

Company Law

Complete the text using the words in the box:

bankruptcy corporations creditors issue liability losses partnership registered shares sole trader financial premises capital prospectus files

TYPES OF BUSINESS

The simplest form of business is the individual proprietorship or (1): for example, a shop (US = store) or a taxi owned by a single person. If several individuals wish to go into business together, they can form a (2); partners generally contribute equal capital, have equal authority in management, and share profits or (3) In many countries, lawyers, doctors and accountants are not allowed to form companies, but only partnership with unlimited (4) for debts – which should make them act responsibly.

But a partnership is not a legal entity separate from its owners; like sole traders, partners have unlimited liability: in the case of (5), a partner with a personal fortune can lose it all.

Consequently, the majority of business are limited companies (US = (6)), in which investors are only liable for the amount of capital they have invested. If a limited company goes bankrupt, its assets are sold (liquidated) to pay debts; if the assets do not cover the debts, they remain unpaid (i.e. (7) do not get their money back.)

In Britain, most smaller enterprises are private limited companies which cannot offer (8) to the public; their owners can only raise capital from friends or from banks and other venture capital institutions. A successful, growing British business can apply to the Stock Exchange to become a public limited company; if accepted, it can publish a (9) and offer its shares for sale on the open stock market. In America, there is no legal distinction between private and public limited corporations, but the equivalent of a public limited company is one (10) by the Securities and Exchange Commission.

FOUNDING A COMPANY

Founders of companies have to write a Memorandum of Association (in the US, a Certificate of Incorporation), which states the company's name, purpose, registered office or premises and authorised share (11)

(12) (always with an 's' at the end) - is the technical term for the place in which a company does its business: an office, a shop, a workshop, a factory, a warehouse, etc. Authorised share capital means the maximum amount of a particular type of shares the company can (13)

Founders also write Articles of Association (US = Bylaws), which set out the rights and duties of directors and different classes of shareholders. Companies' memoranda and articles of association, and annual (14) statements are sent to the registrar of companies, where they may be inspected by the public. (A company that (15) its financial statements late is almost certainly in trouble.) In Britain, founders can buy a ready-made "off-the-shelf" company from an agent, that is, a company formed and held specifically for later resale; the buyer then changes the name, memorandum, and so on.

Glossary

bankruptcy – bankructwo
to go bankrupt – zbankrutować
creditor – wierzyciel
debtor – dłużnik
to issue shares – emitować akcje
liability – odpowiedzialność (finansowa)
to be liable for company's debts – odpowiadać za długi spółki
partnership – spółka osobowa
individual proprietorship – jednoosobowa działalność gospodarcza
sole trader – przedsiębiorca indywidualny, osoba prowadząca jednoosobową działalność gospodarczą
financial statements – sprawozdania finansowe
premises of a company – siedziba spółki, teren, lokal etc. należący do spółki
share capital – kapitał zakładowy
authorised share capital – kapitał docelowy
(issuing) prospectus – prospekt emisyjny
to file documents/applications – złożyć dokumenty/podania
to contribute capital – wnosić kapitał
equal authority – równe uprawnienia
to share profits and losses – dzielić zyski i straty
legal entity – podmiot prawny/osoba prawna
an amount of capital – wielkość kapitału
assets – aktywa, majątek
stock market, stock exchange – giełda papierów wartościowych
company's name – firma spółki
company's registered office – siedziba spółki
registrar/registry of companies – rejestr spółek
Memorandum of Association/Certificate of Association – akt zawiązania spółki
Articles of Association/Bylaws – umowa spółki
founders – założyciele
to raise capital – zdobywać fundusze, kapitał
venture capital – kapitał wysokiego ryzyka
i.e. – to jest, to znaczy
KRS (Krajowy Rejestr Sądowy) – National Court Register
KNF (Komisja Nadzoru Finansowego) – Financial Supervision Authority
spółka z o.o. - limited liability company
spółka akcyjna – joint-stock company
statut spółki akcyjnej – statute, articles of association
umowa spółki osobowej – partnership agreement