

LEGAL FORMS OF BUSINESSES

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Abstract

The aim of the paper was the comparison of the translation of four legal forms of business companies with the help of different monolingual, bilingual dictionaries and other resources. Both the Czech and English versions of these terms were taken into consideration. The article deals with the most frequent difficulties and incorrectness, which might appear in the translation of the above-mentioned forms and proposes possible solutions.

Legal Forms of Businesses

During English tuition students currently come across legal forms of companies. Their translation becomes a problem not only for them but also for their teachers. A number of monolingual and bilingual exist on one hand, however the problem remains their different interpretation.

In the first part of my paper I would like to focus on the main types of business companies in the Czech Republic together with English and American legislation. Secondly, I will concentrate on the translation of Czech forms of business companies into English and, vice versa Czech interpretation of English and American forms of business companies, all that with the help of randomly selected resources, whose titles are stated in both the comparison tables and references. In the choice of materials, which I used for comparison I tried to include different types of dictionaries and other sources where the interpretation of business companies is mentioned. In conclusion I would like to point at the main problems and difficulties which might appear in the translation.

Commercial Code in its full version states four forms of business companies:

- General Commercial Partnership
- Limited Partnership
- Limited Liability Company
- Joint Stock Company

A general commercial partnership (in Czech veřejná obchodní společnost) is an entity in which at least two persons carry on business activity under a common commercial name and bear joint and several liability for obligations of the partnership with all their property.

A *limited partnership* (in Czech komanditní společnost) is an entity in which one or more partners are liable for the partnership's obligations up to the amount of the unpaid parts of their contributions, as recorded in the Commercial Register (limited partners; in Czech komandisté), and one or more partners are liable for the partnership's obligations with their entire property (general partners, in Czech komplementáři).

A *limited liability company* (společnost s ručením omezeným) is an entity whose registered capital is made up of contribution agreed in advance by its members.

A *joint stock company* (in Czech akciová společnost) is a company whose registered capital (capital stock) is divided into a certain number of shares of a specific nominal value. The company is liable for a breach of its obligations with its entire property. The shareholders not liable for the company's obligations (debts).

With regard to the English legislation we can define the following types of business companies:

- Partnership – Ordinary
- Partnership – Limited
- Company – Limited by Shares
- Company – Limited by Guarantees

Finally in the USA the most common type of the enterprise is a *corporation*, which can have different names. In fact, it is a joint stock company whose main body is the Board of Directors. Corporations are further subdivided into public and private ones.

Table 1

| | Commercial Code [4] | Czech English Economic Dictionary [1] |
|--------------------------------------|---|--|
| Veřejná obchodní společnost | General commercial partnership Unlimited partnership | General commercial partnership Public company Public owned corporation |
| Komanditní společnost | Limited partnership | Partnership in commandite (according to Adam – Longman concise dictionary of business English, it is a form of partnership in France roughly equivalent to a limited partnership in Britain) Special partnership Limited partnership |
| Společnost s ručením omezeným | Limited liability company | Limited liability company |
| Akciová společnost | Joint stock company | Joint stock company Proprietary company |

Table 1 shows the discrepancies in the translation of the Czech terms of business companies. The first problem arises with the term “veřejná obchodní společnost”.

According to the Czech Commercial Code the Czech designation “veřejná obchodní společnost” is somewhat misleading, as it may be literally (but incorrectly) translated into English as public trading company, public company (see Caforio Czech-English Economic Dictionary[1]). The Czech term contains the equivalent of the word “company” (společnost), which is not the case with the English term. However, we should be careful with the English term partnership as it is defined as an unincorporated (unregistered) association of two and

