



AJ インターナショナルアカデミー

オンライン 15 分授業

★Quarter Hour Lesson★

Contracts

Contracts

In business, generally a contract is created when two or more parties are involved in an agreement. All contracts can be agreements, but not all agreements are necessarily contracts. This is because agreements sometimes are about personal or social matters that are out of the reach of the law.

For the legal enforcement of an agreement, a contract usually include at least the following five elements; 1) capacity, 2) offer, 3) legality, 4) consideration, and 5) form. If one of these elements is absent, the courts will regard it as invalid contract and will not enforce it.

1) Capacity

The parties to a contract must have capability to understand what they are agreeing to. Such parties must be of legal age and maintain normal mentality. That is, the person involved in the agreement should not be impaired at what they must do in order to carry out he contract. Injuries, mental disease, and influence of drugs or alcohol can harm a party's capability and is unacceptable.

2) Offer

An offer and an acceptance should be included in an agreement to form a contract. The parties to a contract must understand these and show it on the contract; An offer by one party to enter into a legal agreement and an acceptance of the terms by another should be clearly expressed.

3) Legality

The object or the purpose of the contract must not violate the law. It should be legal and not against public policy or not harm the ethical code shared under common understanding.

4) Consideration

Something of value must be offered from one party to the other in return for a promise to do something. This kind of exchanging values or right is called consideration.

5) Form

Certain contracts require written forms. For example, usually in the U.S., contracts agreeing on the exchange of value equal to or greater than \$500, must be in written form in order for the promise between the parties to be enforceable. Depending on what is accomplished in agreement, the law advises both parties to use proper form.



Reading Comprehension Questions

1. In business, if two parties are agreed on something,
 - (A) the law enforcement takes place.
 - (B) a contract is probably made.
 - (C) the legality of the matter is discussed.
 - (D) they should exchange values.

2. "Capacity" included in the business contract may be invalid EXCEPT
 - (A) One of the parties are younger than the legal age.
 - (B) Both clearly understand what they are trying to do.
 - (C) One of the parties is too badly injured to maintain the ordinary mentality.
 - (D) One of the parties is too drunk.

3. Which one of the following may harm the legality of the contract?
 - (A) The contract is about anti social activities such as terrorism.
 - (B) The contract does not clearly state the terms they agree on.
 - (C) The contract is prepared by the drunk.
 - (D) The contract is supposed to be written, but not.

4. If the contract only states the value received by one party and not about the value or rights of the other, the contract is missing
 - (A) offer.
 - (B) capacity.
 - (C) consideration.
 - (D) form.

5. What is inferred from the passage is that
 - (A) you have to be very knowledgeable about the law to exchange contract.
 - (B) you have to be very careful in choosing the proper paper for written contract.
 - (C) you have to be wealthy enough to pay the other party the compensation.
 - (D) you have to be careful not to miss the basic five elements in contract.