

## Comparison of the forms of ownership

TYPE	COMPANIES									
	SOLE PROPRIETORSHIP	PARTNERSHIP	CO-OPERATIVES	CLOSE CORPORATION	PROFIT COMPANIES				NON-PROFIT COMPANIES	
					PRIVATE COMPANY	PERSONAL LIABILITY COMPANY	PUBLIC COMPANY	STATE OWNED COMPANY		
<b>Statutory regulation / Legislation</b>	No legal requirements,	There are some legal requirements	Subject to the Cooperative society Act 14 of 2005.	Subject to Close Corporations Act 1984 and Companies Act 71 of 2008.	Subject to the Companies Act 71 of 2008.	Subject to the Companies Act 71 of 2008.	Subject to the Companies Act 71 of 2008.	Subject to the Companies Act 71 of 2008 and PFMA No. 1 of 1999	Subject to the Companies Act 71 of 2008.	Subject to the Companies Act 71 of 2008.
<b>Legal prescriptions</b>	None	Voluntary agreement between the parties. No formal requirements.	Application, the constitution and proposed name, all complies with the co-operative	Founding statement lays down the legal requirement in terms of the amended CCs Act.	MOI represent the founding document for the companies in terms of the Act.	MOI represent the founding document for the companies in terms of the Act.	MOI represent the founding document for the companies in terms of the Act.	MOI represent the founding document for the companies in terms of the Act.	MOI represent the founding document for the companies in terms of the Act.	MOI represent the founding document for the companies in terms of the Act.
<b>Ownership</b>	Owned and managed by an individual	No limitation on number of partners or persons – 2 and more	Minimum of 5 persons primary co-operative; 2 or more primary co-operatives for secondary co-operative; 2 or more secondary co-operatives for a tertiary co-operative	Minimum of 1 and maximum of 10 members	1 or more persons	1 or more persons	1 or more persons	1 or more persons	1 or more persons	3 or more persons
<b>Name of Owners</b>	Owner	Partners	Members / shareholders	Members	Shareholders	Shareholders	Shareholders	Shareholders	Shareholders	Company is not required to have members unless obliged by MOI.
<b>Formation documents</b>	No requirements	Partnership Agreement (P.A)/ Articles	Application and the co-operative constitution.	Founding Statement <b>NOT</b> applicable.	Memorandum of Incorporation (MOI)	Memorandum of Incorporation (MOI)	Memorandum of Incorporation (MOI)	Memorandum of Incorporation (MOI)	Memorandum of Incorporation (MOI)	Memorandum of Incorporation (MOI)
<b>Registration requirements</b>	No legal requirements for registration except ensuring that owner is registered for income tax purposes	No legal requirements for registration except requiring a partnership agreement.	Application in accordance with the Act; Constitution complies with the Act and co-operative principles; and the proposed name of that co-operative complies with section 10 of the Act..	According to the Act 71 of 2008 no further registration of the CC.	Notice of Incorporation and signature of the MOI by number of persons and filing it with prescribed Notice of Incorporation at CIPC.	Notice of Incorporation and signature of the MOI by number of persons and filing it with prescribed Notice of Incorporation at CIPC.	Notice of Incorporation and signature of the MOI by number of persons and filing it with prescribed Notice of Incorporation at CIPC.	Notice of Incorporation and signature of the MOI by number of persons and filing it with prescribed Notice of Incorporation at CIPC.	Notice of Incorporation and signature of the MOI by number of persons and filing it with prescribed Notice of Incorporation at CIPC.	Notice of Incorporation and signature of the MOI by number of persons and filing it with prescribed Notice of Incorporation at CIPC. It is incorporated for a "public benefit purpose"
<b>Directors</b>	N/A	N/A	Board of directors	N/A	1 or more directors required	1 or more directors required	3 or more for a public (Ltd) company;	1 or more directors required	3 or more directors required	3 or more directors required
<b>Name</b>	No specific suffix to be reflected in the name	No specific suffix to be reflected in the name	A co-operative must have the words- "co-operative" or "co-op" as part of its name	The name must end with CC	To be reflected as Proprietary Limited or (Pty) Ltd	To be reflected as Incorporated or Inc	To be reflected as Limited or Ltd	To be reflected as SOC Ltd	To be reflected as NPC	To be reflected as NPC

