

ASPECTS OF CONTRACT AND NEGLIGENCE FOR BUSINESS



Lecturer: Judith Robb-Walters
Lesson 5



- **ASPECTS OF CONTRACT AND NEGLIGENCE FOR BUSINESS**

- LO 2: Be able to apply the elements of a contract in business situations

- September – November 2014

The Basic Syllabus



Understand the essential elements of a valid contract in a business context.

- Be able to apply the elements of a contract in business situations.
- Understand principles of liability in negligence in business activities
- Be able to apply principles of liability in negligence in business situations.

LEARNING OBJECTIVES



- At the end of the class, students should be able to:
 - apply the law on terms in different contract

OVERVIEW

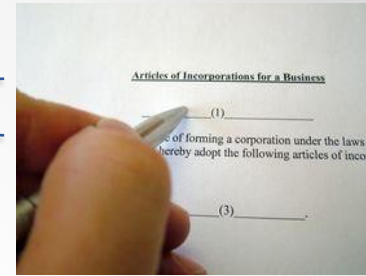


Contracts refer to agreements enforced by the law between people or entities. Contracts apply to countless transactions such as everyday household purchases at a local grocery store to international acquisitions between Fortune 100 companies. Most contracts create consequences for the party that breaks or breaches any contractual condition. For instance, banks often enter into mortgage contracts to finance a home purchase. If you breach the mortgage such as by not paying then you risk losing your home.

Different Forms of Contracts

By Maggie Gebremichael

CONTENTS OF STANDARD FORM BUSINESS CONTRACTS



Mary is a successful business woman who breeds pedigree dogs a hobby. She regularly buys three month's supply of dog food at a time from Happy Dog Ltd. The contract of the sale provides that (a) the buyer must inform Happy Dog of any defects in the product within a week of purchase, and (b) any liability for defective dog products is limited to the contract price. Mary's latest batch of dog food turns out to be defective and most of the dogs become ill and die within a month of eating it.

- Advise Mary

ANALYSIS OF EXPRESS TERMS

- In relation to the law of contract, distinguish between and explain the effect of:-
 - Express terms, paying particular regard to the circumstances under which term may implied in contracts.

IMPLIED TERMS

In relation to the law of contract,
distinguish between and explain the effect
of:

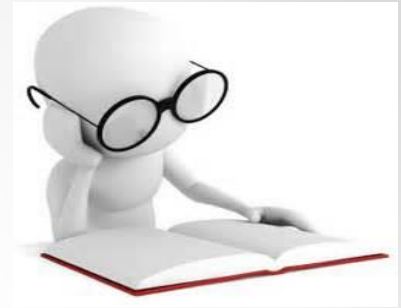
- Implied terms, paying particular regard to the circumstances under which term may implied in contracts.

EXCLUSION CLAUSES



- Whilst at work Andy always parked his car in a car park operated by Bash Ltd. On the entry to the car park just in front of the payment machine there is a large sign in fluorescent red paint which states:
- 'These premises are not staffed by our employees and may be dangerous. Clients use these facilities strictly at their own risk and Bash Ltd. Accept no liability whatsoever for any damage or injury sustained by either those using this facility or their vehicles or property, no matter how caused.'
- Andy was not aware of the sign, but had never paid much attention to it. However, one day he returned to his car to find that it had been badly damaged by a towing vehicle driven by an employee of Bash Ltd. Whilst on his way to the car park office to complain he was hit by the same towing vehicle which was clearly being driven dangerously by one of Bash's employees. As a result, not only was his car severely damaged, but he suffered a broken leg and was off work for eight weeks.
- Bash Ltd. has accepted that its employees was negligent on both counts but denies any liability, relying on the exclusion clause.
- **Required:-**
- **On the understanding that the clause excluding Bash Ltd.'s liability was incorporated into its contract with Andy, advise Andy whether there is any action he can take against Bash's Ltd.**

Further readings



- **Contract Law - Catherine Elliott and Frances Quinn**
- **Different Forms of Contracts - By Maggie Gebremichael**
- **ACCA – Corporate and Business Law**