







FORMS OF BUSINESS OWNERSHIP – COMPANIES (Revision)

	Company Type	Ownership	Profit Distribution	Liability	Annual Obligations	Additional Notes
1	 <p>Non Profit Company (NPC) e.g. Church</p> <p>Non Profit Companies are set up for the benefit of the public. Their aim is not to make a profit but to provide a service</p>	<p>Must be incorporated by at least 3 persons for public benefit.</p> <p>A minimum of three directors</p>	<p>Income and property of the Non Profit Company may not be distributed</p> <p>Only reasonable compensation for services rendered by them may be taken.</p>	<p>Limited. The owners are not personally liable for the debts of the company</p>	<p>Annual Audits</p>	<p>A company is a legal person. The assets and liabilities of a company belong exclusively to the company and not to the shareholders.</p>
2	 <p>Private Company (PTY Ltd) E.g. Franchise Business, Private School.</p> <p>This is the most popular form of business ownership. Most companies are owner managed.</p>	<p>Directors minimum of 1</p> <p>Shareholders 1 – 50</p> <p>The director and shareholder may be the same person.</p>	<p>Private Companies may not offer shares to the public in order to raise funds</p> <p>Share certificates are issued to the shareholders as legal proof of ownership of the number of shares.</p>	<p>Limited</p>	<p>No annual audits required if the directors are the only shareholders.</p>	<p>Companies that have a customised MOI can either impose or waiver requirements such as audits</p>
3	 <p>Public Company (Ltd) E.g. Tiger Brands.</p> <p>Only Public Companies may be listed on the Johannesburg Stock Exchange (JSE)</p>	<p>Minimum 3 Directors</p> <p>Minimum of 7 Shareholders – unlimited</p>	<p>Public companies may offer shares to the public to raise funds</p> <p>Profits that are shared are called dividends</p>	<p>Limited</p>	<p><u>Must be audited</u> and must produce <u>Financial Statements</u> to the shareholders annually</p>	<p>Act will require Audit, Social and Ethics committees. Public Companies raise funds by offering shares to the public.</p>

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4	 <p><u>Personal Liability Company (Incorporated, Inc.)</u> E.g. Doctors and lawyers</p>	Minimum 1 Director	As per MOI	Unlimited Liability as per MOI.	No annual audits required by law, but may be included in the MOI	The Company and directors are jointly liable for any debts and liabilities of the company
5	 <p><u>State Owned Company (SOC Ltd)</u> E.g. Eskom In most countries, the State (Government) set up companies to provide goods and services to the population. These services include transport, water and sanitation and energy.</p>	Government of South Africa	State Income	Limited	Annual Audits	
6	 <p><u>External (Foreign) Company</u> E.g. Mercedes Benz (Germany), Cotton On (Australia) The majority of foreign companies undertaking transactions or making investments in South Africa are not required to register as external companies.</p>			Limited		An external company must have at least 1 office in South Africa. Unnecessary formalities encourage foreign companies to do business in South Africa