



Instituto Superior de Economia e Gestão

UNIVERSIDADE TÉCNICA DE LISBOA

DESDE 1911

**BUSINESS LAW**  
2012/2013 – 2.º SEMESTRE

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**EXERCISES**

**Chapter I – Business Legalese**

I. Underline the characteristic features of legal writing (for example, using old words) in the following consumer contract terms (1-2). Then complete the revised versions in plain terms (a-b) with appropriate words (or forms of words) from the original terms (1-2). Pay attention to the grammatical context.

1) This Agreement and the benefits and advantages herein contained are personal to each Member and shall not be sold, assigned or transferred by the Member.

2) Lessor shall not be liable for loss of or damage to any property left, stored, or transported by Hirer or any other person in or upon Vehicle either before or after the return thereof to Lessor. Hirer hereby agrees to hold Lessor harmless from, and indemnify Lessor against all claims based on or arising out of such loss or damage unless caused by the negligence of Lessor.

a) \_\_\_\_\_ is not transferable.

b) We are only \_\_\_\_\_ for \_\_\_\_\_ or damage to \_\_\_\_\_ left in the \_\_\_\_\_ if the loss or damage \_\_\_\_\_ from our \_\_\_\_\_.

II. Match the sentences containing Latin terms (1-7) with the sentences which have similar meaning (a-g).

1) There is a prima facie case to answer.

2) They have entered a caveat.

3) Their action was ultra vires.

4) The newspapers cannot report details of the case because it is sub judice.

5) An ex parte application was lodged at the court.

6) The court sat in camera.

7) An ad hoc committee was formed.

a) They acted in a way which was beyond their legitimate powers.

b) An application for an injunction was made to the court by one party and no notice was given to the other party.

c) The case was heard in private, with no members of the public present.

d) They have warned us they have an interest in the case, so they will need notice before we take any further steps.

e) A committee was set up for the particular purpose of investigating the issue.

f) The action should proceed because one side has shown there seems to be sufficient evidence.

g) The case cannot be mentioned in the media if it is likely to prejudice court proceedings.

III. Make word combinations and then use appropriate word combinations to answer the questions below.

<b>Registrar of</b>	<b>Public</b>	<b>authorised capital</b>	<b>over personal assets</b>	<b>minimum</b>
<b>raise</b>	<b>guarantee</b>	<b>Companies</b>	<b>security</b>	<b>share capital</b>
<b>the obligations</b>	<b>entity</b>	<b>legal</b>	<b>Limited Company</b>	

1) In a private limited company, what guarantee may a director have to provide in order to borrow capital?

2) What type of business organisation must have 12.500,00 euros of shares paid up?

3) Which official keeps a record of all incorporated companies, the details of their directors and their financial states?

4) It is mandatory for a PLC to have 25% of what paid up?

5) What is the purpose of a PLC selling shares to the public?

**IV.** Jamie's client has sent an email asking more about shelf companies. Complete Jamie's reply. There is more than one possibility for one of the answers.

From: [j.anderson@happrewandco.co.uk](mailto:j.anderson@happrewandco.co.uk)

To: [m.lynch@buchan.co.uk](mailto:m.lynch@buchan.co.uk)

Subject: A shelf company

Dear Michael,

You enquired about shelf companies. These are companies which are already registered at Companies House - often with a name which is linked to the (1) \_\_\_\_\_, for example 'XY 1000' where XY is the initials of the solicitor's firm. The shares of the company are (2) \_\_\_\_\_ to the purchaser, who normally urgently requires a (3) \_\_\_\_\_. The (4) \_\_\_\_\_ is usually changed and a new Board of Directors and a (5) \_\_\_\_\_ are appointed to replace the initial Board and Secretary, who resign on transfer. Such companies usually have standard Articles of Association. The purchaser acquires the Certificate of (6) \_\_\_\_\_.

**V.** Jamie shows his client a sample Memorandum. Replace the underlined words and phrases with appropriate legal terms:

No. of Company SC 125543

The Companies Act 1985

PRIVATE COMPANY (1) RESTRICTED BY SHARES

MEMORANDUM AND (2) REGULATIONS OF ASSOCIATION

LANCELOT LIMITED

(Incorporated the 29th day of May 2002)

Arthur Evans Ltd. Registration Agents, 1 Tantallon Street, Edinburgh

1. The Name of the Company is "LANCELOT LIMITED".

2. The Company's (3) location is to be situated in Scotland.

3. The Company's (4) purposes are:

(a) To carry on for profit, directly or indirectly, whether by itself or through subsidiary, associated or allied companies or firms in the United Kingdom or elsewhere in all or any of its branches any business, undertaking, project or enterprise of any description whether of a private or public character and all or any trades, processes and activities connected therewith or ancillary or complementary thereto.

