A STUDY OF BUILDING AND CIVIL ENGINEERING CONTRACTS USED IN CYPRUS

by

Martinos Kyprianou

Project Report

Submitted to

the Department of Civil Engineering

of the Higher Technical Institute

Nicosia Cyprus

in partial fulfillment of the requirements

for the diploma of

TECHNICIAN ENGINEER

in

CIVIL ENGINEERING

JUNE 1991

HICKER PROJECT NO TECHNOLOGY CAL INSTRUCTE 1782

INTRODUCTION

Contracts. For some a word which means nothing much. For others a matter of life or death !!

A single word which when allowed to develop may become a building, a dam, airport or any other project.

The need for using contracts has arisen throughout the years due to the numerous and continuous arguments and disputes which occurred, during the construction of any building or project, between the different parts eg: Employer, Architect, Engineer, Contractor etc.

The formation of the Association of Civil Engineers and Architects and the Building Contractor's Association has caused dramatic changes in the life of the building industry in Cyprus. The disputes were put aside and a new approach towards their common interests began. The Building Contract used in Cyprus was the result of this new approach and cooperation.

Ever since then, in the construction industry contracts are becoming more and more common. The projects that are carried out in the absence of a contract are extremely few and this number has been decreasing dramatically throughout the years.

However, the presence and signing of a contract is not an easy task. A contract is binding for the different parts involved and hence a good knowledge of the contents of the contracts is extremely important.

Thousands or even millions of pounds are involved in a contract and many are the cases reported in court due to disputes on the contents of the contract. Disputes that arose at a later stage due to lack of knowledge of the details in the contact at the first stage.

Hence, the question rising is: <u>How many of the people</u> involved in the construction industry are familiar with the <u>details of the specific contracts used?</u>

Contracts may sometimes proved to be very complicated which is the reason why several large companies chose to hand these contracts to expert Lawyers.

The aim of this project is to consider the Building Contracts used in Cyprus and analyse their main differences and similarities.

CONTENTS

			Pages		
INT	TRODUCT:	ION	1		
СН	артер т	: PURPOSE OF A BUILDING CONTRACT	3		
CIL	1.1	Responsibilities of contractors	3		
f	1.1	and employers	3		
	1.2	Rules and procedures to be followed by	3		
		employers and contractors	4		
	1.3	Circumstances under which either the	-		
		contractor or the employer fail to carry out	:		
		their obligations.	4		
	1.4	Architect's or engineer's powers and			
4		responsibilities	4		
	1.5	Responsibilities of a Quantity Surveyor	5		
	1.6	Responsibilities of Main contractor, Nominat	ed		
		Sub-contractors and Nominated Suppliers	5		
СНИ	APTER II	I TYPES OF CONTRACTS			
	2.1	Lump Sum Contracts	6		
	2.2	Remeasurement Contracts	8		
	2.3	Prime Cost Contracts	11		
	2.4	Composite Nature Contracts	13		
	2.5	Package Contracts	14		
	2.6	Types of Contract and Risk	15		
	2.7	Circumstances in which the various types of			
		contracts may be used.	16		
CHAPTER III STANDARD FORMS OF BUILDING CONTRACTS					
	3.1	The Use of Standard Forms	18		
	3.2	Common Standard Forms	19		
	3.3	The JCT Contract	19		
	3.3(a)	JCT without quantities (private edition)	20		
	3.3(b)	JCT without quantities (Local authority			
		edition)	20		
	3.3(c)	JCT with approximate quantities	21		
	3.3(d)	JCT sub-contract documents	22		
	3.4	ICE conditions of contract	22		
	3.5	FIDIC conditions of contract	24		

	CHAPTER	DESCRIPTION OF THE BUILDING CONTRACTS	USED
		IN CYPRUS	
	4.1.1	Definitions	27
	4.1.2	Purpose of the contract	28
	4.1.3	Responsibility for the quality	29
	4.1.4	Compliance to the Laws	30
	4.1.5	Organisation of the Works	31
	4.1.6	Alterations	32
	4.1.7	Invoice	33
	4.1.8	Valuation of Alteration	33
	4.1.9	Time Limits	34
	4.2.1	Failure to comply with the Instructions	35
1	4.2.2	Determination of the Contract by the	
		Employer	35
	4.2.3	Determination of the Contract by the	
		Contractor	36
	4.2.4	Certificates and Payments	37
	4.2.5	Arbitration	39
	4.2.6	General Conditions	39
CHA	PTER V	SIMILARITIES AND DIFFERENCES	
		BETWEEN CONTRACTS	
	5.1.1	The Engineer	40
	5.1.2	Oral Instructions	40
	5.1.3	Assignment and sub-letting	41
	5.1.4	Discrepancies between documents	42
	5.1.5	Retention on work executed and unfixed	
		materials	42
	5.1.6	Measurement	43
	5.1.7	Interim Valuations	44
	5.1.8	Work executed including variations	44
	5.1.9	Unfixed materials off site	45
	5.2.0	Inaccurate Quantities	45
	5.2.1	Notices	46
	5.2.2	Determination	47
	5.2.3	Defects Liability Period.	48
	CONCLUSION		
REFERENCES		CES	52