Cambridge Law Studio

Legal Vocabulary Workbook 2024

B

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BAD DEBT: a debt owed to a business that the business thinks will not be paid, and is therefore '**uncollectable**.' A business will often accept that certain debts owed to it will not be paid, and allow for this in the businesses' financial accounts. One solution is to '**write off**' a bad debt, which means accepting that the debt will not be paid, and charging the same amount against the profits of the business. A business manager may refer to '**bad debts written off**' in a particular financial year.

BAILIFF: a person who is known as 'an officer of the court', who is given certain authority to **enforce court judgments**. The most common are County Court and High Court bailiffs, who are employed to collect unpaid fines or debts. A bailiff will often enforce a judgment by going to the home or business premises of a party who has failed to pay a sum ordered by the court. For example, the losing party in a court case has been ordered to pay the successful party a sum of money and they fail to do so. The bailiff will obtain a 'warrant of execution authorizing the **seizure of goods**' and either obtain payment or take goods to the necessary value.

BAILMENT: the passing of physical possession of goods from the owner, known as the bailor, to another person known as 'the bailee'. An example of a bailment is when someone hires equipment, or passes goods to someone who will deliver them. The equipment and the goods **remain the legal property** of the bailor during the time that the **bailee has possession** of them. The legal idea of bailment exists independently of any contract between the two parties. However, if the bailment involves payment between the parties, then there is usually a written contract in place. If there is no payment between the parties, for example, a friend offers to lend another friend something for a period of time free of charge, this is known as a 'gratuitous bailment'.

BALANCE: the final amount of money that exists after **all deposits and credits** have been 'balanced' or '**compensated**' against any payments or debits. A person's current bank balance is the sum of money they have available when any money coming into the account that particular day has arrived and any money going out of the account has gone. For example, if I have £100 in the bank and I take out £20, and then £30 is paid in, then my final balance for that day is £110.When a person is paying back a loan in monthly instalments, the '**balance owing**' or 'balance due' on the loan will decrease every month until the loan is completely paid off.

BALANCE SHEET: a short, **official summary** providing the details of a company's financial situation. The Balance Sheet is a statement of how much cash would **theoretically** be available to the shareholders of a company on a particular date if the company was wound up on that date, its current assets were sold, and all of its liabilities were paid. In the UK, an Act of Parliament called the Companies Act 2006 provides the **precise format** that a Balance Sheet has to take.

BANK HOLIDAY: a type of public holiday. Sometimes contracts drafted in the UK refer to 'bank holidays' as well as 'public holidays'. A bank holiday is any day which is a **holiday for the clearing banks**. In England and Wales, bank holidays include New Year's Day, Good Friday, Easter Monday, and Christmas Day.

BANK RUN: an event that occurs when many of the customers of a bank or some other financial institution decide to withdraw their deposits at the same time. They do this due to **fears about the bank's solvency**. In other words, customers panic and want to withdraw their money because they think the bank is going to **fail**. This is known as a 'bank run' or a 'run on the bank'.

BANK STATEMENT: a summary of all of the transactions on a particular bank account over a fixed period of time. A bank statement is typically sent by the bank to the account holder every month in paper or digital form. It contains a detailed **list of deposits**, which is money paid into the account, and **withdrawals**, which is money taken out of the account.

BANKRUPT/BANKRUPTCY: a) a person who a court has judged to be insolvent and whose personal property will be taken and sold in order to pay their creditors; b) the adjective used to describe such a person; c) a verb meaning to take some kind of action that results in another person being declared bankrupt by a court, for example, 'you can apply to bankrupt someone who owes you more than £5,000'. 'Bankrupt' is **not a synonym for 'insolvent'**. A person can be insolvent because they cannot pay their debts on the day those debts fall due for payment. However, in order to be described as 'bankrupt' a **court must have officially declared that person to be insolvent**, and the legal process of selling their property to pay their creditors will have begun. 'Bankruptcy' is the legal process of making a person bankrupt. In the UK, it is not possible to describe a company or a partnership as 'bankrupt'. This is because the word is only used in relation to individuals, such as sole traders or citizens with unpaid bills. A court can make a **Bankruptcy Order** for one of three reasons. These are a) that an individual cannot pay what they owe and voluntarily declare themselves bankrupt; b) an individual owes £5,000 or more and their creditor applies to make that person bankrupt; c) an insolvency practitioner makes an individual bankrupt because they have breached the terms of an agreement called an Individual Voluntary Arrangement (IVA).

