

People's Democratic Republic of Algeria
University of Jijel
Department of Economy

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1/ How a company works?

A company is essentially an artificial person- also known as **Corporate personhood** – in that it is an entity separate from the individuals who own, manage and support its operations. Companies are generally organized to earn a profit from business activities, though some may be structured as non-profit charities. Each country has its own hierarchy of company and corporate structures, though with many similarities. A company has many of the same legal rights and responsibilities as a person does, like the ability to enter into contracts, the right to sue (or be sued), borrow money, pay taxes, own assets, and hire employees.

Companies may be either public or private; the former issues equity to shareholders on an exchange, while the later is privately –owned and not regulated. A company is generally organized to earn a profit from business activities.

Companies are important contributor to the health of an economy as they employ individuals and attract disposable income to spur growth.

2/ Types of Companies:

In the US , tax law as administered by the Internal Revenue Service (IRS) and individuals states dictates how companies are classified. Examples of company in the US include the following :

A/ A Company Limited by Guarantee (CLG): Commonly used where companies are formed for non-commercial purposes, such as clubs or charities. The members guarantee the payment of certain (usually nominal) amounts if the company goes into **insolvent liquidation**, but otherwise; they have no economic rights in relation to the company. This type of company is common in England. A company limited by guarantee may be with or without having **share capital**.

B-A Company Limited by Shares: The most common form of the company used for business ventures.

Specifically, limited company is a "company in which the liability of each shareholders is limited to the amount individually invested" with corporation being "the most common example of a limited company". This type of company is common in England and many **English-speaking countries**. A company limited by shares may be a **public traded company** or **privately held company**.

C-A Company Limited by Guarantee with a share capital: A hybrid entity usually used where the company is formed for non-commercial purposes, but the activities of the company

are partly funded by investors who expect a return. This type of company may no longer be formed in the UK, although provisions still exist in law for them to exist.

D-A Limited Liability Company: A company statutorily authorized in certain states that is characterized by limited liability, management by members or managers, and limitations on ownership transfer, i.e., LLC. LLC structure has been called "**hybrid**" in that it "combines the characteristics of a corporation and of a partnership or **sole proprietorship**". Like a corporation, it has limited liability for members of the company, and like a partnership it has "flow-through taxation to the members" and must be "dissolved upon the death or bankruptcy of a member."

E-An Unlimited Company with or without a Share Capital: A hybrid entity, a company where the liability of members or shareholders for the debts (if any) of the company are not limited. In this case, the doctrine of a veil of incorporations does not apply.

Questions:

Reading and comprehension:

1-Is a company's entity separate from the individuals?

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2-Does a country have its private hierarchy of the company?

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3-What are the legal rights and responsibilities of the company?

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4-What is the difference between public and private companies?

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