

Contract terms

The parties to a contract shouldn't rely on implied terms of commercial law but specifically define, limit or modify clauses to make them more appropriate to the contract. The written agreement should include either specific or general terms covering matters such as delivery times, the basis and reason for the agreement, the price and terms of payment.

Are your risks under control in these areas?

Yes No N/A

- General contract terms
- Specific contract terms
- Terms of delivery
- Object of the contract
- Selling price
- Terms of payment
- Delivery period
- Other

Yes = satisfactory
No = action or more investigation is needed
N/A = not applicable

Preparing for problems

The contract should cover what will happen if something goes wrong, for example if one of the parties makes a mistake, if there's a delay in manufacture or delivery, or payments aren't made on time. The contract should also deal with how disputes will be settled and if a penalty should be paid if either of the parties fails to meet their duties under the contract.

Are your risks under control in these areas?

Yes No N/A

- Delivery errors
- Delivery delays
- Payment delays
- Contractual penalties
- Disputes
- Changes
- Other

Drafting contracts

Contracts are bound by the laws of the country or state where the agreement will be enforced, and the rights and responsibilities of the parties are interpreted on the agreement between them. If there's no written contract, interpretation can be based on tenders, correspondence and trading practice.

Are your risks under control in these areas?

Yes No N/A

- National or state law
- Contract terms (general or specific)
- Tender documents
- Trading practices
- Correspondence
- Other

Different types of contract

There are many different types of contract, the most common being contracts for the sale and purchase of goods or services. Contracts can be for a one-off purchase of goods and services, or for transactions on a long-term basis (call-off contracts). When you enter into a contractual agreement, the issues you need to take into account include the reason for the contract, its length and the parties to it.

Are your risks under control in these areas?	Yes	No	N/A
Scope of contract			
Parties to the contract			
Call-off contracts			
One-off contracts			
Quotations			
Written contracts			
Other			

Contract process

The parties to a contract should decide the form that the contract will take. A written contract is the best form of agreement. It's worth investing time and money to make sure that the contract specifies exactly what both parties want. You should get help from a legal expert when the need arises.

Are your risks under control in these areas?	Yes	No	N/A
Contract-drafting expertise in the business			
Freedom of negotiation			
Method of awarding contracts			
Checking contracts			
Help from a specialist, for example a solicitor			
Ending a contract			
Other			

Liabilities

When entering into a contract, each party should be aware of their own liabilities and the maximum amount of liability that they should take on, bearing in mind their own resources. Remember – it's possible to limit liability by inserting certain clauses or taking out liability insurance.

Are your risks under control in these areas?	Yes	No	N/A
Awareness of liability			
Limitation of liability			
Liability insurance			
Other			