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<b>Legal person</b>	It does not have a legal personality	It does not have a separate legal personality	Incorporated as legal person with effect from the date of registration.	It is a separate legal entity that exists separately from its members	The company has a separate legal personality.	The company has a separate legal personality, unless MOI provides otherwise	The company has a separate legal personality.	The company has a separate legal personality.	The company has a separate legal personality.	The company and directors has a separate legal personality. It can indemnify to protect or indemnify itself against unlawful acts by directors.
<b>Tax reliability</b>	He is taxed in his personal capacity	Taxed on partners personal capacity	Co-operatives pay taxes on income retained for reserves and patronage to individual members who also pay taxes on that income.	Taxed as company tax, i.e. subjected to double taxation. on the taxable income and Standard Tax on Companies (STC) payable on declared dividends	Subjected to double taxation. on the taxable income and Standard Tax on Companies (STC) payable on declared dividends	Subjected to double taxation. on the taxable income and Standard Tax on Companies (STC) payable on declared dividends	Subjected to double taxation. on the taxable income and Standard Tax on Companies (STC) payable on declared dividends	Subjected to double taxation. on the taxable income and Standard Tax on Companies (STC) payable on declared dividends	Subjected to double taxation. on the taxable income and Standard Tax on Companies (STC) payable on declared dividends	Company may qualify for tax exemption. It should satisfy the criteria laid down in the Income Tax Act
<b>Liability</b>	Unlimited. The owner is liable for all the debts in his personal capacity.	Partners are jointly and severally liable for the debts.	Limited. As a separate legal person.	Limited. As a separate legal person.	No one is liable for the debts of the company except if Act or the MOI provide otherwise.	The company, directors and previous directors are jointly and severally liable for the debts.	No one is liable for the debts of the company except if Act or the MOI provide otherwise.	No one is liable for the debts of the company except if Act or the MOI provide otherwise.	No one is liable for the debts of the company except if Act or the MOI provide otherwise.	A director / directors will be liable for any loss, damage or costs sustained by the company if he/she was acting in the name of the company
<b>Continuity</b>	Limited. The owner can sell his business or liquidate it during his lifetime.	Unlimited. Different situations can cause the dissolution of the partnership, e.g. the expiry of the term for which the partnership was originally formed.	Unlimited. Death, insolvency or lunacy of a member does not affect the existence of a co-operative.	Unlimited. A CC exists separately from the members and therefore enjoys perpetual continuation so that death, resignation, etc of a member will not cause dissolution of the CC.	Unlimited. The duration of a company is perpetual except if it is limited in terms of its founding statement, or if it is liquidated.	Unlimited. The duration of a company is perpetual except if it is limited in terms of its founding statement, or if it is liquidated.	Unlimited. The duration of a company is perpetual except if it is limited in terms of its founding statement, or if it is liquidated.	Unlimited. The duration of a company is perpetual except if it is limited in terms of its founding statement, or if it is liquidated.	Unlimited. The duration of a company is perpetual except if it is limited in terms of its founding statement, or if it is liquidated.	Unlimited. The duration of a company is perpetual except if it is limited in terms of its founding statement, or if it is liquidated. It carries on with its work even if its members or staff change
<b>Capital acquisition</b>	Contributed by the owner	Contributed or loans by partners	Contributed by members in the form of entrance fee, subscription fee, share held in the co-operative, member's funds and loans.	Contributed or borrowed by members	MOI must restrict the transferability of its securities and must prohibit an offer of its securities to the public	MOI must restrict the transferability of its securities and must prohibit an offer of its securities to the public	MOI must restrict the transferability of its securities and must prohibit an offer of its securities to the public	MOI allows the company to make an offer of its securities to the public	MOI allows the company to make an offer of its securities to the public	NPC has no securities and depends mainly on government and private sector funding.
<b>Availability of Financial Information</b>	Only available to the owner	Only available to the partners	Available to the members of the co-operative.	Only available to members of the CC	Only available to shareholders & perspective shareholders	Only available to shareholders & perspective shareholders	Only available to shareholders & perspective shareholders	Information is freely available to the public.	Information is freely available to the public.	Info freely available to the members and interested stakeholders.
<b>Transfer of Ownership</b>	Owner can decide at any time to sell, close down to	Transfer is complicated unless stipulated otherwise	The constitution may provide for membership shares to be issued to	Not influenced by the withdrawal of members Can be transferred to	The Act prohibits an offer of securities to the public and restricts	The Act prohibits an offer of securities to the public and restricts the	Unlimited and free transfer of shares in a public company	Unlimited and free transfer of shares in a public company	Unlimited and free transfer of shares in a public company	The company do not have a share capital and cannot distribute shares. The

