



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

LAW

9084/32

Paper 3 Law of Contract

October/November 2011

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 doctrine of promissory (or equitable) estoppel tried to mitigate the unfair effect of the common law rule in Pinnel's case.

(a) Analyse why the doctrine was thought to be necessary.

(b) Outline the limitations to the doctrine's application.

(c) Discuss the extent to which the doctrine meets the aims stated above.

[25]

2 The postal rule of acceptance no longer serves a useful purpose in the world of modern business communications.

Discuss the reason for the introduction of the rule and critically assess the extent to which you think that the above proposition might be true. [25]

3 The requirement of intention to create legal relations seldom gives rise to problems in contract cases.

Explain why the requirement exists and assess the extent to which the above statement is true. [25]

Section B

- 4 Xavier sets up a fictitious business and orders six new Moto Guzzi motorcycles from Yasmina, a motorcycle dealer. Xavier has premises located in a street in which reputable motorcycle retailers are known to trade. When Yasmina receives the order, she thinks that she is dealing with a reputable firm and is pleased to accept it. She therefore ships the motorcycles on credit terms to the address on the order form received. As soon as Xavier takes delivery of the motorcycles, he sells them to unsuspecting customers.

Xavier fails to pay Yasmina for the motorcycles and disappears.

Discuss the legal position of **(a)** Yasmina and **(b)** Xavier's customers. [25]

- 5 Robertson, McAndrew and Peterhead plan to attend a celebration dinner and dance at a hotel. They buy tickets in advance of the event at a cost of £75 per person. The tickets refer to the terms of contract, details of which are available on request from the hotel's reception desk. The hotel's terms of booking state that all ticket prices are non-refundable and that the hotel cannot be held responsible for any loss sustained by guests whilst attending functions at the hotel.

On the evening in question, Robertson is suffering from a heavy cold and so decides not to attend.

McAndrew and Peterhead attend the function and each pays a cloakroom fee of £2 to have his belongings looked after for the evening. When they return to collect them, McAndrew's very valuable leather coat and Peterhead's umbrella are missing and cannot be found.

Robertson has asked for a refund on his unused ticket. McAndrew and Peterhead seek compensation for their losses.

Advise the hotel as to their legal liability in respect of these two claims. [25]

- 6 UpinaFlash agree to build a conservatory for Morris. Measurements incorrectly taken by UpinaFlash, poor quality parts and factory delays cause the contract's completion to overrun by six weeks. Consequently, when the work is completed, Morris decides to withhold payment.

UpinaFlash argue that his complaints are unjustified and threaten legal action unless he pays as agreed. However, when Morris offers to pay 80% of the agreed contract price, UpinaFlash accept the amount offered and sign a receipt stating that this is in full and final settlement. UpinaFlash have now changed their mind and wish to recover the discount allowed.

Consider Morris' potential contractual liability towards UpinaFlash. [25]

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