

- **ACAS** The Advisory, Conciliation and Arbitration Service. This mediates between employers and employees, gives advice, and publishes guides ('Codes') which employers should follow if they want to be seen to be reasonable by a tribunal.
- **Act of Parliament Statute** law made by Parliament.
- **'Actionable per se'** An action can be taken against a defendant without proof that loss has occurred.
- **Agent** Someone who has the authority to represent another party (the principal) and create a legal relationship between the principal and a third party.
- **Appellant** The name given to the person bringing an appeal against a decision of a lower court.
- **Appellate jurisdiction** Courts which have the authority to hear cases that have previously been heard in a lower court.
- **Articles of Association** Constitutional document of a company.
- **Associative discrimination** Direct discrimination against someone because they are associated with a person who has a protected characteristic.
- **Band of reasonable responses** The test used by tribunals to decide if the actions of the employer were fair or not, when deciding if an unfair dismissal had taken place.
- **'Battle of the forms'** The correspondence between businesses in which each business seeks to impose its own standard terms as the terms of the contract.
- **Bilateral contract** One where each party takes on some sort of obligation, usually promising to do something in return for a promise to do something from the other party.
- **Bill** A document of proposed law to be discussed by Parliament which if passed is called an Act.
- **Board meetings** Meetings of Board of Directors of a company.
- **Case law** Law developed in the higher courts through a series of judge-made decisions.
- **Certainty of terms** Terms agreed by the parties must not be too vague or incomplete.
- **Civil jurisdiction** Cases which are concerned with disputes between private citizens or citizens and the state.
- **Claimant** The name used for a person who commences a civil action.
- **Class Meeting** Meeting of shareholders holding a particular class of share.
- **Code on Corporate Governance** A published document which sets out standards of good practice for the governance of companies.
- **Collective Trade Mark** A sign distinguishing the goods or services of members of an association from other undertakings.
- **Comfort letter** Statement made by one business to a lender encouraging the lender to extend credit to another business, by stating the business has the ability to pay its debts.
- **Common law** Generally means law developed by judges through decisions in courts as opposed to laws created by Parliament.
- **Company 'off the shelf'** A dormant company that can be purchased from a business.
- **Company auditor** An accountant appointed to check that the company accounts are accurate and to report to the shareholders.
- **Comparator** A person, whether real or hypothetical, that a person claiming direct discrimination has to compare him or herself with, who is similar in all respects relating to work except that the comparator does not have the protected characteristic.

- **Compulsory liquidation** Winding up of a company by a court order.
- **Condition** A fundamental term that goes to the root of the contract.
- **Consideration** A promise by one party to give, do or refrain from doing something in return for similar by the other party.
- **Constructive dismissal** When an employee who has at least two years' service feels he has no choice but to leave his employment because his employer has fundamentally breached his contract of employment.
- **Constructive notice** Where knowledge of a fact is presumed by the law.
- **Consumer** An individual acting for the purposes that are wholly or mainly outside that individual's trade, business, craft or profession.
- **Contract for services** A contract between a person or organisation and a worker or independent contractor.
- **Contract of employment** A contract between an employer and an employee which sets out their relationship. It can be oral or written. It sets out the terms of their agreement, which can include pay, hours of work, etc.
- **Contract of service** A contract of employment.
- **Contractual capacity** Legal power to make contracts.
- **Convention/Treaty** An international agreement between states.
- **Copyright** The right of the owner of literary, dramatic, musical or artistic work, to print, publish, perform, film, or record it.
- **Corporate governance** The manner in which a company is governed and its aims and planned development.
- **Counter offer** An offer made in reply to an offer which has the effect of terminating the first offer.
- **Court of Justice of the European Union** The Court of the European Union, dealing with interpretation and breaches of European Union law.
- **Criminal jurisdiction** Cases concerned with accusations against persons who have broken the criminal law.
- **Damages** Monetary compensation.
- **Debenture** A written document issued by a company setting out the terms of a loan.
- **Deed** A written legal agreement which states on the agreement that it is a deed. It must be signed by the persons making it in the presence of a witness.
- **Defendant** In civil cases, it is the name given to the person who is being sued by the claimant. In criminal cases, it is the name given to the person who is being prosecuted for the crime.
- **Delegated legislation** Laws made by a body other than Parliament, under powers given by Parliament.
- **Delivery (legal meaning)** Voluntary transfer of possession from one person to another.
- **Derivative action** Where a shareholder brings a claim on behalf of the company against a director for negligence, default, or breach of duty or trust.
- **Derivative claim** Where a shareholder, in place of the company, pursues a claim against a director of the company.
- **Design Right** A right that protects the visual look of products.

