution of equity to the rules limiting the effects of mistake on the formation of a valid contract. [25]

Section B

- 4 An advertisement appears in The London Motor Trader magazine:

FOR SALE

1957 Rolls Royce limousine.
 Two owners since new. 100 000 kms.
 Totally restored to showroom condition by loving
 owner. Immaculate condition.
 £15 000

Telephone Cecil on Mayfair - 1212

Peter, a collector of vintage cars, sees the advertisement, telephones the seller, Cecil, and arranges to go and see the Rolls Royce. Peter takes his brother Martin with him to view the car.

On arrival, Cecil shows Peter and Martin around the car. Peter talks to Martin about the car as they inspect it and they conclude that it is worth the £15 000 that Cecil has asked for it.

Peter pays Cecil £15 000 and drives the car away. Later, Peter discovers that the car is in fact a 1963 model and that, unknown to Cecil, it has in fact had three owners and has travelled over 120 000 kms.

Consider Cecil's potential contractual liability towards Peter and the possible remedies that Peter might seek from Cecil. [25]

- 5 Nazir has agreed to buy a motorcycle from his friend Abdul for £7000. Nazir agrees to pay by ten equal instalments at monthly intervals. For each of the first nine months Nazir pays the agreed amount, but he then loses his job and is unable to find another one. He informs Abdul of the situation and Abdul promises to excuse him from the final payment of £700 provided that Nazir agrees to dig his garden instead.

Using relevant case law, discuss Nazir's potential liability towards Abdul for the £700 that he still owes, even if he does dig Abdul's garden. [25]

- 6 Winston is a fisherman and he enters into a contract to buy a small boat from Garfield, a boatbuilder. Winston insists that the boat must be ready by 1 May, which is the start of the fishing season. He only agrees to pay Garfield's asking price of £10 000 after Garfield has agreed to compensate Winston with £100 for every day's delay in delivery of the boat after 1 May. The contract is put into writing and is signed by both parties. Problems with staff and materials mean that Garfield fails to finish the boat and deliver it to Winston until 16 May.

Winston now refuses to pay the £10 000 agreed. He says that the terms of the contract allow compensation of £1500 to be deducted on account of the 15 days delay.

Advise the two parties regarding their respective legal positions in this dispute. [25]

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