

English for Lawyers 3

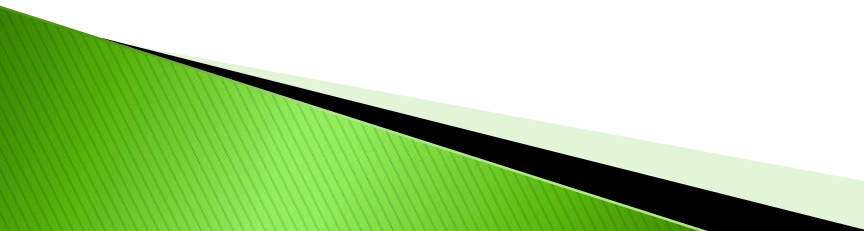
Lecturer: Miljen Matijašević
G10, room 6/I, Tue 14:15–15:15
e-mail: miljen.matijasevic@pravo.hr
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Family law

Revision




Answer the questions

1. How is marriage defined in English law?
 2. Who has capacity to marry?
 3. What marriages are void, i.e. voidable?
 4. What options are there for same-sex couples?
 5. What are possible grounds for divorce in the UK today?
 6. What's the difference between a decree nisi and a decree absolute?
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Company law




Company law

- ▶ a.k.a. corporate law, business law
 - ▶ deals with the creation and regulation of business entities
 - ▶ umbrella terms: a business entity (*poslovni subjekt*), a business, an undertaking (EU)
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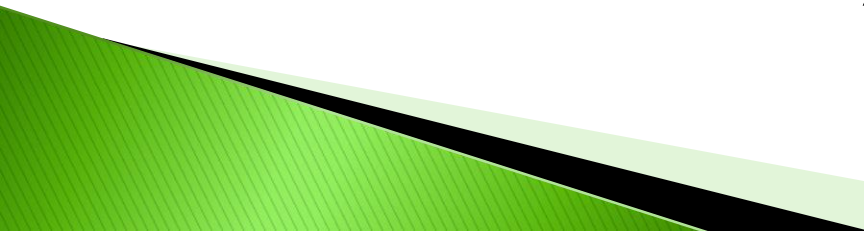
Types of business organisations

- ▶ sole trader (or sole proprietor)
 - ▶ partnership
 - traditional or ordinary partnership
 - limited liability partnership
 - ▶ limited company
 - private limited company
 - public limited company
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Considerations in choosing the format of a business

- ▶ registration procedure (length and costs)
 - ▶ minimum amount of capital
 - ▶ ownership structure
 - ▶ management
 - ▶ distribution of profits
 - ▶ keeping records and accounts
 - ▶ tax responsibilities
 - ▶ legal personality (natural or legal person)
 - ▶ liability (for debts and losses)
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Sole Trader


- ▶ a.k.a. sole proprietor, sole proprietorship
 - ▶ the simplest and most common type of business organisation
 - ▶ owned and managed by one person, who:
 - has unlimited control over the business
 - enjoys all the profits
 - has unlimited liability for debts and losses
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Sole Trader

- ▶ suitable for small businesses such as self-employed hairdressers, photographers, plumbers, barristers, translators, consultants, etc.
 - ▶ a sole trader is a NATURAL PERSON
 - ▶ legally – the owner and the business are the same person
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Sole Trader

- ▶ unlimited control of the business
 - ▶ BUT:
 - ▶ personal (unlimited) liability for debts and losses
 - ▶ business debts must be met from personal assets

 - ▶ simple accounting
 - ▶ income tax liability
 - ▶ self-assessment tax return
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Sole Proprietorship