(b) To carry on any other trade or business whatever which can in the opinion of the Board of Directors be advantageously carried on in connection with or ancillary to any of the businesses in the Company.

(c) To purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of property.

(f) To improve, manage, construct, repair, develop, exchange, let on lease or otherwise

(5) borrow capital with property as security, charge, sell, dispose of, turn to account, grant licences, options, rights and privileges in respect of, or otherwise deal with all or any part of the property and rights of the Company.

(y) To do all such things as may be deemed incidental or conducive to the attainment of the Company's objects or any of them.

4. The (6) responsibility of the members is limited.

5. The Company's share (7) asset value is 10,000 euros divided into 10,000 shares of 1 euro each.

**VI.** Match the two parts of the sentences then replace the underlined words and phrases with alternative words and phrases. Pay attention to the grammatical context. There is more than one possibility for one of the answers.

1) Shares can only be issued

2) The company Articles may allow directors

3) If more shares are applied for than the company has to offer,

4) Someone who owns shares is

5) The ownership of shares is

a) the company can divide out the shares.

b) known as a shareholder.

c) to equal the total face value of all the shares of the company, as set out in the Memorandum of Association.

d) generally evidenced by a receipt.

e) to raise capital by selling shares.

**VII.** Find answers to the FAQs below:

1) Hugh Minton-Davies has been offered an appointment as a director for Gecko plc, registered in England. He's 71, a non-EU citizen with South African nationality, and has been a director of several South African companies. He has unpaid debts and has been unable to pay his creditors. Is he qualified to hold the office of company director for Gecko plc? Why/why not?

2) The directors of Gecko plc have filed their accounts at Company House more than nine months after the accounting reference date. They have failed to notify the Registrar of the death of a director and the appointment of Hugh Minton-Davies. Can you advise the directors on their situation?

3) The annual returns of Monocles Ltd have not been submitted for two years and correspondence sent to their registered office in England has been returned. What may happen to the company?

**VIII.** Choose the correct word in brackets to complete the sentences.

1) A (debtor/creditor/director) is a person or body owed money by a company.

2) The creditors may take action in relation to a/an (bankrupt/solvent/insolvent) company that will result in the company becoming subject to one of several insolvency regimes.

3) Suppliers are often (unsecured/preferential/secured) creditors.

4) Employees and occupational pension schemes fall within the class of (solvent/preferential/secured) creditors, who are entitled to receive certain payments in priority to secured creditors.

5) A liquidator is appointed by the creditors or the members to (exceed/realise/discharge) assets which may then be divided up among the creditors.

6) If the company has insufficient assets to (discharge/realise/exceed) its debts, creditors may decide to put the company into liquidation.

**IX.** Answer the questions. There may be more than one possible answer.

1) Who can initiate:

- a) voluntary liquidation?
- b) a company voluntary arrangement?
- c) compulsory liquidation?
- d) a company going into administration?

2) How can a charge holder obtain an administration order?

3) How may company directors obtain a winding up order?

4) What term describes the stage at which a floating charge descends upon the assets and becomes as though it were a fixed charge?

5) How could you describe a company that is actively trading?

6) What term describes the process of ending the carrying on of a company?

7) What term describes the state of being able to pay all debts or claims?

**XI.** Complete the article with the correct legal words. Pay attention to the grammatical context. There is more than one possibility for one of the answers.

Linde offers 138 million euros to ease delay in BOC bid

Linde has offered to pay BOC Group shareholders up to 138.4 million euros in compensation if anti-trust (1) \_\_\_\_\_ delay the German group's (2) \_\_\_\_\_ approach. In a move designed to allay fears that regulators could block Linde's 8.2 billion euros (3) \_\_\_\_\_ for BOC, the German suitor said that it would pay up to 27,00 euros per BOC share if it had not received (4) \_\_\_\_\_ clearance in Europe and America by July 26. The cash promise is supposed to partly cover the interim dividend that BOC shareholders would have otherwise received around July or August if their company had remained independent. Neither Linde nor BOC expect (5) \_\_\_\_\_ objections to their proposed (6) \_\_\_\_\_, although they have given warning that the deal is unlikely to be completed until late summer. They expect regulators to sign off on the deal by the end of May.

The Times

**XII.** Steve Jakes is answering a client's enquiry about the rules on dealing disclosure. Complete this extract from his email. Pay attention to the grammatical context.

Dear Jan,

You asked about dealing disclosure rules in takeovers. Below is a summary of rule 8.3 of the City Code on Takeovers and Mergers, which everyone must (1) \_\_\_\_\_ or risk disciplinary action.

