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The importance of clear understanding of various essentials of a contract is critical in business world. This has been evident in times of dispute in any given transaction. The cases taken to court require that all critical essentials of a contract must have been in place. Failure to proof all essentials of a contract leads to automatic nullification of any given contract. The key essentials are the offer, acceptance and consideration. There are other essentials of a contract such as the legal purpose, maturity of obligation, certainty of the matter and finally the existence of competent parties. An offer is the show of will to enter into a contract. The offer should contain date for it to valid.

If not so the offer is deemed valid only when accepted and if rejected it ceases to be valid. For example if a party offers for a sale of a car and the other party heeds to the offer. The other when it calls for renegotiation it can be refused or granted the chance depending with the discretion of the one making the offer. This is due to the fact that the offer become invalid after it was rejected in the first place.

The offer should also contain various specifications such as the quality, price and place of delivery among many others. If the offer is accepted and the party accepting has undertaken its obligation then the contract becomes binding on both parties. The offer can be in writing or not. Despite the aforementioned fact there are exceptions on which the offer must be in writing. The transactions on real estate or the ones which are worthy\$ 500 and above must be in written offers. The person making the offer may sometimes be paid to keep the offer open (Koffman, 2007, p.

257). In such situation the offer can remain open for a period of ninety days. The other essential of a contract is the acceptance of the offer. This is expression of agreement with terms of the offer. This can be demonstrated by the action of customer keeping the goods or by failure to reject within a given time. The acceptance can take three ways. One of them is the conditional acceptance. Here the contract made after material change of the original offer and thus it is a counteroffer.

The other form of acceptance is the expressed acceptance. In this case the offer is accepted in its original form. Finally the other form is the implied acceptance in which the acceptance is communicated by the conduct of the buyer (Richards, 2007, p. 67).

For example failure to reject goods and specified time limit is taken as acceptance. Consideration is a very key aspect of a contract. It entails a promise from one party to another after the other party fulfils a certain act (Richards, 2007, p107). This benefit may take form of interest, profit, right or even responsibility but it must have value.

The value attached to the promise is not necessarily monetary value. The other essentials of a contract include the fact that the persons contracting are legally binding. This means that they are not for example minors. Also the subject matter which is being contracted should be legal. Contracts on illegal subject are not valid. The parties to the contract should have clear understanding of what the contract entails. Finally, the certainty of the terms of contract should be determinable (Koffman, 2007, p.

91). It is evident that good understanding of essentials of a contract is very critical in business sector. Poor knowledge in contracting means failure in business. Here we have seen various essential elements of a contract.

Reference List

Koffman, L. (2007). The Law of Contract.

California. Bell & Bain. Richards, P. (2007).

Law of Contract. New York. Barnes & Noble.