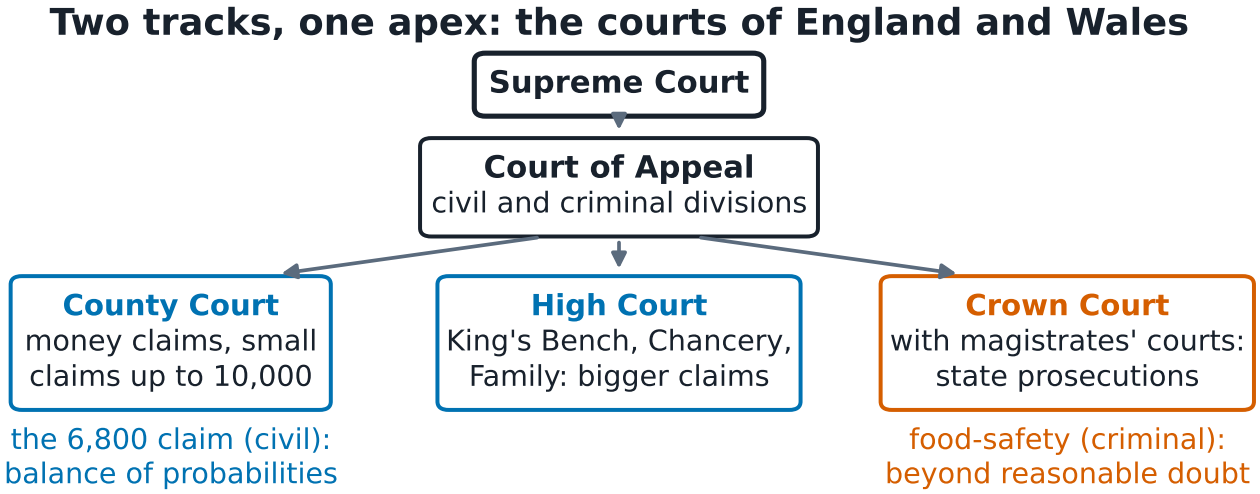
Exercise walk-through

11.3
Business forms and liability

University Business

Legal systems and jurisdiction: which game, which court



Citations: [2015] UKSC 67 = year, court, judgment number; [1893] 1 QB 256 = volume, report series, page

> Civil on the balance of probabilities; criminal beyond reasonable doubt.

Business forms and liability: the wall and its toll

The form is a wall with a toll

	sole trader	partnership	LLP	Ltd
liability	**unlimited**	**joint, unlimited**	limited	limited
	the bad-bun claim →			Salomon [1897]
who pays tax	the trader	the partners	the members	the company
main filings	self-assessment	partnership return	accounts at CH	accounts + CS
capital rules	none	none	none	PLC 50,000

Ltd duties: CA 2006 s.172 promote success, s.174 care and skill; audit exemption while turnover stays at or under 10.2m

> Sole traders and partners are liable without limit; LLP and Ltd are not.

Check yourself

- The two standards and the small-claims line? (Balance of probabilities; beyond reasonable doubt; 10,000, or 1,000 for the injury in an injury claim.)
- The four boxes and the damages? (**Offer**, **acceptance**, **consideration**, intention; 800 + 2,100 = 2,900.)
- The redundancy arithmetic? (last 20 years: 29 weeks at the capped 700 = 20,300.)
- The three governance controls? (Challenge estimates; cash-cover dividends; re-baseline at the first warning.)

Exercises 2.1–2.2

2.1 A two-person design studio wants the simplest structure with no personal exposure for either partner. The form, and what it costs them. [4]

2.2 A supplier enforces a purchase signed by a manager with no actual authority but a company email signature and a history of similar orders. Binding, and why? [3]

Exercises 2.1–2.2

2.1 A two-person design studio wants the simplest structure with no personal exposure for either partner. The form, and what it costs them. [4]

2.1

- An LLP: limited liability, profits taxed as partnership income.
- The toll: registered accounts at Companies House, the duties owed by designated members, and a membership agreement.

2.2 A supplier enforces a purchase signed by a manager with no actual authority but a company email signature and a history of similar orders. Binding, and why? [3]

2.2

- Binding: apparent authority.
- The company held her out (title, signature, past conduct), so the supplier dealt in good faith; the cure is internal, not external.

Exercises 2.3–2.4

2.3 The numbers: minimum allotted capital for a PLC; the audit exemption turnover threshold; the equity of 80,000 shares at 2.50. [3]

2.4 Match the duty: s.172; s.174; the no-profit rule; the authority schedule. [4]

Exercises 2.3·2.4

2.3 The numbers: minimum allotted capital for a PLC; the audit exemption turnover threshold; the equity of 80,000 shares at 2.50. [3]

2.3

- PLC: 50,000 allotted share capital.
- Audit exemption to 10.2m turnover; equity $80{,}000 \times 2.50 = 200{,}000$.

2.4 Match the duty: s.172; s.174; the no-profit rule; the authority schedule. [4]

2.4

- s.172 promote the success; s.174 care, skill and diligence.
- No-profit rule: gains from the office held for the company; the authority schedule: the internal list of who may sign what.