**FACULTY OF LAW, LEGAL ENGLISH II, FINAL TEST**

**I Reading comprehension.**

Corporate law is the body of laws, rules, regulations and practices that govern the formation and operation of corporations. It’s the body of law that regulates legal entities that exist to conduct business. The laws touch on the rights and obligations of all of the people involved with forming, owning, operating and managing a corporation. A corporation is a legal entity that exists to conduct business. It’s a separate legal entity from the people who make it. A corporation can conduct business in its own name just like any person can. When a person owns a part of a corporation, their liability is limited to their ownership in the corporation. They can’t lose more than their investment in the corporation. Corporation owners pool their resources into a separate entity. That entity can use the assets and sell them. Creditors can’t easily take the assets back. Instead, they form their own entity that acts on its own. When a corporation gets sued, it’s only the corporation’s assets that are on the line. The plaintiff can’t go after the personal assets of the corporation’s owners. A corporation’s limited liability allows owners to take risks and diversify their investments. If an owner decides they no longer want a share in the corporation, the corporation doesn’t have to shut down. One of the unique features of a corporation is that owners can transfer shares without the same difficulties and hassles that come with transferring ownership of a partnership. There can be limits on how shareholders transfer ownership, but the fact that ownership can be transferred allows the corporation to go on when owners want to make changes.

**Are these sentences true (T) or false (F)?**Bottom of Form

1. Corporations do not have any obligations. \_\_\_\_\_\_\_\_\_\_\_

2. Corporations are inseparable from those who make them. \_\_\_\_\_\_\_\_\_\_\_

3. If a company is sued only its assets are in danger. \_\_\_\_\_\_\_\_\_\_\_

4. Company owners have a limited liability. \_\_\_\_\_\_\_\_\_\_\_

5. The ownership is transferrable. \_\_\_\_\_\_\_\_\_\_\_

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**II Complete the table with the missing word forms.**

|  |  |
| --- | --- |
| **VERB** | **ABSTRACT NOUN** |
| **issue** |  |
|  | **refusal** |
| **divide** |  |
| **consolidate** |  |
|  | **amendment** |

|  |  |
| --- | --- |
| **VERB** | **ABSTRACT NOUN** |
|  | **merger** |
| **acquire** |  |
|  | **consolidation** |
| **approve** |  |
| **cancel** |  |

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**III Match each verb (1-5) with the expression it collocates with.**

1 adopt a) a meeting

2 preside at b) an authority

3 exercise c) a resolution

4 restrict d) spending

5 accrue e) a large amount of money

1 \_\_\_\_\_\_ 2 \_\_\_\_\_\_\_ 3 \_\_\_\_\_\_\_ 4 \_\_\_\_\_\_\_ 5 \_\_\_\_\_\_\_

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**IV Provide words for these definitions.**

1. someone who agrees to buy shares or other securities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. parts of a company’s profits paid to shareholders \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. to become more varied or different \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. to make a decision formally \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5. to separate into parts and groups \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**V Fill the gaps with the words provided.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| liquidation | resolution | manager | competition | target | benefits | invitation |
| buyers | assets | takeover | approval | shares | liabilities | acquisition |

A company may also gain control of another company by purchasing substantially all of the other company's \_\_\_\_\_\_\_\_\_\_\_\_. At common law, a sale of this kind normally required unanimous shareholder \_\_\_\_\_\_\_\_\_\_\_\_. However, today such sales may take place upon approval by some majority of the shareholders. \_\_\_\_\_\_\_\_\_\_\_\_of shares is another method of gaining control of another company. This is achieved by purchasing all or the controlling portion of outstanding \_\_\_\_\_\_\_\_\_\_\_\_ in a company. Many times this is achieved through a \_\_\_\_\_\_\_\_\_\_\_\_ bid, whereby company Y (the acquiring company or acquirer) makes a public \_\_\_\_\_\_\_\_\_\_\_\_\_to shareholders of company X (the acquired company or) to sell their stock, generally at a price above the market price.

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**VI Complete the sentences below using the correct preposition.**

1. The resolution must be lodged \_\_\_\_\_\_\_\_ Companies House within 15 days.

2. According to the statutes, the chairperson must preside \_\_\_\_\_\_\_\_ the EGM.

3. The EGM authorized the Board of Directors to repurchase and dispose \_\_\_\_\_\_\_\_ not more than 500 shares.

4. All of the requirements of the Companies Acts have been complied \_\_\_\_\_\_\_\_.

5. The two corporations announced that they have entered \_\_\_\_\_\_\_\_ a merger agreement.

6. They decided to get rid \_\_\_\_\_\_\_\_ these shares.

7. They are looking forward \_\_\_\_\_\_\_\_\_\_ to signing a merger contract.

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|  | **7** |

**Translate the following sentences.**

1. The target company called a stockholders’ meeting to approve the Reorganization Agreement and the voluntary dissolution of the Target Corporation upon distribution of the shares to the Target Corporation’s stockholders.

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2. The difficulty in the instant case is that the transaction is not a “true” merger but rather a sale of assets on exchange for shares, In the latter case, strictly speaking, the statues do not provide the shareholder appraisal rights.

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3. The secretary was instructed to prepare and file with the Registrar of Companies in respect of the allotments just made.

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4. A spin-off is used to separate two businesses that have become incompatible. In case where investors and lenders may want to provide capital to one but not all business operations, a spin-off can be a good solution.

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|  | **16** |