**Unit 2 : Private and public company**

« Price is what you pay, Value is what you get »   
 Warren Buffett, Businessman, 1930.



When people found a company, they prepare articles of association and a memorandum of association. The **articles of association** states :

* The rights and duties of the shareholders and directors.
* The relationship between shareholders and the company and its directors.

The **memorandum of association** states:

* The company's name,
* The location of the company's registered office, where to send official documents.
* The authorized share capital, the maximum share capital it can has.

Private companies have «**ltd** » at the end of their name. Public limited companies have «**plc** » at the end of their name. In US law, companies or corporations are registered with Securities and Exchange Commission (SEC) and known as **listed companies**. SEC registered companies have to make quarterly reports (every three months). They report on :

* Sales revenue or **turnover** – the money received by the company in that period from selling goods and services.
* **Gross profits** – turnover less costs of sales.
* **Net profit** – gross profits less administrative expenses and taxes.

Companies on the London stock exchange, known as **quoted company** have to produce a half yearly report which informs the shareholders about the company's progress. These reports are not audited.

At the end of the year, all companies send their shareholders the financial annual report. It contains a review of the year’s activity and the explanation of its position and results. It also includes financial statements and notes.

**Comprehension** :

1. What are the two main documents prepared by people to found a company?
2. What is the difference between «ltd » and « plc"?
3. What is the meaning of listed companies?
4. Do companies have to produce a unique report?

**Vocabulary** : match the two parts of a sentences

1. Only listed or quoted companies,
2. American corporations publish details
3. Companies’ financial statements and auditor's report,
4. Quarterly and six monthly reports,
5. Shareholders can ask company directors questions,
6. Companies can hold an emergency general meeting,
   1. about their sales and profits every three months.
   2. are contained in their annual report.
   3. are not checked by external auditors.
   4. if there's a crisis.
   5. can have their shares traded on the stock exchange.
   6. at an annual meeting.

**Grammar** : *Present Simple*

Here are how we write verbs in present simple

|  |  |
| --- | --- |
| Cases | Examples |
| With : she, he, it : we add **s** | The memorandumofassociation **states** that :…… |
| In the negative form, we add the verb **do + not /does + not** | Shareholders **do not manage** their company. |
| In the interrogative form | **Do** the directors **meet** next week ? |
| Verbs ending in **y,** with third person, the **y** changes into **ies** | To cry – he **cries** |
| If there's a vowel before **y**, we just add : **s** | he **plays**  she **enjoys** |
| Verbs ending in : **ss – ch – sh – x**, we add **es** | He **passes**, she **catches**, it **fixes**, it **pushes**. |

The present simple is not used to express actions happening now, we rather use present continuous. The present simple is used only in these cases:

|  |  |
| --- | --- |
| To express :   1. Habits, 2. General truths, 3. Unchanging situations, 4. Emotions and wishes | 1. I smoke. 2. General motors is a big company. 3. I take the bus every day. 4. I wish I can find a job. |
| To give instructions and directions | You walk for two miles then you turn left |
| To express fixed arrangement present or future | Your exam starts at 9.00 |
| To express future time after some conjunctions: after, before, until, when, as soon as. | We will give it to her once she arrives. |

Exercise 1 : check the correct answer

1. My father still …………….. the same newspaper every day. (Buys, bought, is buying)
2. The relative humidity usually ………………. when the temperature goes down. (Fell/falls/will fall).
3. My best friend………………. in that apartment building over there. (Lives/is living/live).
4. What is the name of the picture, you ……………….at on the wall? (look, are looking, looks)
5. ………………. … . to meet them ? (Are you going/do you go)
6. ………………….. everything he says ? (Do you believe/are you believing)
7. I'm so glad that you……………… us. (will join/joined/join).
8. I will not leave until I……………. to your boss. (talk/talks/will talk).
9. Later tonight, I…………….. him (call/am calling/will call).
10. Why………….. always late ? (is she/she is being/she is) ?
11. Your meeting ……………….. at 11.00 (starts/will start/start)
12. You go through in-house then you……………. Right. (turns/will turn/turn).