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	transfer to someone else The lifespan of the business is usually linked to the owner's capacity	in the partnership agreement. More members can be added because it allows unlimited number of partners.	members and may transfer its assets, rights, liabilities and obligations to any other co-operative by mutual agreement	individual if all members agree	the transferability of securities.	transferability of securities.			income and property are not distributable to its incorporators, members, directors, officers or persons related to any of them.	
<b>Pre-emptive rights on issue of securities</b>	N/A	N/A	N/A	N/A	Shareholders have pre-emptive rights in respect of the issue of any new securities (subject to certain limitations) – this may be excluded by the MOI	Shareholders have pre-emptive rights in respect of the issue of any new securities (subject to certain limitations) – this may be excluded by the MOI	No pre-emptive rights unless MOI provides otherwise	No pre-emptive rights unless MOI provides otherwise	N/A	N/A
<b>Management</b>	Owner	All/some partners	Managed by board of directors appointed by members.	All/some members	1 or more directors required	1 or more directors required	3 or more for a public (Ltd) company	1 or more directors required	3 or more directors required	3 or more directors required
<b>Payment to Owners</b>	All profits are paid to the owner	Divided between partners according to the Partnership Agreement	Co-operative pay to its members a portion of the surplus that is not transferred as a reserve to a reserve fund and is allocated in proportion to the value of transactions conducted by a member	Paid according to % interest held by each member	Distributions require board approval and need to satisfy the solvency and liquidity test. Include dividends and share buy-backs. They are according to the class, preferences, rights and limitations of shares held.	Distributions require board approval and need to satisfy the solvency and liquidity test. Include dividends and share buy-backs. They are according to the class, preferences, rights and limitations of shares held..	Distributions require board approval and need to satisfy the solvency and liquidity test. Include dividends and share buy-backs. They are according to the class, preferences, rights and limitations of shares held.	Distributions require board approval and need to satisfy the solvency and liquidity test. Include dividends and share buy-backs. They are according to the class, preferences, rights and limitations of shares held.	No part of the Company's income may be paid to an incorporator, member, or director unless obliged to do so by law.	No part of the Company's income may be paid to an incorporator, member, or director unless obliged to do so by law.
<b>Voting rights</b>	N/A	N/A	Primary co-operative, each member has only one vote. The constitution of a secondary or tertiary co-operative may provide that the members have more than 1 vote: a secondary co-operative no member shall have more than 15% vote of all the members of the co-operative.	Voting rights should correspond with their respective membership interest or ownership percentage	Each share has one general voting right unless class; preferences, rights and limitations in MOI provides otherwise	Each share has one general voting right unless class; preferences, rights and limitations in MOI provides otherwise	Each share has one general voting right unless class; preferences, rights and limitations in MOI provides otherwise	Each share has one general voting right unless class; preferences, rights and limitations in MOI provides otherwise	Each voting member has at least one vote. May have voting or non-voting members or both. The votes are equal.	Each voting member has at least one vote. May have voting or non-voting members or both. The votes are equal.

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Financial Statement	Optional	Optional	Must prepare annual financial statements	Must prepare annual financial statements.	Must prepare annual financial statements.	Must prepare annual financial statements.	Must prepare annual financial statements.	Must prepare annual financial statements.	Must prepare annual financial statements.	Must prepare annual financial statements.
Auditory requirements	Optional	Optional	Auditing of the affairs of a co-operative must be conducted annually unless exempted by registrar.	MAY be expected to audit its financial statements unless exempted or independently reviewed by the accounting officer*, depending on its public interest score at the end of the year.	Voluntarily audited or Audit required only if prescribed by regulation.	Audited voluntarily	Compulsory audit	Compulsory audit	Audited voluntarily or Independently reviewed	
Lodging of financial statements with the Commission	N/A	N/A	Annual financial statement to be lodged with the registered office of the co-operative for at least 21 days after approval.	N/A	Only required to lodge annual financial statements if it is a company that is required to be audited by regulation.	Only required to lodge annual financial statements if it is a company that is required to be audited by regulation.	Required to lodge annual financial statements.	Required to lodge annual financial statements.	Only required to lodge annual financial statements if it is a company that is required to be audited by regulation.	
AGM	N/A	N/A	Requires an AGM	N/A	No requirement for an AGM unless required to be audited	No requirement for an AGM unless required to be audited	Requires an AGM	Requires an AGM	No requirement for an AGM unless required to be audited	
Electronic participation at shareholder meeting	N/A	N/A	N/A	N/A	No requirement	No requirement	Required to provide a mechanism for electronic participation of shareholder meetings	Required to provide a mechanism for electronic participation of shareholder meetings	No requirement	
Quorum	N/A	N/A	N/A	N/A	25% and at least 3 shareholders if the company has more than 2 shareholders	25% and at least 3 shareholders if the company has more than 2 shareholders	25% and at least 3 shareholders if the company has more than 2 shareholders	25% and at least 3 shareholders if the company has more than 2 shareholders	25% and at least 3 shareholders if the company has more than 2 shareholders	
Whistleblower provisions	N/A	N/A	N/A	N/A	No requirement for reporting process	No requirement for reporting process	Public company required to implement a reporting process	State-owned company required to implement a reporting process	No requirement for reporting process	
Governance	N/A	N/A	Require an audit, appoint an auditor.		Only require an audit if determined by regulation Only require audit committee and company secretary if	Only require an audit if determined by regulation Only require audit committee and company secretary if	Require an audit, audit committee and company secretary	Require an audit (but subject to Public Audit Act), audit committee and company secretary	Only require an audit if determined by regulation Only require audit committee and company secretary if	

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					stipulated in MOI	stipulated in MOI			stipulated in MOI
Disclosure of beneficial interest in securities	N/A	N/A	N/A	N/A	No requirement to disclose beneficial interest of securities	No requirement to disclose beneficial interest of securities	Nominee required to disclose beneficial holder of securities	No requirement to disclose beneficial interest of securities	N/A
Application of the takeover regulations and TRP and "affected transactions"	N/A	N/A	N/A	N/A1	Only applies to a private company if provided for in MOI, or if there has been a transfer of more than 10% of the securities in the last 24 months	Only applies to a Personal liability company if provided for in MOI, or if there has been a transfer of more than 10% of the securities in the last 24 months	Applies to every public company	Applies to every SOC	N/A