'Under the provisions of Rule 8.3 of the City Code on Takeovers and Mergers (the "Code"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of [the offeror or of] the (2) \_\_\_\_\_ company, all "dealings" in any "(3) \_\_\_\_\_" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly (4) \_\_\_\_\_ by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the (5) \_\_\_\_\_ becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of [the (6) \_\_\_\_\_ or] the offeree company, they will be deemed to be a single person for the purpose of Rule 8.3.'

**XIII.** Choose the correct phrase in brackets to complete the sentences:

1) Not supplying documents requested by a competition inquiry can lead to (enforceable orders/conflicts of interest/a monetary penalty).

2) The inquiry group must reach a majority decision that there has been anti-competitive conduct which has led to (remedial action/an adverse effect/misleading information) on a market.

3) Remedies decided by the Commission can be implemented through (aggrieved parties/agreed undertakings/adverse effect).

**XIV.** Complete the conversations with the correct legal agreement:

1) We rented a car for a week in Austria.

What did the (1) \_\_\_\_\_ cover?

2) The office's windows are always dirty. I want them cleaned regularly by a firm of window cleaners.

You'll need a good (2) \_\_\_\_\_.

3) I want to buy a new car but we can't afford to pay the whole price at once. I'm going to pay in monthly instalments.

You'll need to check the interest rate on the (3) \_\_\_\_\_.

4) We're going to be living in London for about 18 months, so we're going to rent a flat.

Make sure you get a reasonable (4) \_\_\_\_\_.

5) I'm going to have to borrow a large sum of money for about three years.

Try to get the best (5) \_\_\_\_\_ you can from your bank.

**XV.** Find answers to these FAQs from a law firm's website.

1) Building work started on a major construction project before all the elements of the contract had been agreed. Both parties expected that reaching an agreement would not be a problem. However, final agreement was never reached and eventually the claimants stopped work and claimed for work done. The defendants counter-claimed for the breach (break) in the contract. Was there a contract?

2) Helena applied for shares in a company. The shares were allotted to her and a notice of allotment was posted to her. It never arrived. Had she become a shareholder or not?

3) Two women went regularly to bingo sessions together and had an arrangement to share whatever they won. One of them won a bonanza (extra) prize of 1.107,00 euros. She claimed it was not covered by the sharing arrangement. Was their agreement legally binding?



**XVI.** Replace the underlined words and phrases in a solicitor's conversation with his client with alternative words and phrases. Pay attention to the grammatical context. There is more than one possibility for two of the answers.

Solicitor: Does she have the (1) power to act as his agent in this agreement?

Client: Yes, she's acting on his behalf.

Solicitor: You understand that you can't rely on an oral agreement. The contract needs to be (2) on paper. When do you want the contract to (3) come into operation?

Client: They want the deed (4) signed, sealed and delivered by 31 July. We've had some problems in the past with suppliers letting us down. Can you make sure this contract will be (5) binding?

Solicitor: We'll use a (6) recognised set of words stating that the provisions are legally binding in the agreement we draw up for you.

**XVII.** Complete the sentences with words from the box.

barred	delivered	performed	required	bound	enforced	recognised
brought	executed	rendered	treated	consented	implied	set aside

- 1) The contract was \_\_\_\_\_ unenforceable after 12 years.
- 2) The contract was technically voidable but the parties \_\_\_\_\_ it as binding.
- 3) Because of the limitation period, you are \_\_\_\_\_ from bringing an action.
- 4) The other party has \_\_\_\_\_ to the terms of the contract.
- 5) The contract was \_\_\_\_\_ by the court because it was defective.
- 6) Although there was no written agreement, the court decided the conduct of the parties \_\_\_\_\_ a contract.
- 7) Registration of the transfer of land is \_\_\_\_\_ by the law.

**XVIII.** Decide which part of a commercial contract is described on the following extracts.

1) "the Schedule" The Schedule in four Parts annexed and signed as relative to this Agreement.

"the Buyer" shall mean the purchaser of the goods from the Company.

2)The consideration for the sale and purchase of the Contract Shares shall be the net asset value of the Company (subject to...) plus Three hundred and fifty thousand euros for goodwill subject to adjustment as follows...

3)WHEREAS the Vendors have agreed to sell to the Purchaser, and the Purchaser has agreed to purchase, the entire issued share capital of Green Boots Limited (“the Company”) on the terms set out in this Agreement.

4)THIS AGREEMENT is made the 1st day of October 2007 BETWEEN Green Boots Limited having its registered office at 104 Warren Court, Beeston, (hereinafter referred to as “the Purchasers” of the first part) and Matching Socks Limited having its registered office at 6 Heel Street, Darnley, (hereinafter referred to as “the Vendors” of the second part).

5)The masculine includes the feminine and vice versa.

6)The sale and purchase hereby agreed is conditional upon and subject to the following conditions being satisfied on or before the Completion Date: (i) the Vendors exhibiting to the Purchasers’ Solicitors a valid marketable lease in the name of the Company free from any encumbrances to the Property;

7)The provisions set out in the Fourth Schedule shall have effect and the parties shall undertake their respective obligations as specified therein.