- **Direct discrimination** Treating someone less well than someone else because of a protected characteristic.
- **Disability** A serious mental or physical condition that the person has had for at least a year, or is likely to last at least a year, which has a significant effect on his or her day-to-day activities.
- **Discharge of a contract** Contractual obligation came to an end.
- **Disclosed agency** Where an agent indicates expressly or through conduct that he is acting as agent.
- **Dividend** Payment made by a company to its shareholders.
- **Dormant company** A company in which no significant accounting transactions have occurred.
- **Duress** A threat of physical violence or serious economic coercion.
- **Employee** A person who is a party to an employment contract who is under the control of the employer and is obliged to follow his instructions.
- **Employee shareholder** An employee who has given up some of their employment rights in exchange for shares in their employer's business.
- **Employer** A person or organisation who provides work and who is party to an employment contract.
- **Equality Act 2010** Statute which consolidates all previous discrimination legislation.
- **Equity partner** A partner who takes a share of the profits after all expenses are met.
- **Estoppel** To be prevented or stopped from denying something.
- **European Court of Human Rights** The Court set up as the guardian of the European Convention on Human Rights, dealing with breaches of fundamental human rights.
- **Exclusion clause** A clause which excludes the liability of one party.
- **Executed consideration** Consideration that has already been completed.
- **Executive director** Responsible for a company's affairs and performs a specific role in a company as an employee of the company.
- **Executory consideration** A promise to do something in the future.
- **Express term** Term stated either orally or in writing by one of the parties making the contract.
- **Fiduciary relationship** Relationship of confidence and trust between two parties.
- **Fraudulent trading** Where the business of a company has been carried on with the intention of defrauding the creditors of the company or for some other fraudulent purpose.
- **Gender reassignment** A protected characteristic relating to a person who lives as someone of the opposite gender.
- **General Meeting and Annual General Meeting** Meetings which all the shareholders and directors of a company have the right to attend.
- **Gratuitously** Receiving no payment.
- **Guarantor** A person who is legally bound to pay another person's debts if the latter fails to do so.
- **Hire** Possession (but not ownership) of goods in return for payment.
- **Honour clause** A clause in an agreement that specifically states the agreement is not legally binding on the parties.
- **Implied term** A term in a contract which is not expressly agreed by the parties to the contract.
- **Incorporated business** A legal entity in its own right.

- **Indemnity for expenses** To reclaim money spent.
- **Independent contractor** Someone who is genuinely self-employed and in business on his own account.
- **Indirect discrimination** Having a policy or practice which is applied equally to everyone, but with which it is more difficult for people of a particular protected characteristic to comply, and which cannot be justified.
- **Injunction** A court order preventing a person carrying out or ceasing an action.
- **Innominate term** Broadly worded term where it is not possible to decide whether a breach of the term would have important or minor consequences.
- **Insider dealing** Using price-sensitive information which has not been made public and relates to the present or future value of company securities (such as shares and debentures) for profit.
- **Insider dealing** Where directors or employees of a company or connected persons use confidential price-sensitive information relating to shares for their own gain or the gain of their associates.
- **Insolvent** Unable to meet debts and other liabilities.
- **Intention to create legal relations** An intention by the parties that the agreement should impose legal rights and obligations on them.
- **Invitation to treat** This is a pre-offer whereby one party is asking the other party if they would like to make an offer.
- **Jointly and severally liable** Liable both individually and together with others.
- **Lien** A legal claim over someone's property as security for a debt.
- **Limitation clause** A clause which limits liability of one party to a certain sum.
- **Liquidated damages** A fixed sum payable in the event of a breach of contract.
- **Managing director** Director who is appointed by the Board of Directors to be responsible for the day-to-day overall management of the company.
- **Market abuse** Improper conduct that relates to investments traded on a financial market.
- **Memorandum of Association under the Companies Act 1985** Together with the articles, forms the constitution of the company.
- **Memorandum of Association under the Companies Act 2006** Document that states that the subscribers wish to form a company and have agreed to become members of it.
- **Misrepresentation** A false statement of fact which induces a party to enter into a contract.
- **Mitigate losses** Take reasonable steps to reduce losses.
- **Necessaries** Goods and services appropriate to a person's social standing and required at the time.
- **Nervous shock** A psychiatric illness or condition such as post-traumatic stress disorder.
- **Non-executive director** Does not work for the company but is involved in its governance.
- **Non-visitor (including a trespasser) under the Occupiers' Liability Act 1984** A person who is on land or premises without the express or implied permission of the occupier or has exceeded the limits of their permission.
- **Obiter dicta** Part of the judgment of a case giving comments on the law but not with reference to the actual facts of the case. Persuasive statements of the law.

