

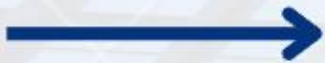
**UNIVERSITAS KRISTEN WIRA WACANA SUMBA**

**WEEK 13**

**INCORPORATED AND UNINCORPORATED BUSINESS**

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**ENGLISH FOR LAW**



# Review

**A partnership agreement is a legally binding contract between two or more people that set up in business together. It outlines the terms and conditions of their business relationship such as:**

- how the partners run the partnership.
- how the partners share the profits.
- how the partners share the risks, costs, and responsibilities.
- how the partners terminate the partnership.

It is very important to use a solicitor to draw up a written partnership agreement before you start running a new business relationship.

## Cont....

- Names of the partners (Nama-nama partner)
- Partnership name (Nama kemitraan)
- Capital contribution of partners (Kontribusi modal setiap partner)
- Share of profits or losses (Pembagian keuntungan atau kerugian)
- Cheque signing arrangements (Pengaturan tandatangan check)
- Period of notice for resignation (Periode pemberitahuan pengunduran diri)
- Retirement age (Usia pensiunan)

<b>draw up</b> menyusun	<b>contribute</b> kontribusi	<b>management</b> managemen	<b>notice</b> pemberitahuan
<b>partnership agreement</b> perjanjian Kerjasama	<b>profits</b> keuntungan	<b>authority</b> otoritas	<b>expel</b> memecat
<b>advise</b> menasehati	<b>equally</b> secara adil	<b>bills</b> tagihan-tagihan	<b>dissolved</b> membubarkan
<b>trade under</b> berdagang dibawah	<b>loss</b> kerugian	<b>retire</b> pensiun	<b>resignation</b> pengunduran diri
<b>capital</b> modal	<b>duties</b> tugas-tugas	<b>resign</b> mundur	<b>leave</b> meninggalkan

# Incorporated and unincorporated business

Incorporated business means a business is a separate legal entity from its owner and it is a private limited company. Incorporated business has :

- share, dividend, member (saham, dividen, anggota)
- limited liability partnership (kerjasama dengan tanggung jawab terbatas)
- corporation tax (pajak perusahaan)
- public limited company (perusahaan terbatas umum)
- limited liability (tanggung jawab terbatas)

## Cont....

**Unincorporated business means a business is not legally separate from its owner. Unincorporated business has :**

- unlimited liability (tanggung jawab tidak terbatas)
- partnership (kerjasama)
- joint and several liability (tanggung jawab bersama)
- sole trader (perusahaan tunggal)
- partner (mitra)

## Key Vocabulary Before reading

<b>accountant</b>	<b>business structure</b>	<b>private</b>	<b>stockbroker</b>
<b>accountancy</b>	<b>tax</b>	<b>waiting list</b>	<b>dividend</b>
<b>paperwork</b>	<b>consideration</b>	<b>restricted</b>	<b>excellent return</b>
<b>association</b>	<b>corporation</b>	<b>rules</b>	<b>announcement</b>
<b>risk</b>	<b>income tax</b>	<b>shares</b>	<b>price</b>

# Key Vocabulary

## Before reading

<b>accountant</b> <b>akuntan</b>	<b>business structure</b> <b>struktur bisnis</b>	<b>private</b> <b>pribadi</b>	<b>stockbroker</b> <b>pialang saham</b>
accountancy <b>akuntansi</b>	tax <b>pajak</b>	waiting list <b>daftar tunggu</b>	dividend <b>dividen</b>
paperwork <b>tugas administrasi</b>	consideration <b>pertimbangan</b>	restricted <b>terbatas</b>	return <b>penghasilan</b>
association <b>asosiasi/perhimpunan</b>	corporation <b>perusahaan</b>	rules <b>aturan-aturan</b>	announcement <b>pengumuman</b>
risk <b>resiko</b>	income tax <b>pajak pendapatan</b>	shares <b>saham</b>	price <b>harga</b>

# Reading

## Short reading text

### Esther Kaita

We set up our business together two years ago. I am an accountant and Lukas Nggaba is a builder. We trade under the name of Ndumma Luri Property Services. Lukas does all the building work while I deal with all the paperwork. Lukas and I share all the profits. We didn't register the business anywhere but we joined the local small builders' association. We took a loan from the bank when we set up, to buy a van and any tools that Lukas needed. The bank insisted on securing the loan our house, but as we were confident about the future of the business, we decided to take this risk. We are doing quite well at the moment.

**Cont....**

## **Alex Radja**

The four of us set up our accountancy business about 10 months ago. After considering the options, we decided on this type of business structure. Most new professional services are using this structure. There is less risk involved as we are only liable for the amount of money we contributed to the business. Tax was another consideration. We didn't want to pay corporation tax which is generally at a higher rate, so we opted for this. We each have to pay income tax in our share of the business profit.

**Cont....**

## **Maria Ngguna**

I am an English teacher. I used to work in a big school, but decided that I wanted to do private tutoring, specializing in helping children who find it difficult to understand English. The business is very successful and I have a waiting list of parents who are interested in their children having lessons with me. I don't want big business. I am just happy doing the hours I want. I can be as flexible as I want. If I need more money, I just accept extra pupils. The business is easy to run and I am not restricted by rules and regulation.

