An Essential A-Z of Business Law

Third edition

By Catherine Mason
Director of Cambridge Law Studio

Vocabulary (A)

1. **ABIDE BY** (*Phrasal verb*) to obey an order or rule.
2. **ABSTAIN** (*Verb*) to refrain from doing something, not to do it, especially voting.
3. **ACCEPTANCE** (*Noun*) one of the required elements of a contract where one party agrees to what is offered by the other party. The acceptance must be on the same terms as the offer.
4. **ACCRUE** (*Verb*) to accumulate something over a period of time. Usually used to describe interest on a debt or on savings.
5. **ACT OF GOD** (*Noun*) a natural disaster that no one could predict such as a hurricane or a flood. It can prevent a contract from being carried out.
6. **ADJOURN** (*Verb*) to stop a meeting or a court hearing for a break, or to postpone a legal hearing until another date in the future.
7. **ADVANCE** (*Verb and Noun*) a) to give someone money before they should receive it, such as part of their salary; b) the name given to the money itself; c) the name given to the money paid as a loan under a loan agreement.
8. **ALLEGE** (*Verb*) to state that something has happened or that something is true even though it has not yet been proved.
9. **ARBITRATION** (*Noun*) the settling of a dispute by a third party who may or may not have been named in an arbitration clause of a contract. Both parties agree to this third party and agree to accept his/her decision.
10. **ARREARS** (*Noun*) money that is owed to someone but has not been paid on the agreed date.
11. **ARTICLES OF ASSOCIATION** (*Noun*) the document that specifies the way in which a company regulates its affairs. It deals with things such as the appointment of company directors or the rights of shareholders. In the USA they are called the bylaws.
12. **ASSIGN** (*Verb*) to give or to transfer the ownership of something.
13. **AUDITOR** (*Noun*) a person who closely examines the finances of a company, especially the company books and accounts.
14. **AWARD** (*Verb and Noun*) a) to decide in an official capacity the amount of money that should be given to someone; b) the name given to the money itself.

Practice Sentences (A)

A. The dispute between the employers and the trade union could not be settled and they eventually decided to let the matter go to _______________.

B. Interest _______________ on a daily basis and is paid on the last calendar day of each month.

C. The motion under discussion in Parliament was carried by 600 votes to 320 with 90 _______________.

D. As a shareholder in the company he is allowed to vote at company meetings as specified in the _______________.

E. This college has a rule that says students are not allowed to bring their cars onto the campus and you will have to _______________ it.

F. The company accountants are checking the financial records very carefully as head office are sending someone to do an external _______________ of them next week.

G. In making this _______________ to you the bank has relied upon the accuracy of the financial statement that you gave in your loan application.

H. My client was unable to deliver the goods on the due date because of the presence of dangerous ice in the harbour – this is without doubt an _______________.

I. I no longer wish to have any active part in the running of the company and I am going to _______________ all of my shares to my son.

J. The claimant won the case and he was _______________ damages to compensate him for his loss.

K. The offer was made in January and we received his letter of _______________ at the end of February.

L. The _______________ that your client is making against me are very serious and she does not have any evidence to support them.

M. The judge _______________ the hearing for 14 days as the defendant was too ill to attend.

N. He told the court that the payments on his new car had fallen 6 months into _______________.

Vocabulary (B)

1. **BAN** (*Verb and Noun*) a) to forbid something or to make it illegal; b) the name of the order that forbids something.

2. **BANKRUPT** (*Adjective, Noun and Verb*) a) unable to pay your debts; b) a person who has been declared unable to pay his/her debts; c) to make a person officially bankrupt.

3. **BEAR** (*Verb*) to carry a heavy burden such as the responsibility for something or the cost of something.

4. **BENEFICIARY** (*Noun*) a) a person who is left property in a will; b) a person whose property is administered by a trustee.

5. **BINDING** (*Adjective*) if an agreement is described as binding it means that a court recognises this agreement as being valid.

6. **BLACKLIST** (*Verb and Noun*) a) to put people or companies onto a list with whom you will not do business; b) the name given to the list itself.

7. **BOARD** (*Noun*) a group of people in a company or an organisation who run the company and make any important decisions.

8. **BOILERPLATE CLAUSE** (*Noun*) a general term used to describe a typical clause that is found in most commercial contracts, such as clauses dealing with service of notice or governing law.

9. **BONA FIDE** (*Latin phrase*) real, true, in good faith. To act honestly without any knowledge of wrongdoing.

10. **BORROW** (*Verb*) to take something from someone with their permission and use it for a period of time before returning it to them.

