

## Revision Summary Chapter 5

### An introduction to the law of contract

- As a general rule, contracts require no special formalities in order to be valid and binding.
- Certain contracts are subject to formalities, namely:
  - contracts required to be made by deed;
  - contracts required to be in writing; and
  - contracts required to be evidenced in writing.
- The legal ability to enter into a contract is known as 'capacity' and, as a general rule, all living, sober adults of sound mind have the capacity to enter into contracts.
- Privity of contract consists of two rules:
  - only parties to a contract may enforce the contract; and
  - contracts do not impose obligations on third parties.
- A third party may enforce a contractual term where the contract expressly states that he can or where the term confers a benefit on him.