



For A Business

Five Free Tips for SMEs Before Entering Into ANY Contract

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Wave Goodbye to a ‘Gentleman’s Agreement’

As a business owner, you will enter into contracts on a regular basis. For example, your business will enter into contracts when it: purchases new equipment, hires an employee, engages a service provided i.e. accounting service, marketing service, building works etc.

It is important when your business enter into contracts to protect itself as best as possible. A contract based on merely a handshake and a promise is a recipe for disaster.

To make sure your business is protected, here is a checklist with five tips before entering into any contract.

- ❑ ✍️ Get it in writing. Always make sure the contract is in writing and signed by all parties. If there is no written contract, a verbal agreement may be a valid contract, but under certain circumstances.
- ❑ 🔍 Details matter. Make sure you clearly define: (a) the scope of works, (b) the final amount payable (c) payment terms and more. Try to provide as much detail as possible.
- ❑ ⌚ Don't rush. Take your time to read and negotiate terms of a contract. Don't be pushed into signing a contract within a few hours or days. Courts are reluctant to intervene and unwind contracts just because a party entered into a 'bad deal'. However, undue influence / deceit / misrepresentation by a party may rescind the contract. Seek legal advice.
- ❑ ⚖️ Add a compulsory 'Mediation Clause' in the event of a dispute. Let's face it, disputes naturally arise over contracts. If there is a dispute, it's best to get both sides to sit down at a table, with an experienced mediator, and hash it out. It may be cheaper and quicker than going to Court.
- ❑ 📁 Add full details of any Insurance Policy of the service provider in the written contract. It's important to include details of a Professional Indemnity Insurer i.e. name, address, policy number and more.

Entering into a well written contract ensures your business is protected. Seeking independent legal advice is highly advisable when drafting a contract.

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