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- Any one interested in starting a Business.....?
- How can you start a Business.....?



# THE SYLLABUS

1. Incorporation of a company
2. Characteristics of a company
3. Types of Companies
4. Promoters and Pre-incorporation contracts
5. Articles of Association
6. Share Capital and Prospectus
7. Shareholders
8. Managing the Company – Directors
9. Other Office Bearers – Secretary and Auditors
10. Meetings and Resolutions
11. Dissolution of a company
12. Related topics like Corporate Social Responsibility, Corporate Governance and Insider Trading

## Forms of Businessin –

- There are few methods you can start a business.

- **Sole proprietorship**
- **Partnership**
- **Corporations**

- Different methods have different features and requirements attached to them.

# Features



**Remember!**

- Registration Requirement

# Sole Proprietorship

<b>Characteristics</b>	<b>Owned by one person.</b>
<b>Start of business</b>	<b>No elaborate procedure</b>
<b>Registration</b>	<b>Only legislation applicable is the Business Names Act No. 07 of 1987</b>
<b>Administration</b>	<b>Mostly by the owner</b>
<b>Legal Personality</b>	<b>No legal personality</b>
<b>Liability</b>	<b>Unlimited personal liability for all the debts of the business</b>
<b>Cessation of business</b>	<b>Sole trader can decide on his own</b>

## **PARTNERSHIP**

- Partnership Act 1890.
- When does the partnership begin.
- Partnership Agreement.

## Joint Ventures

- JV is a commercial combination in common by way of contract for the individual gain of the parties.
- They are usually confined to a particular or single undertaking.
- No specific legislation
- No legal personality



## Consequences

- Limited liability
- Contracts/ Employees      Property/
- Perpetual Succession
- Management      +  
Ownership

➤ Separate  
entity.      Legal

Salomon  
v.  
Salomon

## Differences Between A Company And Partnership

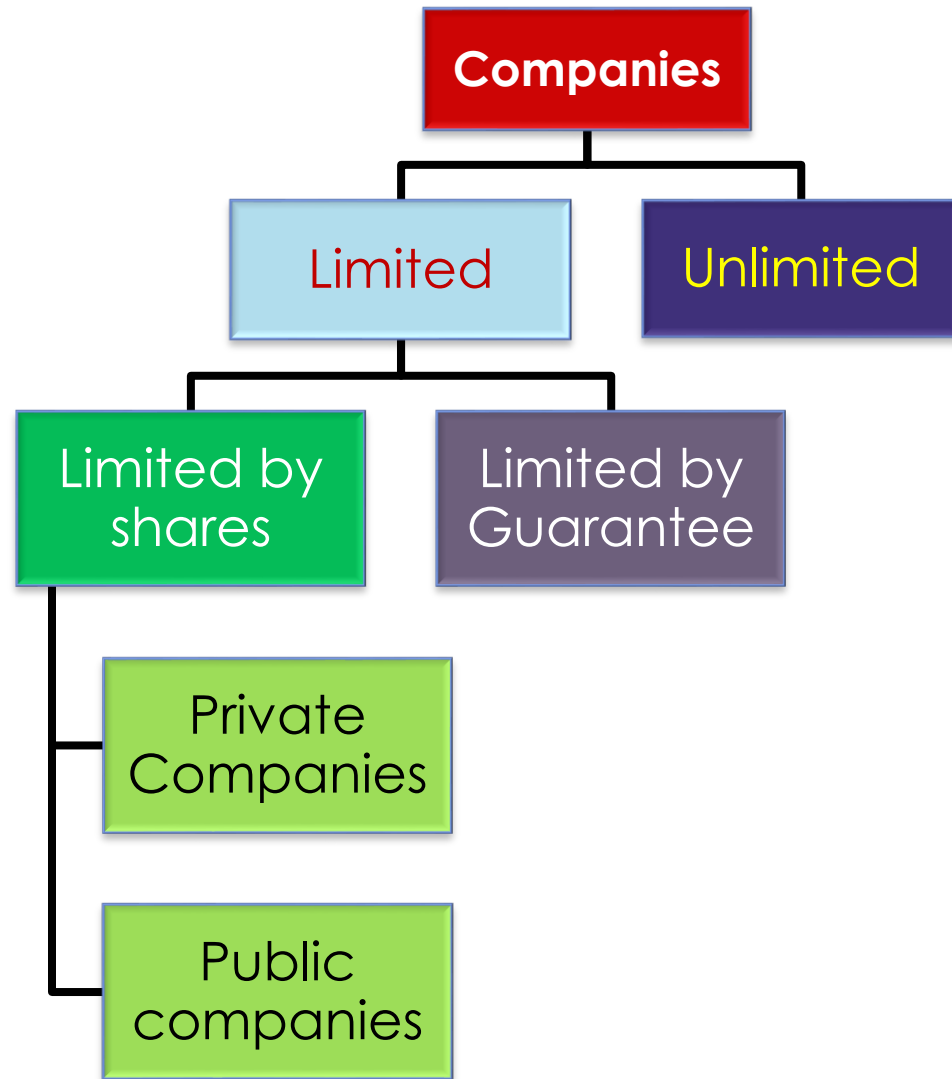
Issue	Registered Limited Companies	Partnership
<b>Creation</b>	By complying with the requirements of the Companies Legislation	By agreement, express or implied
<b>Legal Status</b>	Separate legal personality	No separate legal personality
<b>Maximum number of Members</b>	Any number of members However, In private companies not more than 50 members	Not more than 20 partners

## Contd...

<b>Liability of members and partners</b>	Members are not generally personally liable for company's debts	Partners are personally liable for the entire debts of the partnership
<b>Management</b>	Management is vested with the Board of Directors Members cannot interfere	All the partners have a right to participate in the management
<b>Agency of members</b>	Individual members are not agents of the company Therefore their acts do not bind the company	Every partner is an agent of the firm therefore individual acts bind the firm

<b>Transfer of shares</b>	Does not affect the corporate existence	Change of a partner results in the old partnership ending and a new partnership coming in to existence
<b>General Powers</b>	Can act only within the scope allowed by the Articles However, this can be altered by a special resolution	Partners can freely alter their objects and freely regulate their internal affairs
<b>Statutory Control</b>	Companies MUST abide by the provisions of the Companies Act	Very little statutory control

# YPES OF COMPANIES



Off shore  
companies

## Features

- Definition – registration
- Name
- Raising Capital

- Directors
- Shareholders



Promoters



Pre-  
incorporation  
contracts

# INCORPORATION



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*THE END*

