**Unit 1 : Partnership and limited liability**

« The end of law is not to abolish or restrain, but to preserve and enlarge freedom, where there is no law, there is no freedom. ». [John Locke](https://quotesgram.com/john-locke-quotes/), English philosopher and physician, 1632-1704



Partnership is a business arrangement in which several people work together and share the risks and profits. The partners are fully liable for any debts the business has. Furthermore, in case of legal action, it's the individual partners who will be taken to court. A sole trader business is an enterprise owned and operated by a single person and has also a limited liability.

The company is a legal entity that has a separate legal existence from its owners. It can enter into contract, and can be sued or taken to court if it breaks a contract. In theory, a company can continue forever, even if all the staff and owners change.

Most companies have limited liability which means the owners are not fully responsible for business debts. Their liabilities are limited to the value of their share capital. This limitation of liability encourages people to invest their capital in the company as they incure no risk. This kind of companie is known as limited company.

Shareholders do not manage their company; this mission is entrusted to managers and executives directors. The way a company is run and how managers are accountable to shareholders is called: **corporate governance**.The company is controlled by a **board of directors** which do not work in full time. Its members offer their advice, review decisions taken by managers and inspect the efficiency of the results achieved by them.

Shareholders can meet directors in the **AGM** (**Annual general meeting**), they question them about the content of the annual report, vote to accept or reject the dividend recommended by the directors, managers’ salary and the replacements of retiring member of the board. The meeting can also carry out any other business stated in the memorandum of association. If there's a crisis, directors and shareholders can request to hold an **extraordinary general meeting** (**EGM**) to discuss the situation.

**Comprehension** : Say if these statements are true or false. Correct the wrong ones.

* In case of legal conflicts, people can sue shareholders.
* The owners of a Partnership have to pay all company's debts.
* Managers are the owners of company they work in.
* External directors are allowed to control the management of the company.
* Executive directors are members of the board of direction.
* Shareholders vote for the amount of dividends in the EGM.

**Vocabulary** :

Exercise 1 : make word combination using words from A and B, then make the correct combinations to definitions below.

A : Corporate – Audit – Limited – Non executive – Share

B : Commitee – Directors – Governance – Capital – Liability

………………………… :a group of directors to whom external auditors present their report.

 ………………………… : money owned by investors in a company.

………………………….. : the way shareholders control management of the company.

…..…. . ..……………...... :group of accountants in charge of inspecting company's accounts.

………………………….. : shareholders are not responsible for the company's debts.

Exercise 2 : find in the text synonyms of all these words : deal, completely, in addition,

**Grammar** : *Pronouns : this/that, these/those*

Here are cases where we use these pronouns

|  |  |
| --- | --- |
| Cases | Examples |
| We use this (singular) and these (plural) to talk about people or things near us | **This** is a nice cup of tea Whose shoes are **these** ? |
| To introduce people | **This** is Janet**These** are my friends : John and MichaelNote : we don't say : ~~these are~~ John and Michael, we say : **this** is John and **this** is Michael. |
| To introduce ourselves to begin a conversation on the phone. | Hello, **this** is David, can I speak to Sally ? |
| We use **that** (singular) and **those** (plural) to talk about things or people that are not near us | What's **that** ?**This** is our house and **that's** rebecca's house over there.  |
| We use that to refer back to something someone said or did. | Can we go to the cinema ?* Yes, **that's** a good idea.

I've got a new job : That's greatI'm very tired : Why is **that** ? |

**Activity :** Here you have a part of a job interview between an accountant and a Financial Director, choose the right answer :

* So, according to your CV, you worked before……….General Electric for 5 years (in/on)
* Yes, that…………....from 2010 to 2015, I was in charge of the bookkeeping (were/is/was)
* And what section……..……..you in charge of? (is/has/were)
* I…………….. in charge of recording the purchase of raw material (am/was/were)
* And since 2015, you…………....not practice accounting ? (do/did/does)
* No, I……………...several jobs related to different functions, I was salesman, I also worked as logistics supervisor (hold/held/am holding)
* Why did you………………..General Electric ? (left/leave/leaving)
* I just moved, my new house……….…….very far from the company, I couldn’t keep commuting (are/is/were)
* Did you enjoy………….…… there? (work/working)
* Yes, I enjoy so…………… We managed me and my team to overcome a lot of challenges (many/much)