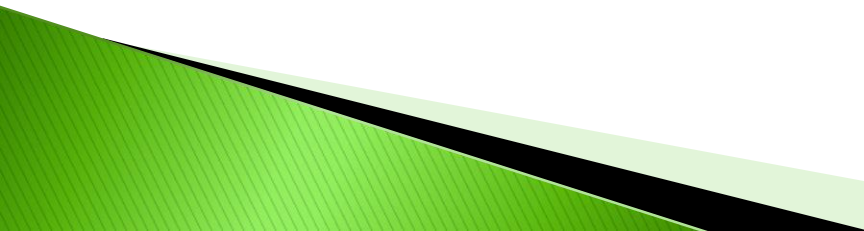
- ▶ one person – owner and manager:
 - independent decision-making
 - keeps all the profits
- ▶ simple to set up
- ▶ simple bookkeeping
- ▶ unlimited liability for debt and losses
- ▶ risks increase if the business becomes very successful
- ▶ hard to raise substantial capital

Advantages


Disadvantages

Partnership

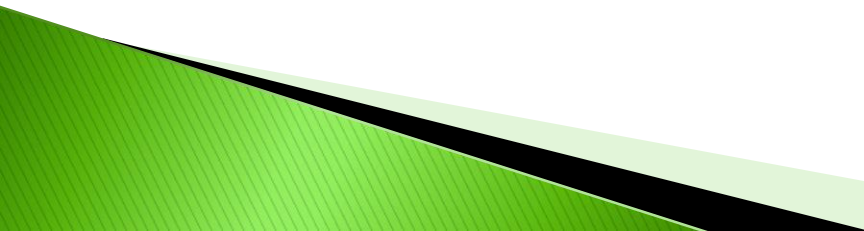
- ▶ association of two more more persons (usually up to 20)
 - ▶ co-owners of the business

 - ▶ shared contribution of
 - capital
 - skills and expertise
 - management (decision-making)
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Partnership

- ▶ a simple partnership – a natural person
 - ▶ shared unlimited personal liability for debts and losses
 - ▶ partnership ends with death of partners
 - ▶ common among accountants, solicitors, architects, etc.
 - ▶ subject to a partnership agreement (a.k.a. deed of partnership)
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Partnership Agreement

- ▶ May regulate the following:
 - duration of the partnership
 - its name and business
 - the manner of sharing profits, losses and costs
 - capital contribution
 - joining and leaving the partnership
 - restrictions imposed on the partners
 - etc.
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Partnership

- ▶ simple registration procedure
 - ▶ partnership registered with HM Revenue&Customs
 - ▶ partners liable to pay income tax on their share of the profits
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Partnership

- ▶ capable to raise and utilize more capital
- ▶ brings together people with different skills
- ▶ profits distributed
- ▶ limited freedom and decision-making power
- ▶ certain disadvantages in comparison with a limited company

Advantages


Disadvantages

Limited liability partnership (LLP)


- ▶ partnership – a legal entity, separate from its owners
- ▶ GENERAL PARTNERS – unlimited liability
- ▶ LIMITED PARTNERS – liable to the extent of their investment
- ▶ SLEEPING PARTNERS – only invest in the business but do not participate in the management
- ▶ subject to registration with Companies House

Limited company


Limited company (UK) / Corporation (US)

- ▶ An artificial person created under law and empowered to achieve a specific purpose
 - ▶ A legal entity (*pravni subjekt*), an identity separate from its owners
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Limited company

- ▶ A limited company can, in its name, :
 - own property,
 - enter into contracts,
 - sue and be sued
 - ▶ has perpetual life, despite the changes in its ownership
 - ▶ its shares can be bought/sold and inherited
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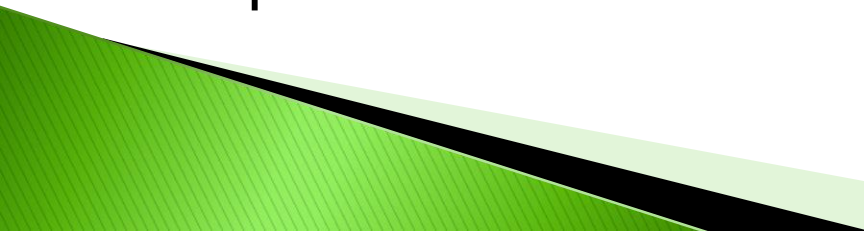
Limited company

