

Business law

Lecture-32

DISTINCTION BETWEEN COMPANY AND PARTNERSHIP

The difference between a company and partnership is as follows:

	Company	Partnership
1. Mode of creation	By Registration by Statute.	By Agreement
2. Legal Statute	Legal entity distinct from members, perpetual succession.	Firm and partners are not separate; no separate entity; uncertain life
3. Liability	Limited liability of members	Unlimited joint and several liability of partners
4. Authority	Divorce between ownership and management Representative Management	Right to share management, common and ownership and Management. Mutual agency - Implied authority.
5. Transfer of shares	Public Co.-freely transferable; transferee the transferor	Ordinarily no right of transfer of share by a of transferee

6. Number of members	Private Co-Minimum 2 and Maximum 50 public Co. Minimum 7 and Maximum unlimited.	Minimum 2 Maximum 20.
7. Resources	Large and unlimited resources	Personal resources of partners are limited.
8. General powers	Memorandum defines and confines the scope of the company. alteration difficult.	Easy to change the agreement and so also the powers of the partners.
9. Legal formalities	Statutory books, Audit, Publication Registration, filing, etc. lots of legal formalities	No legal formalities Registration not compulsory. No audit, no publication of accounts etc.
10. Dissolution	Only according to the provisions of law- usually by an order of the court. Death of a shareholder does not affect the existence of a company.	Dissolution by agreement by notice, by court. Death of a partner may mean dissolution of partnership