
Contracts 1

Exercise 1:

Complete this text, which has been adapted from the A & C Black *Dictionary of Law*, with words or expressions from the box.

1. accepted 2. agreement 3. breach 4. consideration 5. contractual liability 6. damages
7. express 8. implied 9. intention 10. obligations 11. offer 12. reward 13. signed
14. stated 15. sue 16. terms 17. under seal 18. verbally 19. voided 20. writing

A contract can be defined as 'an _____ between two or more parties to create legal _____ between them'. Some contracts are made '_____': in other words, they are _____ and sealed (stamped) by the parties involved. Most contracts are made _____ or in _____. The essential elements of a contract are: (a) that an _____ made by one party should be _____ by the other; (b) _____ (the price in money, goods or some other _____, paid by one party in exchange for another party agreeing to do something); (c) the _____ to create legal relations. The _____ of a contract may be _____ (clearly stated) or _____ (not clearly _____ in the contract, but generally understood). A _____ of contract by one party of their _____ entitles the other party to _____ for _____ or, in some cases, to seek specific performance. In such circumstances, the contract may be _____ (in other words, it becomes invalid).

Exercise 2:

There are many different kinds of contract for different situations. Look at the following paragraphs, and decide what kind of contract is being described or talked about.

1. I went into the supermarket and chose the items that I wanted. As soon as my basket was full, I headed for the checkout.
2. My cousin Bob said he was going to get rid of his computer and buy a new one. I said that I needed a computer and suggested I bought his old one. Anyway, we agreed on a price, I gave him a £50 deposit, and agreed to pay the balance in instalments over the next three months. I'm going round to collect the computer this evening.
3. The property is unfurnished, and the rent is £650 pcm, which has to be paid monthly in arrears. Electricity, gas and phone bills are extra. There's a communal garden and a communal parking area, for which I also have to pay a nominal maintenance fee. The landlord is responsible for any repairs to the property. I'm not allowed to sublet at any time. I've signed the lease for 18 months.
4. We're opening our own branch in the town centre next week. The deal is fairly simple: we get the right to use the company's name, their trademark, their trade names and products, wear their uniforms and use their stationery. They also provide our staff with all the necessary training, give us invaluable managerial assistance and provide advertising materials. In return, we have to meet specific requirements, such as quality of service, maintaining good customer relations, and following the company's standard procedures. Oh, and buy all the products we sell from them, naturally.

5. The total amount you are borrowing is £9,000 at an APR of 6.6%. Repaid in monthly instalments over 3 years, this gives you a monthly repayment figure of £275.46, totalling £9,916.56. You have opted out of the repayment protection premium scheme. If you wish to make an early settlement, the figure above will be recalculated accordingly. As soon as you sign a form, your funds will be released into your bank account. Please note that penalties will be applied if you default on repayments.

6. This appointment is for a period of two years, following a 4-week probationary period. Your remuneration package includes an annual gross salary of £32,000. You are entitled to sick pay and 6 weeks annual leave after you have been with us for 3 months. Your hours of work are 9 to 5 Monday to Friday, although you may be asked to work overtime during busy periods. The company has its own medical and pension schemes which you may join.

7. The total cost is £2,870, which is payable in full before the goods can be despatched. Alternatively, we can arrange credit terms, which are interest-free for the first six months. All goods are covered by the manufacturer's warranty, which is valid for one year. If you are not happy with your merchandise, it can be returned for an exchange or full refund (but please note that this is valid for 28 days only, and we will need to see your receipt or other proof of purchase).

8. A group 7M people carrier is £58 a day. This price includes unlimited mileage, fully comprehensive insurance, collision damage waiver and loss damage waiver. The company has drop-off points in most major cities, but will charge extra if you use a different one from that where you picked up the vehicle. A refuelling service charge will be applied if you do not replace the fuel you have used.

Underline or highlight the key words and expressions that helped you to identify the subject of each paragraph.

Contracts 2

Look at paragraphs 1 – 6 in the boxes, and answer the questions that follow them. Some of the words and expressions appeared in **Contracts 1** on pages 13 and 14.

1.

This contract is binding, and we expect all the parts involved (both clients *and* suppliers) to abide by the terms and conditions stated in sections 3a – 37g on pages 1 – 17.

1. One of the underlined words / expressions in the above sentence is wrong. Identify and correct it.
2. True or false: a contract which is *binding* is flexible and can be changed at any time.
3. Two of these words / expressions could replace *abide by*. Which ones?
(A) choose (B) agree with (C) obey (D) change (E) honour

2.

On terminator of this contract, the company will be obliged to return any unused materials to the supplier within 28 days, unless provision has been made for a temporary extension. If any of the rules of the contract are broken, all materials must be returned immediately.

1. One of the underlined words / expressions in the above sentence is wrong. Identify and correct it.
2. True or false: *provision* has a similar meaning to *arrangement*.
3. Rearrange these letters to make two words which have a similar meaning to *obliged*:
degabtlio edequrir

3.

The contract was originally verbal, but we've finally managed to get the company to give us something on paper. They say that this contract is un-negotiable, but maybe we can persuade them to amend some of the details before we sign on the dotted line.

1. One of the underlined words / expressions in the above paragraph is wrong. Identify and correct it.
2. True or false: the speaker thinks that it might be possible for small changes to be made to the contract before she signs it.
3. Rearrange the letters in **bold** to make words which have the same or a similar meaning to *verbal* in this situation
rola kosnep

4.

Swillpot Airline Catering Ltd were sued by Pan-Globe Airways when they were found to be in breach of their contract, specifically that they had failed to comply with clause 27B, which stated that their food should be "fit for human consumption".

1. One of the underlined words / expressions in the above sentence is wrong. Identify and correct it.
2. Find a word or expression in paragraphs 1 – 3 above which has a similar meaning to *comply with* in paragraph 4.
3. True or false: Pan-Globe Airways are unhappy with Swillpot Airline Catering because they have breached *all* of their contractual terms.

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4. Both Swillpot Airline Catering Ltd and Pan-Globe Airways signed the contract. In legal terms, would we describe the arrangement between the two companies as an **offer**, an **acceptance** or a **consideration**?

5.

Withers Interiors Ltd have entered into an agreement with Sophos Construction to act as sole providers of quality interior fittings commencing 15 August this year. This is to run for 18 months, with a 3 month period of notification in the event of cancellation by either side.

1. One of the underlined words / expressions in the above sentence is wrong. Identify and correct it.
2. Which word in the paragraph is the closest in meaning to the noun *contract*?
3. Is this an example of part of an *open-ended* contract?
4. True or false: if either Withers Interiors Ltd or Sophos Construction want to end the contract, they must tell the other company 3 months before they do it.

6.

This contract recognises the anointment of Mr Alan Wiley as non-executive Director to the board of AKL Publishing following the company's amalgamation with Berryhill Books. While Mr Wiley may continue to buy shares in the company, he may not acquire a controlling interest, and he may have no professional dealings with any third parties during this period.

1. One of the underlined words / expressions in the above sentence is wrong. Identify and correct it.
2. True or false: AKL Publishing recently separated from Berryhill Books.
3. True or false: Mr Wiley can buy as many shares as he likes in the company.
4. In addition to sitting on the board of AKL Publishing, how many other companies can Mr Wiley work for?