**Cont....**

## **Nyoman Karna**

I own shares in Perusahaan Tambang Bumi. I bought the shares three years ago through stockbroker. Perusahaan Tambang Bumi has just announced that it has made record profits this year. It has declared a dividend, which provides an excellent return on my investment. This dividend is to be distributed soon. All of the shareholders will be delighted that the price of shares has risen by 10 ribu rupiah each since this announcement was made. Stockbrokers are reporting that a lot of people are interested in buying Tambang Bumi's shares.

(Catherine, Mason, 2016, pp.263 - 264)

## Question

1. What are the responsibilities of Esther and Lukas in their business?
2. Did Esther and Lukas secure their house for the bank loan?
3. What business did Alex and his four partners set up?
4. How did Alex and his partners pay their taxes?
5. What does Maria do as private English teacher?
6. Why does Maria choose this private tutoring business?
7. What does Nyoman own in Perusahaan Tambang bumi?
8. How much the price of the shares of Tambang Bumi has risen?
9. Are people interested to buy shares in Tambang Bumi?

## Answer

1. What are the responsibilities of Esther and Lukas in their business?

- Lukas does all the building work and Esther deals with all the paperwork.

In the text:

“I am an accountant and Lukas Nggaba is a builder. We trade under the name of Ndumma Luri Property Services. Lukas does all the building work while I deal with all the paperwork”.

## Cont....

2. Did Esther and Lukas secure their house for the bank loan?

- Yes, they did.

In the text:

“The bank insisted on securing the loan our house, but as we were confident about the future of the business, we decided to take this risk.

## Cont....

3. What business did Alex and his four partners set up?

- They set up accountancy business.

In the text:

“The four of us set up our **accountancy business** about 10 months ago”.

## Cont....

4. How did Alex and his partners pay their tax?

- Alex and his partners did not pay corporation tax because of higher rate but they pay with income tax in their share of business profit.

In the text:

“. We didn't want to pay corporation tax which is generally at a higher rate, so we opted for this. We each have to pay income tax in our share of the business profit”.

## Cont....

5. What does Maria do as private English teacher?

- Maria helps children who have difficulties to understand English.

In the text:

“I wanted to do private tutoring, specializing in helping children who find it difficult to understand English”.

## Cont....

6. Why does Maria choose this private tutoring business?

- Because private tutoring business is easy and Maria is not restricted by rules and regulations.

In the text:

“The business is easy to run and I am not restricted by rules and regulation.”

## Cont....

7. What does Nyoman own in Perusahaan Tambang bumi?

- Nyoman owns shares.

In the text:

“I own shares in Perusahaan Tambang Bumi. I bought the shares three years ago through stockbroker”.

## Cont....

8. How much the price of the shares of Tambang Bumi has risen?

- The price has risen by 10 ribu rupiah.

In the text:

“All of the shareholders will be delighted that the price of shares has risen by 10 ribu rupiah each since this announcement was made

## Cont....

9. Are people interested to buy shares in Tambang Bumi?

- Yes, they are.

In the text:

“Stockbrokers are reporting that a lot of people are interested in buying Tambang Bumi’s shares”.

## Look at the reading text and answer the two questions

- a. What is the business structure of each of the texts?
- b. Which one of the texts is incorporated and unincorporated businesses?

## Answer

a. What is the type business of each story of the texts?

- Esther Kaita.

Type of business is a partnership.

- Alex Radja.

Type of business is a limited liability partnership.

- Maria Ngguna.

Type of business is a sole trader.

- Nyoman Karna

Type of business is a public limited company.

## Cont....

b. Which one of the texts is incorporated and unincorporated businesses?

- Esther Kaita.

It is an unincorporated business

- Alex Radja.

It is an incorporated business

- Maria Ngguna.

It is an unincorporated business

- Nyoman Karna

It is an incorporated business

## Exercise

**Put the correct word from the key vocabulary into the sentences below.**

1. Liam deals with the mechanic work, while Reni deals with all the \_\_\_\_\_ e.g. pay the bills, send invoices, and other admin works.
2. All my employees join the \_\_\_\_\_ in my town.
3. I and my business partners pay \_\_\_\_\_ on our share of business profits.
4. I would rather choose to do \_\_\_\_\_ business than join in partnership business.
5. The company sell lots \_\_\_\_\_ to public.
6. The RC company just declares a \_\_\_\_\_ with a good return to my investment.
7. I don't like working in company because I feel \_\_\_\_\_ by the regulations of the company.
8. The \_\_\_\_\_ of the shares has risen almost 20 %. All people are delighted to get this news.

## Answer

1. Liam deals with the mechanic work, while Reni deals with all the **paperwork** e.g. pay the bills, send invoices, and other admin works.
2. All my employees join the **association** for workers in my town.
3. I and my business partners pay **income tax** on our share of business profits.
4. I would rather choose to do **private** business than join in partnership business.

## Answer

5. The company sell lots **shares** to public.
6. The RC company just declares a **dividend** with a good return to my investment.
7. I don't like working in company because I feel **restricted** by the regulations of the company.
8. The **price** of the shares has risen almost 20 %. All people are delighted to get this news.

## Review

Incorporated business means a business is a separate legal entity from its owner and it is a private limited company. Incorporated business has :

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## Cont....

**Unincorporated business means a business is not legally separate from its owner.**

**Unincorporated business has :**

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- partnership (kerjasama)
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- sole trader (perusahaan tunggal)
- partner (mitra)

## Reference

1. Catherine, Mason. (2016). *The Lawyer's English Language Teaching Coursebook* (2<sup>nd</sup> ed.). Global Legal English LTD.

**Terima kasih**