BANKRUPTCY PETITION: an **application** to the court to make a person bankrupt. The Petition needs to be issued at the debtor's local court and properly served upon the debtor. If the debtor is able to make payment, they often do so at this point.

BAR: the collective term for barristers in the UK. When a lawyer becomes a barrister in England and Wales, it is known as being '**called to the Bar**'. In the UK, **only barristers** are described as being part of the Bar. A solicitor is part of a different group of lawyers, who are described as being 'on the Roll' and are regulated separately by the Solicitors Regulation Authority. In other jurisdictions, such as in the states of the USA, the Bar describes all lawyers. There is no separation of the legal profession into two branches.

BAR COUNCIL: the organisation which represents the interests of barristers in England and Wales. The Bar Council is **not a regulatory body**, and it is not therefore concerned with a framework of standards for the profession. Its main activities are lobbying the government and the civil service on matters that are important to the present status and future of the Bar. This means that the Bar Council tries to influence key decision makers on **issues that are important to barristers**.

BAR STANDARDS BOARD: the organisation that regulates barristers in England and Wales. The Bar Standards Board is responsible for deciding upon the **education and training** requirements for becoming a barrister, authorising a person to practise law as a barrister, and setting **standards of proper conduct** for the profession. It also monitors the services provided by barristers to assure a certain standard of quality to the public, and handles any complaints about individual barristers. Where necessary, the Bar Standards Board can suspend a barrister from practising for a period of time, and in extreme cases, permanently stop them from practising as a barrister. This is known as being '**disbarred**'.

BAR TRAINING COURSE (BTC): a one-year training course for people who wish to become barristers. The BTC is part of the '**vocational**' stage of training for a barrister, and comes after successfully completing the 'academic' stage of legal training. To enrol on a Bar Training Course, a graduate must have been **accepted by one of the Inns of Court**.

BAREBOAT CHARTER: a type of agreement under which one party hires a boat or a ship from its owner. A bareboat charter means that the person or organisation hiring the boat from the owner **takes full control** of the vessel, **accepts responsibility** for all charges and expenses connected with the hire, and provides their own master and crew. If the hirer acquires ownership of the vessel at the end of the period of hire, this is known as a 'demise charter'.

BARRATRY: in the UK, any act the master or the crew of a ship intentionally commit that has a negative effect upon the owner of the ship. Barratry is one of the risks that is included in **policies of marine insurance**. This includes theft of the cargo that the ship is carrying, or allowing an unauthorized person to travel on the ship, for example.

BARRISTER: a specialist legal adviser and court room advocate. A barrister is trained to advise a client on the strengths and weaknesses of their case. Barristers have **specialist knowledge of a particular area of law**, and often have experience in this area both in and out of court. However, it is not true that solicitors are not allowed to speak in court. Certain solicitors, known as 'Solicitor Advocates' are permitted to do so. Most barristers are self-employed individual practitioners who may work as sole practitioners or, more commonly, in groups in offices known as '**chambers**'. However, some barristers work 'in-house' for big corporations, or for organisations in the public or private sectors. These days, some barristers work in law firms alongside solicitors.

BASE RATE: in the UK, the interest rate set by the central bank, the Bank of England, for lending to other banks. The Bank of England base rate is used as 'the benchmark' for interest rates in the UK in general, meaning that other banks use the base rate as **a measure for deciding upon their own interest rates**. Many international commercial contracts refer to the 'base rate' of the central bank of one of the parties to the agreement. If one of the parties has an obligation to pay the other on a certain date, if that payment is late there is usually a penalty to pay. This penalty is often calculated as a **certain percentage above the base rate at the central bank** of one of the parties.

BEAR/BORNE: to **accept responsibility** for something, or to agree to pay the price of something. To bear means to 'carry the burden' of something, or to pay for it. For example, 'the buyer of the equipment shall bear all transport costs'. Borne is used in **passive sentences**, such as 'the transport costs shall be borne by the buyer of the equipment'.

