



Financial  
**KNOWLEDGE**

# Contracts

## Types of contracts



- Employment contract
- Cellphone contract
- Lease and Sale agreement eg. buying a house or a car
- Business contract eg. formation of a company
- Gym contract
- Marriage contract
- Building contract (if you are building a house or making alterations)

## Contract information



- States what is expected of you
- States what you expect of the other person or organisation
- Protects each other's rights and obligations
- Compels each party to be responsible for what that party promises to undertake
- Allows the parties to take legal action when one party breaches the contract



**Make sure you understand everything in the contract.**

## Tips



- Never sign anything that you do not understand
- Never sign anything that you do not agree with
- Do not promise something that you cannot provide
- View your contract in writing
- Always keep a copy of all documents that you sign



**Never sign a contract if you are not sure what you are signing.**

## Breach of Contract



- Each party to a contract has a duty to perform. If one party performs, and the other party does not, the non-performing party could face legal consequences
- Failure to perform under the contract amounts to a breach of the contract
- The non-breaching party can file a lawsuit against the other party to recover damages. "Expectation damages" usually put the non-breaching party in the position they would have been in had the other party performed



**Breach of contract can result in legal action.**