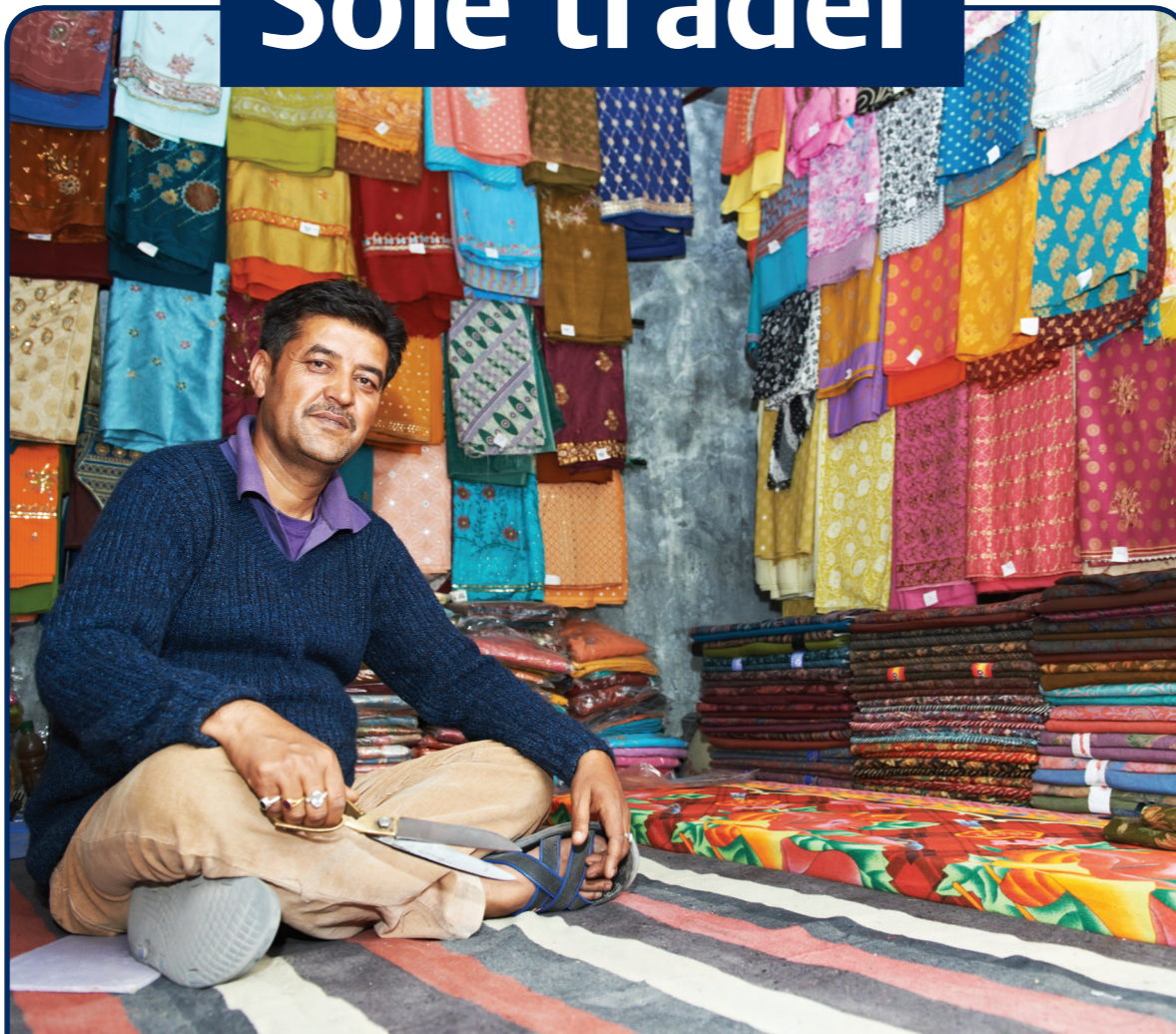


Forms of ownership

Sole trader



Partnership



Company



Owners	1 owner	2 – unlimited partners	1 – unlimited shareholders
Name	No limitations	No limitations	Private – (Pty) Ltd Public – Ltd
Continuity	Limited	Limited	Unlimited
Liability	Unlimited	Unlimited	Limited
Capital	Contributed by the owner (own or borrowed capital)	Contributed by partners	Contributed by shareholders by selling shares
Advantages	<ul style="list-style-type: none"> Owner gets all the profits Easy to start Easy to transfer ownership Owner can form close relationships with staff and customers Owner can make decisions quickly and adapt easily to changes Owner has full control over all aspects of the business 	<ul style="list-style-type: none"> More money available as all partners contribute to the capital Responsibility of debts, costs and decision making is shared Variety of skills is available to the business Partnership is easy to form and dissolve 	<ul style="list-style-type: none"> Large amounts of capital can be raised Shareholders' personal possessions cannot be used to pay the debts of the business Business continues even if a shareholder leaves or dies Anybody who buys 100 shares can be a shareholder
Disadvantages	<ul style="list-style-type: none"> Funds could be limited as the owner is the only contributor of capital Business expansion could be limited because of small amount of capital available Business comes to an end if the owner dies Unlimited liability – personal possessions of the owner can be used to cover the debts of the business Owner is solely responsible for all management issues and decision-making and mistakes made 	<ul style="list-style-type: none"> Profits have to be shared Partners' personal possessions may be used to pay the debts of the business Decision making might be slow as all partners must be consulted One partner's mistake affects all the partners If a partner leaves or dies, the partnership is dissolved 	<ul style="list-style-type: none"> Many strict legal requirements and rules must be followed to start the business and list it on the JSE Formation and administration costs are high Companies have to pay a lot of tax Many decisions are made by management and not shareholders

