**UNIT 1 SETTING UP A BUSINESS**

|  |  |
| --- | --- |
| **READING** |  |
| Equity  Company capital | What is 'Equity '  The value of an asset less the value of all liabilities on that asset.  **BREAKING DOWN 'Equity '**  Generally speaking, the definition of equity can be represented with the accounting equation:  **Equity = Assets - Liabilities**  Yet, because of the variety of types of assets that exist, this simple definition can have somewhat different meanings when referring to different kinds of assets. The following are more specific definitions for the various forms of equity:  1. A stock or any other security representing an ownership interest. This may be in a private company (not publicly traded), in which case it is called private equity.  <http://www.investopedia.com/terms/e/equity.asp> |
| Assets  Tangible assets  Intangible assets  Fixed assets | An asset is a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit. Assets are reported on a company's balance sheet, and they are bought or created to increase the value of a firm or benefit the firm's operations. An asset can be thought of as something that in the future can generate cash flow, reduce expenses, improve sales, regardless of whether it's a company's manufacturing equipment or a patent on a particular technology.  BREAKING DOWN 'Asset'  An asset represents a present economic resource of a company to which it has a right or other type of access that other individuals or firms do not have. A right or other access is legally enforceable, which means that a company can use economic resource at its discretion, and its use can be precluded or limited by an owner. For an asset to be present, a company must possess a right to it as of the date of the financial statements. An economic resource is something that is scarce and has the ability to produce economic benefit by generating cash inflows or decreasing cash outflows.  Assets can be broadly categorized into short-term (or current) assets, fixed assets, financial investments and intangible assets. Assets are recorded on companies' balance sheets based on the concept of historical cost, which represents the original cost of the asset, adjusted for any improvements or aging. Historical cost is also called the book value.  Current Assets  Current assets are short-term economic resources that are expected to be converted into cash within one year. Current assets include cash and cash equivalents, accounts receivable, inventory, and various prepaid expenses. While cash is easy to value, accountants periodically reassess the recoverability of inventory and accounts receivable. If there is persuasive evidence that collectability of accounts receivable is impaired or that inventory becomes obsolete, companies may write off these assets.  Fixed Assets  Fixed assets are long-term resources, such as plants, equipment and buildings. An adjustment for aging of fixed assets is made based on periodic charges called depreciation, which may or may not reflect the loss of earning power of a fixed asset. Generally accepted accounting principles (GAAP) allow depreciation under two broad methods: the straight-line method assumes that a fixed asset loses its value in proportion to its useful life, while the accelerated method assumes that the asset loses its value faster in its first years of use.  Financial Assets  Financial assets represent investments in the assets and securities of other institutions. Financial assets include stocks, sovereign and corporate bonds, preferred equity, and other hybrid securities. Financial assets are valued depending on how the investment is categorized and the motive behind it.  Intangible Assets  Intangible assets are economic resources that have no physical presence. They include patents, trademarks, copyrights and goodwill. Accounting for intangible assets differs depending on the type of asset, and they can be either amortized or tested for impairment each year.  <http://www.investopedia.com/terms/a/asset.asp> |
| Business law |  |
| Entrepreneur  Entrepreneurship  Entrepreneurial | Polish ??? |
| Limited liability  Unlimited liability  Be liable to sb (e.g. creditors) for sth (e.g. debt)  Bear (bore, borne) personal liability for sth  Personally liable | Polish ??? |
|  |  |
| **Legal structures in the UK**  Sole trader/proprietor  Partnership:  General partnership  Limited liability partnership (LLP)  (private) limited company (LTD)  (public) limited company (plc) | Jednoosobowa działalność gospodarcza  Spółka partnerska  Spółka jawna  This legal structure is a hybrid between a general partnership and an ltd company. It must be registered with the Companies House. Partners may be liable for pLLP’s debt in the last two years, if they traded being aware that there was no real chance to **avoid bankruptcy** |
