

Abstract

This thesis deals with the increase of registered capital of a limited liability company with respect to the debt for equity swaps. The lower limit of registered capital has been decreased to one Czech crown owing to the enactment of the new Business Company and Cooperative Act. However, the company in question still remains obliged to create this capital, which also constitutes a part of its own financial sources. Consequently, the amount of registered capital has impact on the company's funding and this effect can be observed in the case of debt for equity swaps.

The thesis is divided into five chapters including the introduction and the conclusion. After the introduction, the second chapter briefly describes the registered capital of a limited liability company. The key parts of this work are the following three chapters. They can be separated into two parts.

The first one consists of the chapter three. Its purpose is to analyse the regulation of increase of registered capital in general and to stress the most problematic issues. The two possible methods of increase are critically discussed, however the emphasis is intentionally put on the new shares paid by a cash consideration since it is the only possible way how the debt for equity swaps can be realized.

The second part is composed of the chapters four and five and focuses on the debt for equity swaps as such. Firstly, I look at this phenomenon from several points of view and highlight the difference between the former and the current legislation in this particular field. Secondly, the whole process is explained in the context of registered capital increase including the evaluation of the suitability of receivables for this transaction. Finally, an example of debt for equity swaps is described step by step while using the findings from the previous sections of this work. The aim is to point out the difficulties which are inherent in this process as well as to suggest how to overcome them.