- **Objective test** Judging the defendant by the capabilities of the reasonable person or what the reasonable person would believe.
- **Occupational requirement** When it is essential that a person be of a particular protected characteristic in order to do the job. The requirement must be crucial to the post, and not merely one of several important factors.
- **Offeree** A person who accepts an offer.
- **Offeror** A person who makes an offer.
- **Operative mistake** Where the mistake is so fundamental to the contract that the courts will regard the contract as void.
- **Ordinary Resolution** A decision voted on by more than 50 per cent of members, either present at a general meeting or voting by proxy.
- **Original jurisdiction** Courts which have the authority to hear cases for the first time where no previous decision in that particular case has been made.
- **Parliamentary sovereignty** The doctrine which states that laws made by Parliament are the highest form of laws in the UK and must be obeyed by the courts. This has been modified by membership of the EU.
- **Partnership** A relationship between two or more persons to carry on a business together with the intention of making a profit.
- **Passing-off** The deception by one person that his goods or business are that of another.
- **Patent** The exclusive right to use and benefit from a new invention.
- **Penalty clause** A punitive clause used to prevent a party breaching a contract.
- **Perceptive discrimination** Direct discrimination against someone because they are perceived to have a protected characteristic, although they in fact do not.
- **Perpetual succession** Continues in existence indefinitely until liquidated.
- **Plaintiff** The name used for a person who commenced a civil action prior to 2000. (The word used now is claimant.)
- **Pool of comparison** Group of people that a person claiming indirect discrimination should compare him or herself with.
- **Positive action** Where measures are allowed to be taken by employers to alleviate disadvantage experienced by people who have one of the protected characteristics. Such measures, such as training, can be targeted to particular groups.
- **Precedent** A decision of an earlier court case used as authority for deciding a later case with similar facts.
- **Pre-emption rights/rights issue** Where new shares are offered to existing shareholders in proportion to their current shareholding.
- **Primary victim** A person who is under actual threat of bodily harm or reasonably believes themselves to be so.
- **Prohibited conduct** Types of conduct in relation to protected characteristics which are not permitted by the Equality Act 2010. These are listed in this chapter.
- **Promisee** A person to whom a promise is made.
- **Promisor** A person who makes a promise.

- **Promissory estoppel** An equitable principle of law which prevents a promisor going back on his word.
- **Promoter** A person who takes procedural steps to set up a company.
- **Protected characteristics** A number of characteristics which are protected from discrimination by the Equality Act 2010. These are listed in this chapter.
- **Proximity** Legal closeness between the claimant and the defendant at the time of the cause of complaint. Legal closeness includes personal relationships between the parties and length of time between events.
- **Proxy** Someone appointed by the shareholder to attend company meetings and vote on behalf of the shareholder.
- **Pure economic loss** Where a claimant's financial loss is not connected to his physical injury or damage to his property.
- **Quantum meruit** As much as he has earned.
- **Ratify** To authorise or approve an agreement after it has been made.
- **Ratify** To authorise or approve an agreement after it has been made.
- **Ratio decidendi** Part of the judgment of a case giving the legal reasons for the decision. These are binding statements of the law.
- **Redundancy** Where a person is dismissed because there is less work for him to do, or his organisation or workplace is closing.
- **Representation** A pre-contractual statement that induces the making of the contract.
- **Repudiation** Treating the contract as at an end.
- **Res ipsa loquitur (the thing speaks for itself)** The evidence clearly suggests that the defendant must have breached his duty of care. (The burden of proof is changed so that the defendant must show that he was not negligent.)
- **Rescission** Remedy granted by the courts which sets the contract aside and puts parties back into the same position they would have been in if the contract had never been entered into.
- **Reservation of title clause** A clause in a contract of sale retaining ownership of the goods until payment has been made.
- **Resolutions** Decisions of shareholders either passed at the Annual General Meetings or General Meetings. It is possible for private limited companies to pass written resolutions.
- **Respondent** The name given in an appeal case to the party who has not brought the appeal case.
- **Revocation** Withdrawal.
- **Risk assessment** An assessment that an employer has to undertake because of health and safety legislation. It has to identify hazards present in any working environment, and evaluate the risks involved.
- **Romalpa clauses** Complex reservation of title clause where the seller retains rights in the goods after they have been sold on to a third party, or where they have been used in a manufacturing process.
- **Salaried partner** Listed as a partner on the firm's stationery but receives a salary rather than a share of the profits.