BEARER: a person who is entitled to be paid by a Bill of Exchange or similar. A Bill of Exchange is a written order which legally binds one party to **pay a fixed sum of money** to another party on demand, or at some point in the future. Bills of Exchange are used in international trade to help importers and exporters pay for goods and services. A Bill of Exchange is payable to ‘the bearer’, who is sometimes known as ‘**the payee**’.

BENCH: a) the part of the courtroom where the magistrates or judges sit; b) the judges and magistrates themselves. This is an historic term, as traditionally judges would sit on long benches in front of the court. Now the word ‘bench’ can be used to describe **particular members of the judiciary**, as a judge can be a member of the King’s Bench or the Common Bench. The use of the word ‘bench’ distinguishes the role of a judge from that of a barrister, as they can be referred to as **‘the bench’ and ‘the bar’** respectively.

BENEFICIAL INTEREST: the legal right a beneficiary has in relation to **property that is held in trust** for them. A beneficiary may not have control over what happens to the property in a trust, as the trustees have the legal right to decide that according to the best interests of the beneficiary, but they have a ‘beneficial interest’ in it.

BENEFICIARY: a) person whose property is administered by a trustee; b) a person who is left property in a will. A trust is a legal device by which one person, known as ‘a trustee’, **legally manages the property of another person**, known as ‘a beneficiary’. For example, there is a trust which has two trustees. The trustees are managing valuable property for a child until that child reaches the age of 21. The property consists of cash in a bank account, shares in a company, and a piece of land. The trustees manage all of that property for a number of years for the benefit of the child. The child is the beneficiary of the trust. A person who **inherits property under a will** is known as a beneficiary of that will.

BENEFIT(S) IN KIND: a benefit to an employee which is not part of that employee’s normal cash salary. This includes the use of a company car, or private medical insurance paid for by the employer. In more informal English, these things are also known as ‘**fringe benefits**’ or ‘perks of the job’. The person who receives a benefit in kind often has to **pay income tax** on the sum that it has cost the employer to provide that benefit.

BEQUEATH: to leave someone **property that is not land** in a will. For example, if you leave money or some jewellery to someone in your will, you have ‘bequeathed’ that property to that person. Land is ‘**devised**’ to someone under a will.

BEQUEST: a gift under a will that is **not land**. For example, to receive a ‘bequest’ of money or an item of jewellery.

BEST ENDEAVOURS: to use every reasonable course of action available to make sure that something is achieved. In contracts, one party often has to promise to use its ‘best endeavours’ or ‘best efforts’ to **make sure that something happens**. Although the phrase has no fixed definition in UK law, the courts have interpreted it as meaning to take all necessary steps, and to do everything in your power to bring about a result, even if your actions have consequences that **might be against your interests**. A lawyer often advises a party to a contract who has been asked to give a promise of using its ‘best endeavours’ to achieve something should offer the reduced commitment of ‘reasonable endeavours’ instead.

BILATERAL CONTRACT: a contract that creates obligations for both parties. Each party to a contract agrees to do something, or agrees not to do something and each agrees to perform their obligations **in exchange for** the other party doing the same. This is in contrast to a unilateral contract, where only one of the parties has a contractual obligation. The majority of contracts are bilateral in nature.

BILL: a proposed new Act of Parliament, or a proposal to amend an existing Act of Parliament. The most important type of Bill is a public Bill, which is introduced for debate either by the government at the time, or as a private member's Bill, which is introduced by an individual Member of Parliament. The Bill must be **debated and voted on** by both the House of Commons and the House of Lords **before it can become law as an Act of Parliament**. The other type of Bill is a private Bill. This is presented to Parliament by, for example, a local authority, or a particular person that the Bill is designed to benefit.

BILL OF COSTS: a document that a solicitor gives to their client which provides a detailed account of the **solicitor's costs** for the legal services that the client has received.

BILL OF LADING: a document used when goods sold under a contract are being transported. A bill of lading has several legal functions, including being **evidence of loading** the goods, stating the terms and conditions of 'carriage', and providing a statement as to **ownership of the goods** during the journey. A bill of lading can be seen as a **type of receipt** for the party that is paying for the transport of the goods. It is a document that is intended to prevent the theft of assets during transportation.

