

Consideration is a limiting principle that common law put in place to make all agreement enforceable, an agreement will only be considered as binding when there is an exchange of promise from both parties. Considerations are either executed, executory or past consideration. Past considerations are invalid, they cannot apply to new offer. Similarly pre-existing obligation does not require new consideration. Executory is when both parties promise to do something in future, executed is when an act is performed as the contract is made i.e., sale of goods. Consideration needs to be either money or of monetary value i.e., time, if not then there is no contract. Also, considerations need to be sufficient but not adequate, where sufficient means recognizable monetary value. However, if contract made as deed, then no consideration needed.

Intention to create legal relations is another essential element. For a contract to legally bind each party involved in the agreement must have the intention to create legal relations. If there is no intention, then the contract shouldn't be formed. For business & commercial contracts there is presumption that there is intention from parties to make contract, as for social & domestic the presumption is that they do not have intention.

Formalities is essential in certain contracts, i.e., when making a deed or when contracts need to be written down. Some formalities need to be fulfilled in order to enter the contract such as in law of property Act 1989 section 2 (1) states that contract for sale or disposition can only be made by writing or S (1) conveyance of a legal estate in land must be made by deed. These need to be fulfilled for a contract to exist.

Capacity looks at the persons mental capacity to understand the terms of the contract when entering it and with whom they are entering it. A minor (under 18) or drunkard or someone who is mentally ill are considered to not have the mental capacity to enter a contract except for necessities for which they must pay a reasonable price. Other than that, other contracts will either be voided or become voidable.

Certain rules put in place by courts so that all the terms included are identified and it is understood what the agreement is between the parties. The offer and acceptance is clear and certain. The courts would use an objective view from a reasonable person that they understand what the agreement is.

Genuineness of Consent ensures that consent given is genuine. If a consent is not genuine then the contract would not be enforceable. The contract will nullify if the consent given is under duress which means consent given under threat or physical violence. Also, contract will not form if under undue influence which is doctrine that explains how someone with any relationship to another influences the person to give consent i.e., business contracts among friends.

Law of contract was developed to protect the private interest of parties and provide freedom to their interest. Privity of Contract is a concept which states that the contract is private between an offeror and the offeree. However, there might be cases where a contract affects another party who is not included in the contract. The Contracts (rights of third parties) Act 1999 protects the third party, it gives them the right to enforce a term of contract if mentioned in the contract or enforce a term if the term gives a benefit to them. But the third party has to be identified within the contract for this to hold true.

**Q3) The exclusion of liability for personal injury?**