

Advance Payments of the Share in the Profit of Limited Companies

Abstract

This thesis deals with advance payments of the share in the profit concerning the limited companies. Its aim is to analyse in more detail this for practice relatively new legal institute, to deal with its relatively brief regulation in the Business Corporations Act, and to offer possible solutions to some still doctrinally unfinished issues. It also attempts to outline the wider context of the current legislation of advances of the share in the profit, especially their historical development, relevant European law and also some foreign legal regulations. The amendment to the Business Corporation Act, which is currently under consideration, is reflected as well.

The thesis is divided into four main parts. The first part defines conceptually advances in civil law and advances of the share in the profit. The regulation of advances of the share in the profit and its historical development is introduced, and the possibilities of using this institute are listed. In the second part, the particular conditions for the paying of advances of the share in the profit are analysed in detail. Among other things, the issue of time applicability of the interim financial statements is also examined, together with its possible replacement by an ordinary or extraordinary financial statement. Further, the requirements of the balance sheet tests and the insolvency test are analysed. The third part concerns the deciding on advances of the share in the profit. It deals with the issue of the authority of the company's bodies to decision-making on advances, with possible modifications in a memorandum of association, and with conceivable instructions of the general meeting. The creation of the right for the payment of the advance of the share in the profit, its maturity and transferability are discussed as well. A separate chapter is then dedicated to specific cases, such as non-monetary advances or the payment of advances of the share in the profit only to certain members. The fourth part deals with the issue of settlement of advances paid against a specific profit share, and with a solution of overpayment on advances.

Keywords: share in the profit, profit distribution, advances