BINDING CONTRACT: an agreement that is 'legally enforceable'. If an agreement between two or more parties fulfils all of the criteria of a legal agreement as required by law, the parties will be 'bound by' the contents of that agreement. A court will **recognise the agreement as valid** and will offer a solution known as a 'remedy' if one of the parties does not fulfil an obligation.

BOARD OF DIRECTORS: the governing body of a company. The members of 'the board' make key decisions on behalf of a company and represent the interests of the shareholders. The directors that constitute the board have many duties, but the Institute of Directors states that the main purpose of a company's board is to "**ensure the company's prosperity** by collectively directing the company's affairs, while meeting the appropriate **interests of its shareholders** and relevant stakeholders."

BOILERPLATE/BOILERPLATE CLAUSES: a standard (usual) form of words that are used by lawyers to draft contracts or other legal documents. 'Boilerplate clause' usually refers to the clauses **found towards the end** of a commercial contract that are included in a written agreement with **little or no negotiation** between the parties. This may include, for example, the 'entire agreement' clause, the 'severability' clause, and the 'governing law and jurisdiction' clause. The term 'boilerplate' is sometimes also used to describe a '**standard form' contract**. This is a contract between two parties, where the terms and conditions of the contract are created by one of the parties, and the other party has little or no ability to negotiate better terms. An example of a standard form contract would be a software licence agreement.

BOLAM TEST: a test that the UK courts use in **medical negligence** cases. When someone starts legal action against a doctor or a hospital on the grounds of negligence, the court will use the 'Bolam Test' to decide what standard of care was required by the defendant. A doctor or a hospital owes a 'duty of care' to the people that they care for. To establish negligence, a claimant will have to show the court that the doctor or hospital was 'in breach of the duty of care'. The Bolam Test looks at whether the **defendant acted in accordance with medical practices established as proper by other medical professionals** working in the same area of medicine. In other words, if the test concludes that a defendant acted in the same way as other professionals would have done in the same circumstances, then there has been no breach of the duty of care and therefore no negligence.

BOND: a type of fixed-income security. A bond is a type of loan, made by an investor to a borrower. The investor makes a profit from regular payments of interest from the borrower and eventually the return of the loan amount, which is known as 'the principal', at the maturity of the bond. The lender knows the precise amount of money they will make from a bond because **the interest rate is fixed**. Governments often issue bonds to obtain regular income to finance projects and operations.

BONUS ISSUE: a method for a company to increase its issued share capital by issuing more shares to existing shareholders. The bonus issue is made to shareholders **in proportion** to the shares they already hold. It is paid for from profits of the company that have not been distributed to shareholders as dividends.

BONUS PAYMENT: a payment made to an employee **in addition to their contractual pay**. It can be related to meeting specific targets, or it may be for a specific occasion, such as an important public or religious holiday. In the U.K. many employees receive a Christmas Bonus.

BORROWER: a person or organisation that 'takes out' (borrows) a loan from a bank under a loan agreement. The person who receives the money is the borrower, and the **bank is the lender**.

BOUND BY: 'bound' is the past tense of 'bind'. It means to be **legally obliged to do something** that you have promised to do. The parties who sign a contract are agreeing to be 'bound by' its terms.

BREACH OF CONFIDENCE: a) a disclosure of confidential information that is protected by a 'non-disclosure' or 'confidentiality' agreement; b) a breach of the human right to have respect for their 'private and family life, home life and correspondence'. A commercial lawyer is more likely to encounter a 'breach of confidence', as a party to an agreement **disclosing** confidential information about the other party's business operations, and a media lawyer is more likely to encounter a 'breach of confidence' as a news outlet **publishing information** about someone that they 'know, or ought to know, that is fairly and reasonably to be regarded as confidential'.

BREACH OF CONTRACT: a failure to fulfil a contractual obligation. There are several types of breach of contract in British law, including a 'minor breach', 'a material breach', and 'an anticipatory breach'. The usual **remedy** a court will award to the injured party is **damages** (financial compensation). It is quite rare in the UK for a court to award the remedy of 'specific performance', which is an order requiring the party in breach to fulfil their obligations.

