

Case study on accounting and business law

[Business](#), [Company](#)



Pauly's Property Management Services, a property management company that leased Craig Crocodiles Inc., the warehouse and office space intends to sue for an alleged breach of the lease contract and has notified Craig's lawyers. Before examination of the probability of any liability on the part of Craig for terminating the lease as signed, it is imperative to look into the details of the lease. It is clear that the company leased both the warehouse and the office for three years beginning January 1st 2008. It was, therefore, expected that the same lease would terminate on January 1st 2011. The company gave a notice of intent to terminate the lease and vacate the premises on January 2nd 2009 a year after the signing of the three year lease. The company intended to vacate on the 30th of the same month in search of a bigger facility. From the details, the terms of the lease are not clear. In the absence of this, the common law applies since the United States legal system is founded on the common law. It is also clear that the period of notice was roughly 28 days thus falling short of the minimum one month prior notice ordinarily required for such termination of leases. Consequently, it is probable that the plaintiff could prove liability on the part of Craig in the termination of the lease and hence be entitled to compensation.

A contingent liability essentially includes liabilities that may be incurred by an individual or an organization following the outcome of a future event such as a lawsuit. The contingent liability could be estimated at 20% of the sales price that is reserved as collection costs and bad debts expenses. A three month vacancy in the lease would shift the entry of notice to terminate the said lease. Such would be a periodic tenancy in which in the absence of a

written lease providing for the terms, a one month period is usually given for a monthly tenancy.

Works Cited

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