more persons carrying on business together for the purpose of making a profit [2]. In England and Wales, a partnership is not a separate legal person (in Scotland it is). Under Czech law general commercial partnership and limited partnership are legal entities. So this implies inconsistencies. On the other hand the English term General (ordinary) partnership characterised as a form of partnership where the members do not enjoy limited liability is very close to the Czech form “veřejná obchodní společnost”. Similarly, in the case of the limited partnership, being defined as a form of partnership, sometimes found in the professions, consisting of one or more general partners having unlimited capacity and one or more limited partners whose liability is limited to the amount of capital they have promised to provide (limited partners may not share in the management of the partnership) [2] can be found common features with the Czech form “komanditní společnost”. It is necessary to stress that we are talking about common features in general as there are also areas which differ to a certain extent e.g. both the types of partnership have the maximal number of partners set (it is 20 partners and if they run their business in banking it is only 10), while in accordance with the Czech Commercial Code the maximal number of partners is not limited. With respect to the above-mentioned facts, it would be probably better to use the terms stipulated in the English version of the Czech Commercial Code, however it is necessary to take into consideration different concepts of both the General commercial partnership and limited partnership in terms of legal capacity in British and Czech environment.

Table2

| | English - Czech Economic Dictionary [7] | English - Czech Legal Dictionary [8] | Longman Concise Dictionary of Business English (English-English dictionary) [2] |
|---------------------------------------|---|---|--|
| General commercial partnership | Not mentioned | Všeobecné partnerství | Ordinary partnership |
| Unlimited partnership | Unlimited company - veřejná obchodní společnost | Společnost s ručením neomezeným | |
| Limited partnership | Osobní společnost podobná naší komanditní společnosti | Komanditní společnost Obchodní společnost s ručením neomezeným | Form of partnership, sometimes found in the professions, consisting of one or more general partners having unlimited capacity and one or more limited partners whose liability is limited to the amount of capital they have promised to provide |
| Limited liability company | Společnost s ručením omezeným | Společnost s ručením omezeným (it is not identical with the Czech s.r.o.) | Joint stock company <ul style="list-style-type: none"> • Limited by shares • Limited by guarantee |
| Joint stock company | Akciová společnost | Akciová společnost | The expression can be very often replaced by a limited company |

With respect to the fact that the English terms used in the translation of the Czech Commercial Code are the most identical in comparison with the definitions of business companies stated in monolingual Adam's Business dictionary [2], they were used as starting terms for the Czech translation. Regarding single-person corporations, the only problem that arose was the translation of a general partnership (unlimited partnership) in the economic dictionary. As *komanditní společnost* (limited partnership) is translated as a partnership, no logical and reasonable justification can be found for the use of a word company for unlimited partnership. However, more serious problem arises in case of capital companies. As the Adam's translation implies the term joint stock company can be replaced by the term limited liability company. So if we use the term limited company (no matter whether in full wording or using the abbreviation *ltd.*) as a joint stock company, the financial liability of whose members is limited by law, we cannot be sure whether talking about the company limited by shares or company limited by guarantee, unless it is obvious from the context. We must be also careful with the use of a joint stock company in the USA as in terms of American English a joint stock company is characterised as a business organisation having its capital divided into small units of stock, what implies a jointstock company in Britain [2] (our *akciová společnost*), however the liability of its members is unlimited, as in a partnership. In connection with a limited liability company, we can sometimes see the terms private limited company as a limited company which must not invite the public to subscribe for its shares or debentures, and does not allow its members to transfer their shares without the agreement of the other shareholders and public limited company for a limited company which can offer its shares and debentures to the public and there is normally no limit to the right of its members to transfer their shares to other person (often abbreviated *p.l.c.*). The same division with some differences can be found in the Czech equivalent (*akciová společnost*), however the division into private and public is not used in Czech terms. The problem which might arise in relation with the English term public limited company is an incorrect translation into Czech language as the word public (*veřejná*) implies our Czech *veřejná obchodní společnost* (general partnership) and thus it might be easily confused and translated incorrectly. In conclusion I would like to stress the important fact. With respect to the problems the translation of the above-mentioned business terms bring, it is necessary to use monolingual dictionaries or, in the case of the translation of Czech terms, bilingual dictionaries, which should be verified by already mentioned English-English dictionaries. It is necessary to take into account the fact that in spite of the existing English equivalents stated in dictionaries, these very often vary from Czech forms and therefore in case of a precise translation (e.g. Commercial Code), it is good to clearly describe all the differences.

References:

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