ABSTRACT

Liquidation of the limited liability company from the decision of the court

The theme which I have chosen for my thesis is the process surrounding a decision of the court to dissolve a private limited company by liquidation. I have chosen to focus only on private limited companies as I believe it is the most used entity for the purpose of incorporation in the Czech Republic. The purpose of my thesis is to analyse an area which is missing the attention of the public despite the fact that every year hundreds of companies by the Municipal Court in Prague are being dissolved in this way. The reason for my research is based on the current situation in the field of “judicial liquidations” where changes in the insolvency law and the undeveloped conception of the commercial register are contributing to an increasing number of so called “death companies”.

The thesis is composed of three main parts, each of them dealing with different aspects of the liquidation process.

The first part is the introduction and defines the main issues in this field. I have provided a description of the phenomenon regarding the judicial liquidation system, setting it within the context of the continuing economic and financial crisis. I have given details of the causes which lead up to the liquidation of a company; these will consist of basically two groups and their causes. The first group is specified by law, the second group contains the causes which precede single breaches of law, and these are connected within the incorporation and existence of the company.

The second section is the fundamental part of my thesis which deals with the process of liquidation. Here I describe the single steps and stages of liquidation. I will try to point out the differences between regular liquidation and judicial liquidation and will also cover the connection to the insolvency procedure. Lastly I will present the different aspects attributed to the role of the most important person in the process of liquidation, the liquidator of a company.
The final part concentrates on problems resulting from the high number of "death companies". I aim to point out the specific features of this area and to find out the main difficulties and obstacles faced in the cooperation and working partnership between the liquidators and judges. As the Companies Act has been introduced recently, and will be in force quite soon, I have also examined the problematic de lege ferenda with an emphasis on the possible impacts of this new law.

Although it is possible to raise a lot of objections and reproaches I dare to say that the relative legislation is satisfactory and for its given purpose, acceptable. I will try to point out the prospective changes but they only make up a partial aspect and the proposals that were mentioned are mostly concerned with the effectiveness and helpfulness in regards towards the whole system. To this point it is necessary to appeal to the people actively involved in the liquidation process, which means liquidators and judges. These people can, under mutual cooperation, achieve the unification of this system whilst ensuring the elimination of mistakes and contributing to the higher effectiveness in the field of judicial liquidations.