



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW

9084/31

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 **4** printed pages.



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 formation of commercial contracts commonly results in a 'battle of the forms'.

With reference to case law, analyse the rules which determine when a contract comes into existence in these circumstances and on what terms. [25]

- 2 'The performance of an existing contractual duty can never amount to consideration.'

Critically assess the truth of this statement today. [25]

- 3 Compare the purpose and effect of liquidated damages clauses and penalty clauses. Evaluate the extent to which their aims may be met. [25]

Section B

- 4 Having owned a petrol station in the city of Manchester for 25 years, Mr Dhaliwal decides to retire and sell the business. Mr Hussain sees the business advertised and makes further enquiries. Mr Dhaliwal makes a true statement of business sales to Mr Hussain and gives the impression that the business is in a healthy financial state.

However, Mr Dhaliwal failed to disclose evidence that the profitability of the business had been in decline for a number of years. He was also aware of local plans to build a new by-pass that would result in a vast reduction in passing traffic, but did not tell Mr Hussain.

When asked by Mr Hussain whether the property had had any structural problems, Mr Dhaliwal deliberately said 'no' even though it had suffered subsidence problems five years ago when remedial work had had to be carried out.

Consider the liability of Mr Dhaliwal should Mr Hussain decide to buy the business and discuss any remedies that Mr Hussain might have against him. [25]

- 5 Elizabeth is seventeen and is about to start to study at a university in Wales. She signs a 12 month contract for a room with shared kitchen and bathroom in a house owned by Cardiff Estates at an agreed rent of £80 per week and pays an advance of one month's rent as a deposit against potential damage to the room or its contents. In addition she orders a number of text books for her course from Books Mart, agreeing to pay on delivery, and buys three party dresses on credit from Frilly Frocks even though she already owns two similar ones.

The books are delivered to her but she fails to pay the invoice price of £50 and she also fails to make any of the agreed credit repayments for the dresses, two of which remain unworn and the third has been sold to a fellow student.

After two months she wants to leave the accommodation, because she does not get on with the other people in the house, and recover the rent and deposit that she has paid.

She is due to celebrate her eighteenth birthday next January.

Advise her of her legal liability and the potential remedies that may be awarded against her. [25]

- 6 The following advertisement appears in the window of Open All Hours Newsagents in London's fashionable Mayfair district:

£500 REWARD!!
for the return of
or for information leading to the return of
my dearest pet chihuahua, Lulu.
Missing since 1 May.

Reward to be claimed either in person or in
writing to
Gildenstern, The Penthouse, 4 Park Lane
by 30 May.

Joanna has not seen the notice, but is befriended by a chihuahua while she is jogging in Hyde Park, checks the label on its neck and discovers that it is called Lulu and lives a few streets away.

Later that day, 20 May, she tries to return Lulu to the dog's owners, only to find no-one at home. She tries again on the next two days, but with no success, so she writes a letter to Gildenstern saying that she has found the chihuahua and asking when it would be convenient to return her. She posts the letter on 22 May, but due to delays in the post, the letter fails to arrive until 1 June.

An arrangement is finally made and the dog is returned on 2 June.

With reference to the situation outlined above, consider the legal entitlement, if any, that Joanna would have to pursue the reward if Gildenstern fails to give it to her upon return of the dog. [25]