- **Sample** A small quantity of goods to be examined by the buyer on the understanding that the bulk will conform to the sample.
- **Satisfactory quality** Goods meet the standard that a reasonable person would regard as satisfactory, taking into account price, description, and other relevant factors.
- **Secondary victim** A person who suffers a psychiatric illness as a result of witnessing an accident or its 'immediate aftermath'.
- **Separate legal personality** In law the body has rights of a natural person.
- **Share** An interest in a company measured by a sum of money.
- **Shareholders** Members of a company limited by shares. They are the owners of the company.
- **Sleeping partner** Usually used to describe a partner who invests capital in the firm but takes no part in running the business.
- **Special Notice** 28 days' notice.
- **Special resolution** A decision voted on by more than 75 per cent of members, either present at a general meeting or voting by proxy.
- **Specific goods** Goods identified at the time the contract of sale is made.
- **Specific performance** A court order to carry out the terms of a contract.
- **Standard form contract** A contract where the terms are set out on a standard written document.
- **Statement of capital and initial shareholdings** The amount of money that the company holds or is entitled to at the date of registration.
- **Statute** Law that is set down in an Act of Parliament.
- **Strict liability** Liability which is imposed on a person without having to prove that the person was negligent or at fault.
- **Subjective test** Judging the defendant by his own capabilities.
- **Summary dismissal** Dismissal of an employee without giving the proper amount of notice. This can usually only be done if an employee is guilty of gross misconduct.
- **Surety** A person who is legally bound to meet another person's obligations if the latter fails to do so.
- **System of hierarchy** The courts have greater authority than those lower down the structure.
- **Tender** A statement inviting interested parties to submit the terms on which they are willing to carry out the work required.
- **Term** A statement that is part of the contract.
- **Termination of an employment contract** The bringing to an end of the contract.
- **Third party** Someone with whom the agent deals on behalf of the principal.
- **Title** Ownership of goods.
- **Tort** A civil wrong for which a remedy, usually compensation, may be awarded to the wronged person.
- **Trade Marks** Signs or symbols distinguishing the products of one business from that of another business.
- **Trader** A person (may be a legal person) acting for the purposes relating to that person's trade, business, craft or profession.

- **Unascertained goods** Goods that have not yet been manufactured, acquired by the seller, or are unidentified.
- **Undisclosed agency** Where a third party is not told of a principal's existence and believes that the agent is acting on his own behalf.
- **Undue influence** Where some form of improper pressure has been put on a person to enter into a transaction.
- **Unfair dismissal** Dismissal of an employee who has been employed for over two years by an employer either for an unfair reason or because of unfair dismissal procedures.
- **Unilateral contract** A promise made by one party to do something, usually in return for completion of a specified act but sometimes for refraining to act.
- **Unincorporated business** No separate legal identity of its own.
- **Vicarious liability** Liability which arises because of one person's relationship with another such as employer and employee.
- **Visitor under the Occupiers' Liability Act 1957** A person who enters property (land or premises) with the express or implied permission of the occupier.
- **Vitiating factors** Invalidating reasons.
- **Void contract** One that has no legal effect.
- **Voidable contract** A contract that is binding on one party but the other party has the option to have it set aside. Until set aside the contract has full legal effect.
- **Voidable** Transaction that is binding on one party but the other party has the option to have it set aside. Until set aside it has full legal effect.
- **Voluntary liquidation** Winding up of a company by its members or creditors.
- **Voting by a show of hands** Each member (or his proxy) present at the meeting votes by raising a hand. Each voter is only counted once irrespective of the number of shares held.
- **Voting by poll** Each shareholder (or his proxy) uses as many votes as his shareholding allows him. Usually each shareholder has one vote for each share held.
- **Warranty** A minor term of a contract which is incidental to the main purpose of the contract.
- **Weighted voting rights on shares** Shares that have more votes per share.
- **Worker** A person who is not an employee but who provides his services to an organisation.
- **Wrongful dismissal** Dismissal in breach of contract.
- **Wrongful trading** Where a company has been trading and its directors knew or ought to have known that there was no reasonable prospect of the company avoiding insolvent liquidation.