

### 3 Listening A: Company formation

Lawyers play important roles in the formation of a company, advising clients which entities are most suited to their needs and ensuring that the proper documents are duly filed.

You are going to hear a conversation between an American lawyer, Ms Norris, and her client, Mr Herzog. The lawyer describes how a specific type of corporation is formed in the state of Delaware.

**3.1** Listen to the conversation and tick the documents required for formation that the lawyer mentions.

- 1 DBA filing
- 2 articles of incorporation
- 3 stock ledger
- 4 general partnership agreement
- 5 stock certificates
- 6 IRS and State S Corporation election
- 7 bylaws
- 8 organisational board resolutions

**3.2** Listen again and answer these questions.

- 1 According to the lawyer, what is the advantage of incorporating an entity in the state of Delaware?
- 2 What information is included in the articles of incorporation?
- 3 What happens at the first organisational meeting of a corporation?

**3.3 Company types (USA)** Look at this table, which provides information on the documents required to form and operate the different company types in the United States. Based on what you heard in Exercise 3.1, which type of business association was the lawyer discussing with her client?

US entities	Documents required for formation and operation
sole proprietorship	DBA filing
general partnership	General Partnership Agreement, local filings if partnership holds real estate
limited partnership	Limited Partnership Certificate, Limited Partnership Agreement
C corporation	Articles of Incorporation, Bylaws, Organisational Board Resolutions, Stock Certificates, Stock Ledger
S corporation	Articles of Incorporation, Bylaws, Organisational Board Resolutions, Stock Certificates, Stock Ledger, IRS and State S corporation election

**3.4 Company types (UK)** The table on the next page contains information about five types of common UK business associations, covering the aspects of liability of owners, capital contributions and management. (In many jurisdictions in the world, there are entities which share some or all of these characteristics.) Look at the table and decide which entity (a–e) is being described in each row (1–5).

- a private limited company (Ltd)
- b general partnership
- c public limited company (PLC)
- d limited partnership
- e sole proprietorship