| Articles of Association (UK) (plural noun)  Memorandum of Incorporation (US) | The internal rule book that every incorporated organization must have and work by. It forms a part of the constitution of an organization.  The articles of association are a contract (1) between the members (stockholders, subscribers) and the organization and (2) among the members themselves. It sets out the rights and duties of directors and stockholders individually and in meetings. Certain statutory clauses (such as those dealing with allotment, transfer, and forfeiture of shares) must be included; the other clauses are chosen by the stockholders to make up the bylaws of the organization.  <http://www.businessdictionary.com/definition/articles-of-association.html> |
| Register of companies  Companies register (more popular term) | Companies register is an official list of all the companies in a country, together with information about them, copies of their accounts, etc.  Companies registrar is a **government official** whose job is **to keep records** of all existing and new companies in the UK, and to make sure that they **record** their accounts and other information correctly.  United Kingdom's registrar of companies is called the Companies House i.e. central register of companies.  Companies House **incorporates** and **dissolves** limited companies, registers the information companies are legally required to supply, and makes that information available to the public. |
| Be self-employed  Work for your own account | Be a freelancer |
| Register a company **with** the tax authority  Register a company **on** the Register of companies | Have it officially recorded |
| A **written** partnership agreement |  |
| Provide, contribute equity to the company  Put capital into it |  |
| unlike | In contrast with, as opposed to |
| Publish financial information | Disclose such information  Note: disclosure requirement |
| Members of the LLP or Ltd | Polish ??? |
| Have a separate legal identity | Be a separate, autonomous legal person  Note: legal person/entity vs natural person |
| Machinery (uncountable noun) | Machinery is a tem meaning machines |
| Shares are traded publicly  Trade **in** sth | They are sold and bought by members of the public |
| Directors of the company  Board members  Accounting procedures |  |
| Limited liability company (LLC) (US) |  |
| Have, give, offer tax flexibility to a company |  |
| Jurisdiction | Authority or control: islands **under US jurisdiction**; a bureau **with jurisdiction over** Native American affairs. |
| Law firm  Accountancy partnership |  |
| Tax advisor  Tax advisory  Tax advisory services |  |
| **The** law in the UK, Poland |  |
| Start-up capital  Seed capital  Initial capital | Startup capital indicates the money required to start a new business, e.g. for office space, permits, licenses, inventory, product development and product manufacturing, marketing or any other expenditure.  Startup capital is also known as "seed money", or “initial capital” |
| Run, manage an import/export business |  |
| Loan security  Secure a loan **on** your house  Secure a loan  Pledge as security | Loan **secured by the pledge** of any asset as **collateral**. |
| Guarantee a loan |  |
| Take a house as security | Accept a house as security for a loan |
| To default **on** a loan  Loan default | Default is the failure to pay interest or principal on a loan or security when due. Default occurs when a [debtor](http://www.investopedia.com/terms/d/debtor.asp) is unable to meet the legal obligation of debt repayment, e.g. if an individual fails to make his monthly mortgage payments, he defaults on the loan. Similarly, if a business issues bonds and it is unable to make [coupon](http://www.investopedia.com/terms/c/coupon.asp) payments to its [bondholders](http://www.investopedia.com/terms/b/bondholder.asp), the business is in default on its bonds.  Polish ???  Zaprzestać obsługi długu |
| Recover money, investment | Regain it |
| Raise a question, matter, issue, doubt | Polish ??? |
| Put sb/be under legal obligation to do/ not to do sth | Force sb/be forced to do/not to sth for legal or moral reasons |
| Finance a company/growth through shares | To finance sth is to fund it from certain source  Note: equity financing versus  Debt financing |
| Memorandum of Association (UK)  Bylaws (US) |  |
| File a document with an authority, organ, body  A file | Send, submit a document to  Note: filing requirement  Filing versus filling |
| i.e. | Pronounced /ai i:/ or that is  Polish ??? |
| e.g. | Pronounced /i: dzi:/ or for example  Polish ??? |
| Impose rules, regulations, requirements upon/on sb  Imposition of martial law, the reporting requirement | Make these an obligation for sb |
| Incur a debt, a loan, costs  Incurrence | Make oneself/**be** **subject to** sth  Note: if you **are subject to** an obligation or if **you are bound by** an obligation i.e. you are dependent or conditional upon something, as in subject to shareholder approval.  **Important legal concept!** |
| Enter a clause, a note in a register  A register entry | Record it in a register  Polish ??? |
| Make a contract, an agreement |  |
| An agreements states, sets out, lays down (lay, laid, laid) that… | Polish ??? |
| Payment is due at the end of | The amount is payable/due  Polish ??? |
| **A binding agreement** | An **agreement that binds** (i.e. obligates) the parties concerned to perform certain obligtions  The parties **are bound by** this agreement to perform sth |