11. **BREACH** (*Verb and Noun*) a) to break a contract, not to fulfil your contractual obligations in some way; b) a failure to carry out the terms of a contract.

12. **BREAKDOWN** (*Noun*) a written list itemising the total cost of something such as a bill.

13. **BUDGET** (*Verb and Noun*) a) to plan income and expenditure for a future period; b) the name given to the plan itself. It is often for the year ahead.

14. **BURDEN OF PROOF** (*Noun*) the duty and responsibility to prove that something that has been alleged is actually true.

Practice Sentences (B)

A. The managers are having a financial meeting to plan the ______________ for next year.

B. George was the main ______________ of his father's will.

C. The company ______________ £25,000 from the bank to finance its new advertising campaign.

D. He was a ______________ purchaser who had no idea that he was buying stolen goods.

E. When trainee lawyers are learning how to draft a contract they often refer to their law firm's library of ______________ to see how standard clauses should be written.

F. At the moment you signed the agreement you entered into a legally ______________ contract.

G. The government is discussing a total ______________ on smoking in public places such as bars and restaurants.

H. Any arrears that accrue under this agreement will ______________ interest at a higher rate.

I. I can't quite see how you reached this total when you calculated the bill and I would like to see a ______________ of it please.

J. In most legal systems around the world the ______________ is upon the claimant and not upon the defendant.

K. If they fail to deliver the goods on time we will sue them for ______________ of contract.

L. His company were always late in paying for goods and we eventually got tired of it and ______________ them.

M. The people who make the important decisions on behalf of a company are referred to as the ______________ of directors.

N. Unfortunately the current boom in borrowing has resulted in many people exceeding their repayment capabilities with the result that they go ______________.

Vocabulary (C)

1. **CAPITAL** (*Noun*) all of the money, property and assets of a business.
2. **CHARITY** (*Noun*) an organisation that collects money or goods to help people such as the poor or the sick.
3. **CITE** (*Verb*) a) to refer to something or to quote something in court; b) to summon someone to appear in court, usually as a witness.
4. **CLAIMANT** (*Noun*) the person who starts a claim against someone in the civil court. In the USA this person is called a plaintiff.
5. **CLASS ACTION** (*Noun*) a lawsuit or claim started by a group of people who are taking action together against the defendant because they all have the same problem.
6. **COMPOUND INTEREST** (*Noun*) interest that is calculated on both the sum of money lent to someone and on the interest that has accrued but not been paid. Interest on top of interest.
7. **CONCUR** (*Verb*) to agree with someone, usually because you have the same opinion as they do.
8. **CONSIDERATION** (*Noun*) the thing that each party to a contract gives in exchange for what the other party gives. It is usually money, goods, services or something else of value in the eyes of the law. In order for a contract to be valid it is normally a requirement that both parties have provided consideration.
9. **CONVENE** (*Verb*) to ask a group of people to come together to attend a formal meeting.
10. **CONVEYANCING** (*Noun*) the law and procedure relating to legally transferring the ownership of real property (land, including buildings) from one party to another.
11. **COPYRIGHT** (*Noun and Adjective*) a) the legal right of an author, musician, artist or film maker to publish his or her own work and not have it copied without permission; b) a word used to describe the work itself.
12. **COVENANT** (*Verb and Noun*) a) to agree to do something under the terms of a contract; b) the name given to the promise or agreement itself.
13. **COVER** (*Verb and Noun*) a) to have or to give protection against financial loss to someone, usually under an insurance policy; b) the name given to the protection itself.
14. **CREDITOR** (*Noun*) a person or company that is owed money.

Practice Sentences (C)

A. Because of their non-profit making status _______________ are exempt from paying tax on any donations that they receive from the public.

B. In _______________ of the services mentioned in this contract the client will pay £5000.

C. Her debt spiralled out of control. It became a huge amount because she fell behind on her payments and the loan company charged _______________ on the arrears.

D. No part of this work may be reproduced without the express permission of the publisher in writing. _______________ 2006 Laura Melville, (author).

E. When he was declared bankrupt he had a long list of _______________ waiting to be paid.

F. The total _______________ of the company amounted to around £3 million.

G. An extraordinary general meeting was _______________ to discuss the proposed sale of company assets.

H. If a defendant does not enter a defence within a certain number of days the _______________ can ask the court for judgment in default.

I. The solicitor who did the _______________ was negligent and didn't inform us that both the gas company and the water company had the right of access to our garden.

J. The Borrower _______________ with the Lender that it will repay the advance on demand together with all accrued interest.