BREACHING PARTY: this phrase is often found in the section of the contract that deals with remedies for any breach of obligations. When one party **fails to fulfil its obligations**, it is often referred to as ‘the breaching party’ or ‘the party in breach’. The innocent party in this situation is often referred to as ‘the non-breaching party’ or ‘the injured party’.

BREACH OF STATUTORY DUTY: a failure to fulfil a duty that is imposed by a statute, which is the same things as an Act of Parliament. Much of the litigation that comes before the courts on the grounds of ‘breach of statutory duty’ is based on **breaches of codified law** dealing with issues such as health and safety in the workplace. A breach of statutory duty may be either **criminal or civil** in nature, depending on the circumstances.

BREACH OF TRUST: the act or omission (failure to act) of a trustee in relation to the duties imposed upon that trustee by the common law, by an Act of Parliament, or by the terms of the trust itself. The trustee in such cases will be **personally liable** to the beneficiary for any loss to the trust. A ‘breach of trust’ also occurs in business, where someone such as a director, who has a ‘fiduciary duty’ to the company, behaves in a way that is **not in the best financial interests** of that company.

BREAK CLAUSE: a clause in a contract that allows early termination of the contract before the agreed end date. In the UK, a break clause is often found in a contract for the rental of a building, known as a ‘tenancy agreement’ or a ‘tenancy lease.’ For example, if the lease is for an office building for a five-year term, there will probably be a ‘break clause’ that allows either **the landlord or the tenant to end the agreement before the expiry date**. When one party serves the other with the notice that they are using the break clause, this is called ‘the **break notice**’.

BREAKDOWN: an itemised list that demonstrates exactly how a final figure was reached. For example, Party A presents Party B with a bill for £10,000 for services provided. Party B was not expecting the bill to be that much, and there is no explanation from Party A as to how that total has been calculated. Party B will ask Party A for ‘**an itemised breakdown**’ of the total amount.

BRIBERY: the criminal offence of giving, offering or promising ‘financial or other advantage’ to persuade another person to act improperly in the performance of a function or activity. The function or activity might be connected with a business or be of a more public nature, such as **decisions made by government bodies**. In the UK, the Bribery Act of 2010 made it a specific offence to bribe foreign public officials. The Act also states that it is an offence to ask for or accept bribes. The maximum penalty for bribery is **10 years in prison** and an unlimited fine.

BRIEF: a) the name for the ‘**bundle**’ of documents that a solicitor uses to instruct a barrister to appear for a client of the solicitor in court; b) an **informal name for a barrister**.

BRIEF FEE: the fee that a barrister receives for accepting a brief from a solicitor. The brief fee covers the cost of all of the barrister’s **preparatory work**, such as reading documents and doing any necessary legal research. It also includes the **first day** of representing the client in court, the payment for any further days being referred to as ‘a refresher fee.’

BULLYING: behaviour against a particular employee which makes that employee feel very frightened, unhappy, or uncomfortable. An employee may claim that other employees are ‘bullying’ them, as well as making such a claim directly against the employer. An employer usually has a legal duty not to allow bullying in the workplace. An employee should report any bullying behaviour, and the employer should then investigate it and take any **appropriate action** or **risk a legal claim** from the victim.

BURDEN OF PROOF: the responsibility that one party to a legal dispute has to prove that what they are claiming in court is correct, while the other party has no such responsibility. In criminal cases, the burden of proof is always **upon the prosecution** to prove, 'beyond reasonable doubt', that the defendant is guilty. In civil proceedings it is **the claimant** that carries the burden of proof, and must prove their case on '**the balance of probabilities**'.

BUSINESS DAY: in the UK, 9am - 5pm on a day other than a Saturday, Sunday, or public holiday, **on which the clearing banks are open** for commercial business in the City of London. In cross-border contracts where the parties may have a different interpretation of 'business day' the term is **usually defined**. A contract may contain an obligation for one party to pay the other 'within 14 business days' as opposed to 'within 14 calendar days'.

BUSINESS EFFICACY TEST: a test that the courts use to test whether it is necessary to 'imply' a term into a contract. Even where a contract does not contain a certain written term, the court might decide that it is '**an implied term**' if the contract does not make any business sense without it. In other words, something so obvious that it 'goes without saying' that it must be a term of the contract, otherwise **the contract would make no sense**.