| Terminate a contract with immediate effect  Contract termination | To terminate means to put an end to or cancel sth. If it is done with immediate effect, the termination becomes valid (comes into force) immediately |
| Ascertain the facts, the truth |  |
| Court action | Proceedings in court  Polish ??? |
| lawyer  Attorney  Attorney-at-law  Solicitor  barrister | See coursebook! |
| Advocacy | The art of presenting a case in court  Polish ??? |
| Prepare a brief | A brief is  a/ a set of instructions  b/ a summary of the facts and legal points in a case given to a barrister to argue in court.  synonyms: summary of the facts, case, argument, contention; dossier  "a barrister's brief" |
| Queen’s counsel | A counsel is an advisor |
| **Member** of the partnership (LLP) or ltd | Its owner  Polish ??? |
| Business format | Legal structure, legal form |
| The rationale behind sth | The reasons for or explanation of the |
| Time scale | Polish ??? |
| A listed company (US)  A quoted company (UK) | A company whose shares are listed on the stock exchange, e.g. the London Stock Exchange and publicly traded |
| Company legislation |  |
| It is legal/illegal to do sth | It is legally permitted/not permitted to do sth |
| A young company versus an established company |  |
| The main market or floor of the stock exchange versus the Alternative Investment Market | Polish ??? Alternatywny system obrotu, rynek alternatywny NewConnect |
| Minimum capital requirement | The minimum capital required to set up a business in any jurisdiction |
| Registration fee  Administrative costs/fees |  |
| formalities | an established form or procedure that is required or conventional |
| Constitutional document | A document constituting i.e. creating, establishing and defining an organization e.g. a company |
| Do the paperwork |  |
| Wind up a company  Wind, wound, wound  Winding-up | Liquidate a company |
| Make a claim | A claim is a demand, e.g. that payment be made.  To **make a claim** is to prepare a document in which you demand e.g. compensation |
| Take your name off the firm’s letter head | Remove it from official company paper |
| A letterhead, letter head |  |
| Legal position | Polish ??? |
| Favour sth/sb | Support sb’s point of view |
| Overreact  overreaction |  |
| Convert a company into another legal form  conversion | Change its legal form |
| Organic growth | Organic growth is the process of business expansion by increased output, customer base expansion, or new product development, as opposed to mergers and acquisitions, which is inorganic growth. |
| Solar cell technology  Photovoltaic technology | A solar cell, or photovoltaic cell (in very early days also termed "solar battery" – a denotation which nowadays has a totally different meaning, see here), is an electrical device that converts the energy of light directly into electricity by the photovoltaic effect, which is a physical and chemical phenomenon. |
| Overstretch the company financially | In simple terms - to spend more than the company can afford |
| Have/receive/produce good references | Polish ??? |
| Company’s turnover | Company’s sales.  An alternative term for **sales revenue** or **sales volume.** Polish ??? |
| Off-the-shelf company | Ready-made company  Polish ??? |
| **LISTENING** |  |
|  |  |
| Change the legal structure of your business | Transform or convert it e.g. from an Ltd company into a plc. |
| Operate a sole trader | Do, run your business as a sole trader |
| Form a separate company |  |
| The only owner | The sole owner |
| Bring more people into the business | Hire people or to involve them as owners |
| Profits have gone up | Increased, have risen |
| Expand the business  expansion | Grow it |
| showroom | A room used for displaying a company's products. Most commonly, a showroom refers to the area where an automobile manufacturer displays its various models of cars. |
| Storage space |  |
| The local council | the group of people responsible for providing houses, schools, parks etc in a small area such as a town. |
| A retail outlet  A retailer vs a wholesaler | An outlet is a modern term for a shop or store.  Retailers sell to the end users, the consumers, whereas wholesalers sell to retailers the products made by manufacturers |
| Property lawyer | One specializing in transactions involving property |
| Property department | A department, e.g. in a law firm which specializes in arranging property transactions, providing advisory etc |
| Give sb a say in the (running of ) the company | Allow sb the right to make company-related decisions |
| Incorporate a business  incorporation | Register it |
| Transfer assets from one company to another | Move them between two companies |
| Guarantee a loan  A guarantor | to guarantee a loan, in finance, is for one party (the guarantor) to promise to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt. |
| hepatitis | a disease characterized by inflammation of the liver.  Polish ??? |
| Vaccinate  Vaccine  Vaccination | to administer a vaccine to usually by injection  Polish ??? |
| Hepatitis vaccination  To vaccinate a patient against a disease |  |