

What is Contract Law?

Worksheet

A contract is a legally enforceable agreement formed when there is an offer, acceptance, consideration, capacity, and a lawful purpose between the parties.

Questions

1. Which of these is NOT one of the essential elements of a contract?
 - A) Offer
 - B) Acceptance
 - C) Consideration
 - D) Notarization
2. A promise with nothing given in return is generally
 - A) Unenforceable for lack of consideration
 - B) Always fully enforceable
 - C) A criminal offense
 - D) Automatically void for illegality
3. Contract 'capacity' refers to
 - A) The legal ability of a party to enter a contract
 - B) The physical size of the contract document
 - C) The number of witnesses required
 - D) The contract's total monetary value
4. If a contract's purpose is illegal, the contract is
 - A) Unenforceable
 - B) Automatically valid
 - C) Only voidable by the seller
 - D) Enforceable as long as it's signed
5. A store sells a jacket for \$50 and a customer pays at checkout. Is this a valid contract?
6. A friend promises to give you their old bike for free, with nothing expected in return. Is this an enforceable contract?
7. A 15-year-old signs a contract to buy a car. Is it enforceable against the minor?
8. Define: What are the 5 elements of a valid contract?
9. Define: What is 'consideration' in contract law?
10. Define: Can a contract be verbal?

Answer Key

1. D) Notarization - Notarization isn't required for most contracts; the core elements are offer, acceptance, consideration, capacity and legality.
2. A) Unenforceable for lack of consideration - Without consideration, a gratuitous promise usually isn't a binding contract.
3. A) The legal ability of a party to enter a contract - Capacity means being legally competent - age and mental state - to enter a contract.
4. A) Unenforceable - Illegal agreements fail the legality requirement and cannot be enforced by a court.
5. Offer: the store displays the jacket at \$50, inviting purchase. Acceptance: the customer accepts by paying, and the store accepts by handing over the jacket. Consideration: \$50 for the jacket - value flows both ways. Capacity and legality are satisfied yes, a valid, binding contract is formed.
6. There is an offer (the promise) and possibly acceptance. But there is no consideration - nothing of value flows back from you to your friend. Without consideration, this is a gratuitous promise, not a legally binding contract.
7. Offer, acceptance and consideration may all technically be present. But capacity is missing - minors generally lack full contractual capacity. Such contracts are typically voidable at the minor's option, not automatically binding on them.
8. Offer, acceptance, consideration, capacity, and legality.
9. Something of value exchanged by each party - money, goods, services, or a promise - in return for the other party's promise.
10. Yes, most contracts can be oral, though some (like real estate sales) must be in writing by law.

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