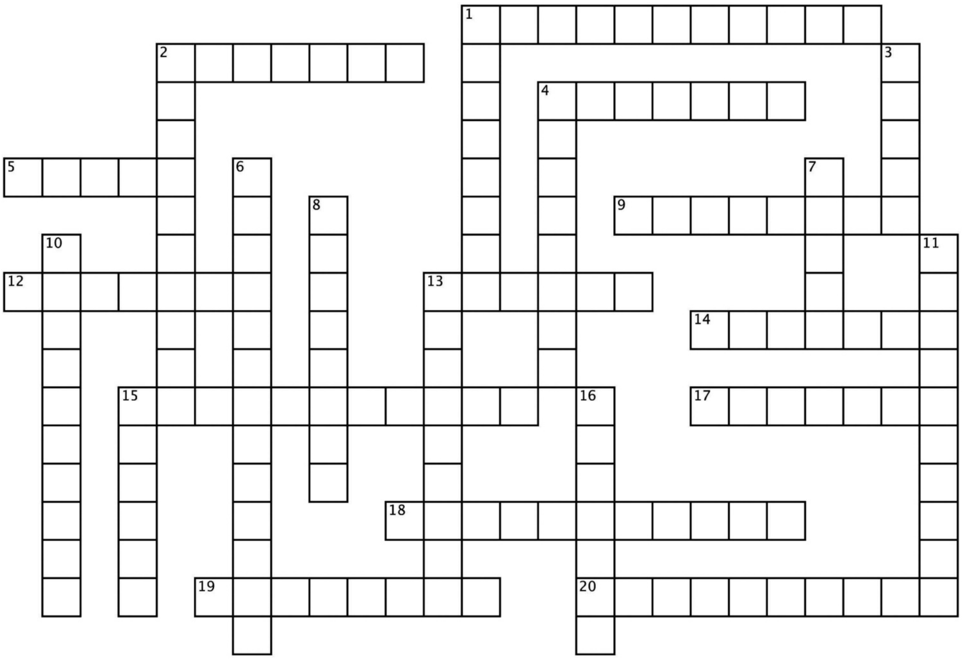
K. I'm sorry to hear that your watch was stolen from the hotel but I'm sure you are _______________ for that sort of thing by your insurance.

L. Everything you have said is absolutely true and I _______________ with your opinion that we should sell that land immediately.

M. Several people who are claiming that they have been made ill by eating that particular product have got together and filed a _______________ in the United States.

N. The judge _______________ several important contract cases in his summing up at the end of the hearing.

Crossword A, B and C



Across

1. Legal action by a group of claimants (5,6)
2. Not a major city but all of the assets of a business (7)
4. Assemble, call together (7)
5. The protection that is given by a policy of insurance is informally known as _____ (5)
9. The type of interest that is charged on an amount that already carries interest (8)
12. Money that was due to be paid on a certain date but it wasn't paid on time (7)
13. Break, not fulfil an obligation (6)
14. Not to vote (7)
15. A person who inherits property under a will (11)
17. Another name for a loan (7)
18. A standard clause (11)
19. A formal word meaning a legally binding promise (8)
20. It must match the offer to make a legal contract (10)

Down

1. The opposite of debtor (8)
2. An adjective to describe kind and generous behaviour done for the benefit of others (10)
3. Referred to in court (5)
4. In the USA this person is known as a plaintiff (8)
6. In a typical contract, this usually consists of money, goods or services (13)
7. A detailed check of finances and accounts (5)
8. Good faith (4,4)
10. A person or organisation often mentioned in a contract clause. The parties agree that this person will settle any disputes (10)
11. A document that transfers the ownership of land or a house from the seller to the buyer (10)
13. If you don't agree with the total amount of a bill you might ask for this to see how the amount was reached (9)
15. The opposite of lend (6)
16. An amount of money that has grown over a period of time (7)

Answer Key

A

A arbitration
B accrues
C abstentions
D Articles of Association
E abide by
F audit
G advance

B

A budget
B beneficiary
C borrowed
D bona fide
E boilerplate clauses
F binding
G ban

C

A charities
B consideration
C compound interest
D Copyright
E creditors
F capital
G convened

Legal crossword A, B and C

Across: 1. class action 2. capital 4. convene 5. cover 9. compound 12. arrears 13. breach 14. abstain 15. beneficiary 17. advance 18. boilerplate 19. covenant 20. acceptance
Down: 1. creditor 2. charitable 3. cited 4. claimant 6. consideration 7. audit 8. bona fide 10. arbitrator 11. conveyance 13. breakdown 15. borrow 16. accrual