



# Victoria University of Bangladesh

**FINAL**

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## 1. Discuss the characteristics of a company.

➤ The most important characteristics of a company:

- **Legal person** – It is created by law. It is considered as a person in the eyes of law.
- **Artificial person** – It has no body and mind of its own. It can act only through other persons elected for the purpose.
- **Continued existence** – A company has a life of its own distinct from the life of its members. So the death of a member will not affect the life of the company.
- **Limited liability** – The liability of the members are limited to the extent of the face value of the shares held by them.
- **Freely transferable** – Shares of a company are freely transferred except in case of a private company.
- **Can buy and sell assets** – A company at its own discretion can buy or sell any asset.
- **Can sue and be sued** – A company like any other person can sue a third party and be sued.
- **Separation of ownership and management** – A company is managed through a board of directors elected by its members. A member has no right to participate in the management of its day-to-day affairs.
- **Common seal** – Every company should have a common seal of its own. It is similar to the signature of a natural person.
- **Dissolution** – The company can be dissolved only by which creates it.

## 2. What are the different types of partners?

➤ Here we will look at six types of partners we come across on a regular basis. This list is not exhaustive; the Partnership Act does not restrict any unique kind of partnership that the partners want to define for themselves. Let us take a look at some of the important types of partners.

### **1] Active Partner/Managing Partner**

An active partner is also known as Ostensible Partner. As the name suggests he takes active participation in the firm and the running of the business. He carries on the daily business on behalf of all the partners. This means he acts as an agent of all the other partners on a day to day basis and with regards to all ordinary business of the firm.

Hence when an active partner wishes to retire from the firm he must give a public notice about the same. This will absolve him of the acts done by other partners after his retirement. Unless he gives a public notice he will be liable for all acts even after his retirement.

### **2] Dormant/Sleeping Partner**

This is a partner that does not participate in the daily functioning of the partnership firm, i.e. he does not take an active part in the daily activities of the firm. He is however bound by the action of all the other partners.

He will continue to share the profits and losses of the firm and even bring in his share of capital like any other partner. If such a dormant partner retires he need not give a public notice of the same.

### **3] Nominal Partner**

This is a partner that does not have any real or significant interest in the partnership. So, in essence, he is only lending his name to the partnership. He will not make any capital contributions to the firm, and so he will not have a share in the profits either. But the nominal partner will be liable to outsiders and third parties for acts done by any other partners.

### **4] Partner by Estoppel**

If a person holds out to another that he is a partner of the firm, either by his words, actions or conduct then such a partner cannot deny that he is not a partner. This basically means that even though such a person is not a partner he has represented himself as such, and so he becomes partner by estoppel or partner by holding out.

### **5] Partner in Profits Only**

This partner will only share the profits of the firm, he will not be liable for any liabilities. Even when dealing with third parties he will be liable for all acts of profit only, he will share none of the liabilities.

### **6] Minor Partner**

A minor cannot be a partner of a firm according to the Contract Act. However, a partner can be admitted to the benefits of a partnership if all partner gives their consent for the same. He will share profits of the firm but his liability for the losses will be limited to his share in the firm.

Such a minor partner on attaining majority (becoming 18 years of age) has six months to decide if he wishes to become a partner of the firm. He must then declare his decision via a public notice. So whether he continues as a partner or decides to retire, in both cases he will have to issue a public notice.

## **3. Explain the types of agents.**

- An agency of this type needs to take on the role of an authentic partner within the travel structure at the companies which it serves. To do this, it has to work closely with the Travel Manager or the person responsible for travel within the company

The role of most agencies has been diversified into a series of services that can be divided into six main areas:

### **1) Travel Management**

This would be the core function and the one which agencies engaged in organizing business travel have always performed. This area of services would include the management and reservation of transport tickets, searches for accommodations, car rentals, etc.

Although it is the function that has been performed for the longest period of time, new technologies have significantly changed the way these tasks are carried out,

with aspects coming into play such as price comparisons or strategies for obtaining deals and discounts.

## **2) Passenger assistance**

On a trip there may be many unforeseen problems and issues which need to be resolved: repatriation due to illness, accident or emergency, lost luggage or documents, etc.

## **3) Consulting**

Consulting services include a large number of aspects which are related, more or less directly, with travel: information of interest for the traveller (customs of the country of destination, recommendations on behaviour, etc.), cost optimisation and control, advice on travel policies, etc.

## **4) Marketing and internal communication**

Due to its experience, a travel management agency can be very helpful in preparing travel policies for companies (rules regarding expenses, management of per diems, etc.), as well as its proper and effective communication to the employees.

## **5) Technology**

The proper and constantly updated use of technology is vital, not only for the requesting and comparison of travel services (tickets, accommodation, etc.) but also for such diverse aspects as billing management or locating travellers in extreme situations.

## **6) Leisure Services**

In some cases, some travel management companies offer direct discounts or improved conditions on travel and leisure activities for the employees and their relatives at the companies for which they work.

With the comprehensive management of corporate travel, travel management companies achieve the goal of giving added value to their service, which is essential in order to meet the current expectations and needs of companies.

