

GB: Types of business

- 1) sole _____ = individual proprietor (_____ liability for debts)
- 2) partnership (_____ liability for debts)
- 3) company:
 - a) limited company (or _____) = _____ person
limited by shares X limited by _____
private limited company (abbreviation: _____)
X _____ limited company (abbreviation: _____)
 - b) _____ company

Setting up a company:

a memorandum of _____ is filed with the _____ of
Companies + other documents → a certificate of _____ is issued and the company is
ready to do business (public limited companies need also a trading _____)

Vocabulary:

a share can be defined as _____
shareholders can get dividends = proportion from _____ which the company makes
ultra vires activity means an activity _____ the capacity of a company

Raising capital

- By selling shares
- By selling _____ (bonds)

U 11 - Running a business

**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

<p>Individual proprietorship</p>	<ul style="list-style-type: none"> • One owner owns a business • May employ some individuals or may be the only worker • Commonly used in <u>retail establishments</u>, service business, agriculture • No <u>incorporation</u> necessary • Business comes to an end on death • The proprietor controls all the decisions and receives all the profit • Unlimited personal liability for the debts of the business • Capital provided by owner • Earnings are not subject to the corporate <u>income tax</u>, they are taxed as personal income
<p>Partnership</p>	<ul style="list-style-type: none"> • Capital provided by partners • Common for law firms, medical associates, and also retail and service businesses • No incorporation necessary • Unlimited personal liability of each person • Uncertain duration of business (it is <u>dissolved</u> by the death of a partner)
<p>Limited companies</p>	<ul style="list-style-type: none"> • Incorporation necessary • A corporate structure is required: shareholders (owners of the business), <u>directors</u> (responsible for the management of the business), officers (agents of the business) • A separate legal entity capable of holding property, contracting, <u>suing, and being sued</u> • May be established with a <u>perpetual life</u> • Double taxation: paying corporate income taxes and personal income taxes • Shares cannot be listed on the Stock Exchange • Needs only one Director
<p>Public limited companies</p>	<ul style="list-style-type: none"> • Incorporation necessary • A corporate structure is required: shareholders (owners of the business), directors (responsible for the management of the business), officers (agents of the business) • A separate legal entity capable of holding property, contracting, suing, and being sued • May be established with a perpetual life • Double taxation: paying corporate income taxes and personal income taxes • Shares are listed on the Stock Exchange • Needs at least two Directors