

U 11 Running a business.

Listen and correct the mistakes in the text.

Nearly every general area of the law is relevant to running a business and nearly every country has its own set of laws designed specifically to regulate business. The attempt of European Community to create a single market by 1993 so just how difficult it can be to memorize business laws. In this chapter we will try to make some sense of this complex area of the law by making English law as a model and taking some international comparisons. Throughout the world, most businesses face the same problems; they must determine their organizational form; duties to clients; investors and employers; tax liabilities; and ability to minimize losses if the business fails.

Like many legal systems, English law has never developed a comprehensive code of company law. Instead, the relevant law is founded partly in precedents decided according to the principles of canon law and equity and partly in statutes. Between 1985 and 1986, a series of statutes was passed to condone many previous statutes. The most important of these was the 1985 Companies Act.

KEY

Debtentureholders are

entitled to an annual payment of interest, and this is not linked to the company's profits and losses.

The lender will make sure his loan is secured by

a charge over a company asset.

A single person may operate as

a sole trader.

In partnership

two or more people share management, profits and liability to debts.

Unlike members of a company, partners

may find their personal property is at risk if they are sued by creditors.

Unlimited company -

members' liability is unlimited; it is similar to a partnership.

Memorandum of association is

a document which contains the name of the company, its objects, whether it is limited by shares or guarantees, and the amount of share capital.

The registrar will not accept a name of a company that is

the same or similar to a company already registered.

The objects clause of the memorandum is very important because

a company may not engage in activity beyond its registered objects.

Ultra vires means

outside the company's capacity.

When a company is registered, it

receives a number and a certificate of incorporation.

To be ready to do business, a public limited company must obtain

a trading certificate.

Limited by guarantee -

the company's limit is the amount they have guaranteed to contribute to company assets.

The advantage of a limited company is

that the members cannot be sued as individuals beyond their stated limits.

Public limited companies

raise capital by selling shares to the general public, and these shares are listed on the Stock Exchange.

Limited company or corporation is

a kind of artificial legal person, with the right to sue and be sued.

Limited by shares -

the company's limit is the amount unpaid on shares they hold.

Limited liability means

that if the business has difficulties, the members can be made to pay its debts *only up to a certain limit*

Share is

ownership of a proportion of a company.

Dividend is

the right to a proportion of any profit a company makes.

The more shares the member of a company holds

the more voting rights he will have in general meetings.

Shares may be acquired

when the company is first set up; at a later share issue, bought or received from an existing shareholder....

To sell a share at a discount means

to sell it for less than its nominal value.

Selling shares is

one of the ways in which companies raise capital.

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According to the text, are the statements below true or false?

Correct the false statements.

1. Companies limited by guarantee need to register their articles of association. T F
 2. According to the text, articles of association detail for example rules about whether the majority is required to pass resolutions. T F
 3. Every private company must have only one director. T F
 4. A director of a company must not hold any shares of the company. T F
 5. A director may hold shares of another firm with which the company is doing business. T F
 6. A limited company must put an independent auditor's report as well as a profit and loss account before a general meeting of the company's members annually. T F
 7. The crime of insider trading was not recognized in English law until 1985. T F
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