#### **4. What is the difference between public and private company?**

- In most cases, a private company is owned by the company's founders, management, or a group of private investors. A public company is a company that has sold all or a portion of itself to the public via an initial public offering.

##### **Private Companies**

The popular misconception is that privately held companies are small and of little interest. In fact, there are many big-name companies that are also privately held check out the Forbes list of America's largest private companies, which includes big-name brands like Mars, Cargill, Fidelity Investments, Koch Industries, and Bloomberg.

A private company can't dip into the public capital markets and must rely on private funding.

While a privately held company can't rely on selling stocks or bonds on the public market in order to raise cash to fund its growth, it may still be able to sell a limited number of shares without registering with the SEC, under Regulation. This way, privately held companies can use shares of equity to attract investors. Of course, privately held companies can also borrow money, either from banks or venture capitalists, or rely on profits to fund growth.

The main advantage of private companies is that management doesn't have to answer to stockholders and isn't required to file disclosure statements with the SEC. However, a private company can't dip into the public capital markets and must, therefore, turn to private funding. It has been said often that private companies seek to minimize the tax bite, while public companies seek to increase profits for shareholders.

## **Public Companies**

The main advantage public companies have is their ability to tap the financial markets by selling stock (equity) or bonds (debt) to raise capital for expansion and other projects. Bonds are a form of a loan that a publicly held company can take from an investor. It will have to repay this loan with interest, but it won't have to surrender any shares of ownership in the company to the investor. Bonds are a good option for public companies seeking to raise money in a depressed stock market. Stocks, however, allow company founders and owners to liquidate some of their equity in the company, and relieve growing companies of the burden of repaying bonds.

## **Key Differences**

One of the biggest differences between the two types of companies is how they deal with public disclosure. If it's a public U.S. company, which means it is trading on a U.S. stock exchange, it is typically required to file quarterly earnings reports (among other things) with the Securities and Exchange Commission (SEC). This information is made available to shareholders and the public. Private companies, however, are not required to disclose their financial information to anyone, since they do not trade stock on a stock exchange.

## **5. Mention the essential elements of a valid contract.**

- A contract is an exchange of an act or promise between two or more individuals or business entities. It involves one party offering something of value to another party as payment for a service, item, action, etc. For instance, a Residential Lease is a contract between a landlord and tenant in which the tenant pays the landlord rent in exchange for a place to live.

## **Offer and Acceptance**

An offer occurs when one party presents something of value that they wish to exchange for something else of value. The offer is usually the terms that make up the contract.

For instance, when a caterer wishes to create a Catering Contract with a client, the offer is the terms of the catering service, which includes the catering schedule and the cost of the service.

After an offer is presented, it can be accepted or declined. Acceptance simply means that the offer presented was accepted.

Offer and acceptance go hand-in-hand, and although acceptance may seem redundant, it is an important element that ensures contracts are not formed without being properly acknowledged, agreed, and accepted.

## **Consideration**

Consideration is essentially the benefit both parties receive for performing the contract. Oftentimes, consideration is money, but it can be a service, an object, or anything else of value. In fact, consideration can even be a right, interest, or benefit.

For instance, if you and your neighbor agree to share access to each other's backyards, you and your neighbor are offering a right to each other. In this case, the consideration is a right, which is being exchanged for another right.

## **Mutuality or Intention**

At some point, you may have heard the phrase "meeting of the minds". This phrase is typically applied to mutuality or intention and simply means all the parties involved in the contract actually intended to create a valid, enforceable contract.



In business dealings, it is often understood that the parties expected to be bound to a contract, but things can get tricky with promises formed between family and/or friends.

For instance, a son tells his mother that he will tile his mother's floor over the weekend in exchange for one of her old cars. After the son tiles the floor, the mother refuses to transfer the car's Bill of Sale to him.

In this example, there is a chance that the mother was joking or humoring her son when she agreed to trade her car as payment. So, although there was an accepted offer and consideration, a court may still be unsure if the mother intended to form an actual contract with her son.

### **Legality**

Legality refers to the subject matter of the contract and whether it is legal. This element may seem unnecessary; however, it simply prevents individuals from trying to form contracts involving unlawful promises or consideration.

For instance, in states where online gambling is illegal, like Utah, an individual would likely be unable to form a contract where they pay someone's online gambling debts in exchange for a service.

### **Capacity**

Not everyone is eligible to form a contract, which is where capacity comes in. Capacity means that a person has the legal ability to sign the contract.

It can involve mental capacity, as in the ability to understand the contents of the document. This can include individuals with cognitive impairments, individuals who are incapacitated, and more.

This does not include individuals who fail to understand the document for no legitimate reason. For example, someone can't claim they did not have the capacity to sign a contract simply because they didn't understand a word used in the document.

### **Creating Your Next Contract**

It would be easy to think a contract was formed when it was signed, but, as you've learned, it's more complex than that.

When preparing to sign your next contract, ensure you've checked off all the essential elements, so you can have peace of mind knowing your contract was formed legitimately.