

Fossil inc. clothing and accessories legal structure

[Business](#)



Fossil Inc. Clothing and Accessory's Legal Structure The

legal structure a business chooses depends on the way a business operates.

Gray (49) argues that the key function of the legal structure is to determine

the paying of taxes, sharing of profits and losses, and where the legal

liabilities rest. Also, it helps to determine the nature of a business

relationship with business associates, creditors, investors, and employees.

According to Gray (49), there are three options for a business

legal structure. They include a sole trader or a sole proprietor where a

business operates under one person, and a partnership ran by two or more

people. Also, another option is an incorporated company where business

activities are incorporated into a company, which bestows life on business as

a separate legal person (Mancuso 4).

The Fossil inc. Clothing and Accessory is a design, development, marketing and distribution, company that focuses on consumer products predicated on

fashion and value such as sunglasses, watches, and leather goods among

others, for retail sale on an international basis. Fossil Inc. is an

incorporated business since it is formed on a corporation. Incorporating a

business provides a liability protection and considerable tax advantages. The

business can move on despite the death or bankruptcy of shareholders

or management. Moreover, it offers the best means of expansion and the

provision of outside investors.

Fossil Inc. is under the ownership of two brothers; Tom and Kosta Kartsotis

who own about 30% of Fossil stock. In 1993, the Fossil Inc. sold 20% of the

company to investors, but Tom retained 40. 5% control over

the company while his brother retained 18. 8% ownership. According to

Richardson (1), initial public offering of stock (public ownership) yielded \$19

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million, which Fossil Inc. used half of it to reduce the company's debt and the other half to be kept as working capital. Additionally, in 1993, Fossil Inc. had several subsidiaries in Europe, led by Fossil Europe GmbH i. e. the company's primary European operation in Germany.

Other subsidiary companies of Fossil Inc. included Fossil Italia SRL and Fossil France SARL, which served as Fossil's marketing, as well as distribution entities in those countries. In addition, Fossil B. V., formed in 1993, stood as a company holding for the three European subsidiaries, where Texas-based Fossil Inc. controlled 70 per cent of the newly formed European holding Company (International Directory of Company Histories 1).

In 1994, Fossil Inc. was able to achieve strides in each direction via several notable developments. These developments included the addition of an extra men's line of leather goods, money clips, and scheduling the shipment of leather key fobs among others. In the same year, Fossil Inc. moved into another substantial international market, through signing of an agreement with rival Seiko Corporation (Richardson 1). It gave Seiko the rights to distribute its products in Japan via Fostim, a subsidiary owned and controlled by Seiko, which allowed the entrance of Fossil Inc. in Texas into the Japanese market.

In 1995, Fossil Inc. paid \$1.7 million in order to increase its ownership in Fossil B. V. to 88%. Moreover, towards the end of 1996, the company had acquired 81% of the Seiko-owned Fostim. Under the control of Seiko, Fostim placed fossil products in more than 180 retail location, in Japan. Therefore, Fossil Inc. can be described as an incorporated business due to the many business activities incorporated into the company, which have led to its expansion worldwide.

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