BY-ELECTION: a by-election is a **special election** held if a Parliamentary office becomes vacant. This can happen through the death, resignation, or retirement of a **Member of Parliament**. A Parliamentary office may also become vacant through voting count irregularities, or through the criminal conviction of the current Member of Parliament.

BY-LAWS: are laws that the local authority or certain public and private corporations can pass **without the need to pass an Act of Parliament**. By-laws will only affect the county, town or specific area that they are passed in.

VOCABULARY PRACTICE B

Exercise 1

Complete the following sentences with a word or words beginning with the letter 'B.'

1. I have advised my client that because he owes more than £5,000 to a creditor and he cannot pay on the due date, that creditor may apply to have him declared (1) ….. .

(B-N-R-P-)

The word is: …………………………………………….

2. The (2) ….. is upon the claimant, as they have to prove to the court that your conduct resulted in their client's injury.

(B-R-E- O- P-O-F)

The three words are: …………………………………………….

3. Under the contract of sale, the seller agreed to (3) ….. the cost of the buyer returning any damaged goods.

(B-A-)

The word is: …………………………………………….

4. If you give your employees (4) ….., such as a company car, or private health insurance, that may result in the employee paying more tax.

(B-N-F-T- I- K-N-)

The three words are: …………………………………………….

5. This document does not fulfil the criteria of a (5) ….. and the court will therefore not regard it as valid.

(B-N-I-G -O-T-A-T)

The two words are: …………………………………………….

6. Your client agreed under the contract that it would use its (6) ….. to ensure that all health and safety checks were completed at the premises by October 25.

(B-S- E-D-A-O-R-)

The two words are: …………………………………………….

7. My bank has set its interest rate for loans at 2% above the (7) ….. at the Bank of England.

(B-S- R-T-)

The two words are: …………………………………………….

8. The amount owed to my client by a debtor is uncollectable and it has been written off as a (8) ….. in the company accounts.

(B-D -E-T)

The two words are: …………………………………………….

9. Although the lease of the building is for a ten-year period, my client wishes to rely on the (9) ….. and terminate his tenancy at the end of this year.

(B-E-K -L-U-E)

The two words are: …………………………………………….

10. The (10) ….. of my client's business shows that just over £5 million would theoretically be available to the shareholders if the company was wound up today.

(B-L-N-E -H-E-)

The two words are: …………………………………………….

Exercise 2

Read the brief definitions below and provide a word or words beginning with the letter 'B.'

1. A standard form of words that are used by lawyers to draft contracts or other legal documents.

(B-I-E-P-A-E)

The word is: …………………………………………….

2. The collective term for barristers in the UK.

(B-R)

The word is: …………………………………………….

3. In the UK, 9am - 5pm on a day other than a Saturday, Sunday, or public holiday, on which the clearing banks are open for commercial business in the City of London.

(B-S-N-S- D-Y)

The two words are: …………………………………………….

4. Behaviour against a particular employee which makes that employee feel very frightened, unhappy, or uncomfortable.

(B-L-Y-N-)

The word is: …………………………………………….

5. To leave someone property that is not land in a will.

(B-Q-E-T-)

The word is: …………………………………………….

6. A party to a contract which fails to fulfil its obligations.

(B-E-C-I-G P-R-Y)

The two words are: …………………………………………….

7. A person or organisation that ‘takes out’ a loan from a bank under a loan agreement.

(B-R-O-E-)

The word is: …………………………………………….

8. An ‘officer of the court’, who has certain authority to enforce court judgments.

(B-I-I-F)

The word is: …………………………………………….

9. An itemised list that demonstrates exactly how a final figure was reached.

(B-E-K-O-N)

The word is: …………………………………………….

10. A proposed new Act of Parliament, or a proposal to amend an existing Act of Parliament.

(B-L-)

The word is: …………………………………………….

ANSWER KEY

LETTER 'B'

Exercise 1

1. bankrupt
2. burden of proof
3. bear
4. benefits in kind
5. binding contract
6. best endeavours
7. base rate
8. bad debt
9. break clause
10. balance sheet

Exercise 2

1. boilerplate
2. bar
3. business day
4. bullying
5. bequeath
6. breaching party
7. borrower
8. bailiff
9. breakdown
10. bill