- ▶ owned by members or **shareholders**
 - ▶ each shareholder has a certain share in the company
 - ▶ their liability extends to the value of the shares they own – limited liability
 - ▶ limited companies can be of varying sizes
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Limited Company / Corporation

- ▶ PRIVATE LIMITED COMPANY (Ltd.)
 - may have only one owner (shareholder): **single-member** company
 - no minimum share capital requirement
- ▶ PUBLIC LIMITED COMPANY (PLC)
 - sells shares on the stock market

Limited Company

- ▶ **private limited company (Ltd.)**
 - ▶ needs to be registered with Companies House
 - ▶ gets a **registered number (reg.no.)** and **Certificate of Incorporation (UK)**
 - ▶ obligation to submit financial accounts to Companies house
 - balance sheet
 - profit and loss account
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Limited Company

- ▶ **tax liability**
- ▶ corporation tax (corporate income tax)
- ▶ employees and shareholders – income tax

Limited Company

- ▶ Constitutional documents:
 - Memorandum of association
 - states the principal objects (purposes) of the company
 - Articles of association (*statut društva*)
 - sets out the relationship between the company and its shareholders
 - limited liability
 - issue of new shares
 - relationship between the management and the shareholders,
 - etc.

Limited Company

- ▶ A company has:
 - shareholders (members, owners)
 - a Board of Directors (managers of the company's operations)
 - creditors (those to whom the company owes money)

Limited Company

- ▶ if a private limited company needs to raise capital in order to expand its business, enter into a major project, it can decide to either:
 - borrow money, e.g. from an investment bank
 - subject to payment of interest, whose rate depends on the risks involved
 - raise capital by selling its shares on the stock market


Limited Company

- ▶ if a company issues shares and puts them on the stock market, we say that it is a publicly listed company and is referred to as a **public limited company (PLC)**
- ▶ it issues a **prospectus***, offering a public sale of its shares, listing them at a **stock exchange**** (e.g. FTSE – the London Stock Exchange)

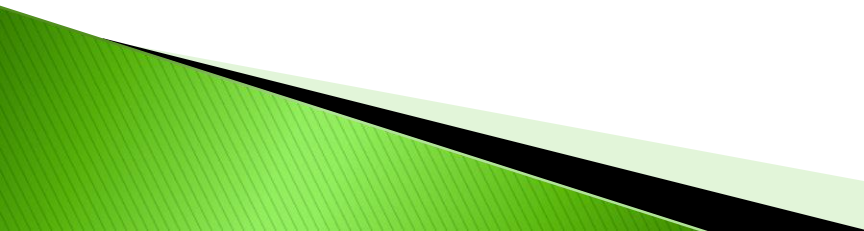
**prospekt, javni poziv na kupnju dionica*

***burza dionica, vrijednosnih papira; stock market – tržište vrijednosnih papira*


Limited Company

- ▶ a **takeover bid**
 - ▶ an offer to buy the sufficient amount of shares to gain control of the business (controlling interest)
 - ▶ may be friendly or hostile
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Public Limited Company (plc)

- ▶ the company is run by the Board of Directors, and has a qualified company secretary
 - ▶ the Board is **accountable** to the shareholders, although the Board decides how to distribute profits
 - ▶ they can decide to pay a **dividend** to the shareholders, or re-invest the profits into the business
 - ▶ a dividend is a proportion of the profits paid to the shareholders
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Public Limited Company (plc)

- ▶ PLCs hold **Annual General Meetings (AGM)** where the performance of the company in the previous year is presented, as well as plans and strategies for the future
 - ▶ an **Annual Report** is produced and submitted to the shareholders
 - ▶ members of the Board of Directors may submit themselves for re-election by the shareholders
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Limited Company

- ▶ limited liability, i.e. no personal liability of the shareholders
- ▶ perpetual life
- ▶ can sell shares, easier to raise capital
- ▶ ease of transfer
- ▶ more complicated and expensive to set up
- ▶ lots of formalities

Advantages

Disadvantages

Thank you for your attention!

