

Joint Stock Companies ,Representative Offices & Branches

Summary

Joint Stock Companies

- Shares & Shareholders
- Management
- Profits
- Books & Records

Representative Offices

Branches

Joint Stock Companies : Shares Value

- 1. the Nominal Value :** Share value in the capital Not less than **1 EGP** or more than **EGP 1,000**.
- 2. The Real Value :** Share Value in the company's assets, may be equal or different from Nominal Value.
- 3. The Commercial Value:** Share Value in Stock exchange

Joint Stock Companies : Shares Types

1. **Preferred Shares:** with **more advantages** to the Holder give certain **voting** rights or **dividend** distribution rights.
2. **Ordinary Shares :** with **ordinary advantages**

Joint Stock Companies: Shareholders Rights

- Right to **Vote** in general assembly
- Right to **profits**
- Right to **discuss company's documents**
- **Duty** to pay the value of the share

Joint Stock Companies: Management by Board of Directors

- **Responsibilities:**

1. day-to-day operations of the company.
2. represent the company versus third party.

- **Elected for 3 years renewable** unless otherwise stated in articles of incorporation

- **employee participation in management:**

- in board or
- by labor shares

Joint Stock Companies: Management by General Assembly

- **General Assembly:**

1. **Ordinary:** at least one meeting after close of financial year , to discuss financial issues , to choose the board of directors by vote, profit distribution
2. **Extraordinary :** any amendment to the articles of incorporation, raising the authorized capital, changing the Business...

CASE

- Cairo Motors is a joint stock company that makes and sells electric cars . The articles of incorporation of the company state the company is for the development, production and sale of electric vehicles.
- The engineers of the company invented diesel engines 10% more efficient. Due to the amount of money invested, the directors agreed that they should start producing diesel cars.
- Sarah is a shareholder in the company and a green activist. Having heard the recent news about diesel car emissions, she is against the company producing diesel cars as are a number of other shareholders.
- **Sarah has come to you for advice, including whether they can prevent the company producing diesel cars.**

Joint Stock Companies: Profits

- balance after-tax earnings is **distributable profits** .
- Distributable profits as follows:
 - **5% at least to shareholders** as dividends and to the employees as bonuses.
 - **10% maximum to the board** of directors.
 - **However**, the shareholders can **decide not to distribute** any dividends to the board of directors.

Joint Stock Companies: Books & Records

- **Documents** submitted annually to the Companies Department:
 - a copy of the **balance sheet**, the profit and loss account and the **auditor's report**
 - the names, positions and nationalities of the **board members**
 - All personnel and salaries paid to the **Egyptian employees**
 - the proportion of profits distributed over the employees.

Representative Offices

Representative Offices : Formation

- Established by **Foreign companies** for the purpose of **market surveys** or **studying** the feasibility of production
- **Not Allowed** for any commercial operations or commercial agency activities

Representative Offices : Registration Documents

- Application to the Companies Department at (“GAFI”) .
- **Parent company’s** constitutive documents.
- **Resolution** of the **parent company’s board** of directors authorizing its **establishment notarized** in Egyptian Consulate in the country of issuance .
- All documents must be accompanied by a certified **Arabic translation**.

Representative Offices : Management

- by a **manager(s)** who does **not need** to be an **Egyptian**.
- submit annual filings with **the Companies Department** setting out some **information in respect of its employees** (names , salary, numbers ..)

Branch Offices

Branch : Formation

- When a **foreign company** has a **contract** to manage a **business or** perform work **in Egypt**.
- May **engage in commercial**, financial, industrial and contractual **activities within the scope of the contract** entered into.

Branch: Registration

- **registered** with the **Commercial Register** Department and **in the centralized Register of Foreign Companies** with Companies Department of GAFI.

Branch Management

- by a branch **Manager**
- **Documents** must be submitted annually (during **the first quarter** of the financial year) to the Companies Department:
 1. Financial statements and an audit report by an Egyptian auditor.
 2. Names and nationalities of its manager(s).
 3. Profits and proportion distributed to employees.
 4. All its personnel and the salaries of its Egyptian employees
- at least 10% of its net **profits** to employees