8)THEREFORE the parties Have Agreed and Hereby CONTRACT AND AGREE as follows:

**XIX.**Replace the underlined words and phrases in the exclusion clause below with alternative words and phrases. There is more than one possibility for one of the answers.

9.4 Except as provided in Condition 8.3, the Seller will (1) not bear responsibility to the Buyer (2) at all (whether in contract tort (including (3) carelessness), breach of statutory (4) obligation or otherwise) for any (5) harm or for any direct, indirect or (6) resulting loss (all three of which terms include, but are not limited to, pure economic loss, loss of profits, loss of business, loss of (7) good reputation and like loss) (8) caused by or in connection with:

9.4.1 any (9) failure of any of the express or implied terms of the Contract by the Seller;

**XX.** Complete the standard clauses below. Pay attention to the grammatical context.

1) The Company shall not be liable for any failure to deliver the Goods arising from circumstances \_\_\_\_\_  
\_\_\_\_\_.

2) Time for payment shall be \_\_\_\_\_.

3) The contract between the Buyer and the Seller for the sale of Goods shall not be \_\_\_\_\_ or transferred, without the \_\_\_\_\_  
\_\_\_\_\_ of the Seller.

4) This Agreement shall be governed by and \_\_\_\_\_ in accordance with the law of England and the parties hereby submit to the exclusive \_\_\_\_\_ of the English courts.

5) If any provision of these Conditions is held by any competent authority to be invalid or \_\_\_\_\_ in whole or in part the validity of the other provisions of these Conditions and the remainder of the \_\_\_\_\_ in question shall not be affected thereby.

6) This Agreement is drawn up in the English language. If this Agreement is translated into another \_\_\_\_\_, the English language text shall in any event \_\_\_\_\_.

**XXI.** Complete the definitions:

1) \_\_\_\_\_ - a person who represents another in matters relating to a contract

2) \_\_\_\_\_ - a person who, although not party to a transaction between two others, is in some way affected by it

3) \_\_\_\_\_ - the relationship between parties to a contract which makes the contract enforceable between them

4) \_\_\_\_\_ - a transaction in which a new contract is agreed by all parties to replace an existing contract

5) \_\_\_\_\_ - a clause stating a specific condition in a contract

6) \_\_\_\_\_ - to compel the performance of a condition

7) \_\_\_\_\_ - to give money or advantage to someone

8) \_\_\_\_\_ - contractual duties

9) \_\_\_\_\_ - the legal transfer of duties

**XXII.** Choose the correct word or phrase in brackets to complete the sentences.

1) A contract may be (restrained/rescinded/compelled) if the court finds there was misrepresentation of the facts.

2) Courts may use (rescission/misrepresentation/discretion) to grant damages.

3) If a party (suffers/grants/compels) a breach, the courts may award compensation.

4) An injunction was (performed/rescinded/granted) to enforce a term in the contract.

5) The court compelled the party in breach to (rescission/misrepresentation/specific performance).

**XXIII.** Make word combinations using words from the box. Then use appropriate word combinations to complete the definitions below.

employment	bargaining	fixed	tribunal	collective	relations	sick	trade
employment	union	particulars	time	labour	pay	off	term

1) \_\_\_\_\_ - salary paid when an employee cannot work because of illness

2) \_\_\_\_\_ - restricted period of employment set out in contract

3) \_\_\_\_\_ - organisation which represents the workers, who are its members, in discussions of pay and working conditions with their employer

4) \_\_\_\_\_ - specialist court dealing in disputes between employers and employees

5) \_\_\_\_\_ - written details of a position in a company

6) \_\_\_\_\_ - negotiations between an employer and a trade union on terms and conditions of employment and work

**XXIV.** A lawyer is giving advice to a client about an employment contract over the phone. Replace the underlined words and phrases with alternative words and phrases. There is more than one possibility for one of the answers.

I've looked through the contract and it seems satisfactory in relation to (1) the period of warning that the contract is going to end. However, I think you should look for some adjustment on the (2) clause preventing you working in the same field for three years after you've left the company. Other than that, the terms relating to being (3) let go by the company if it fails and (4) being removed from the job, with the related (5) procedure for making a complaint and (6) changes being made to your work, are quite straightforward.

**XXV.** Which type of dismissal may have occurred in the following situations?

1) An employee decides to leave her job because she is moved, without consultation, to a new position in the company which she regards as a reduction in her role. A new post covering broadly the same area as hers is offered to an outside applicant.

2) An employee is forced to leave his job because he has arrived at his place of work under the influence of alcohol on several occasions.

3) An employer has not gone through the appropriate procedures before forcing an employee to leave his job.