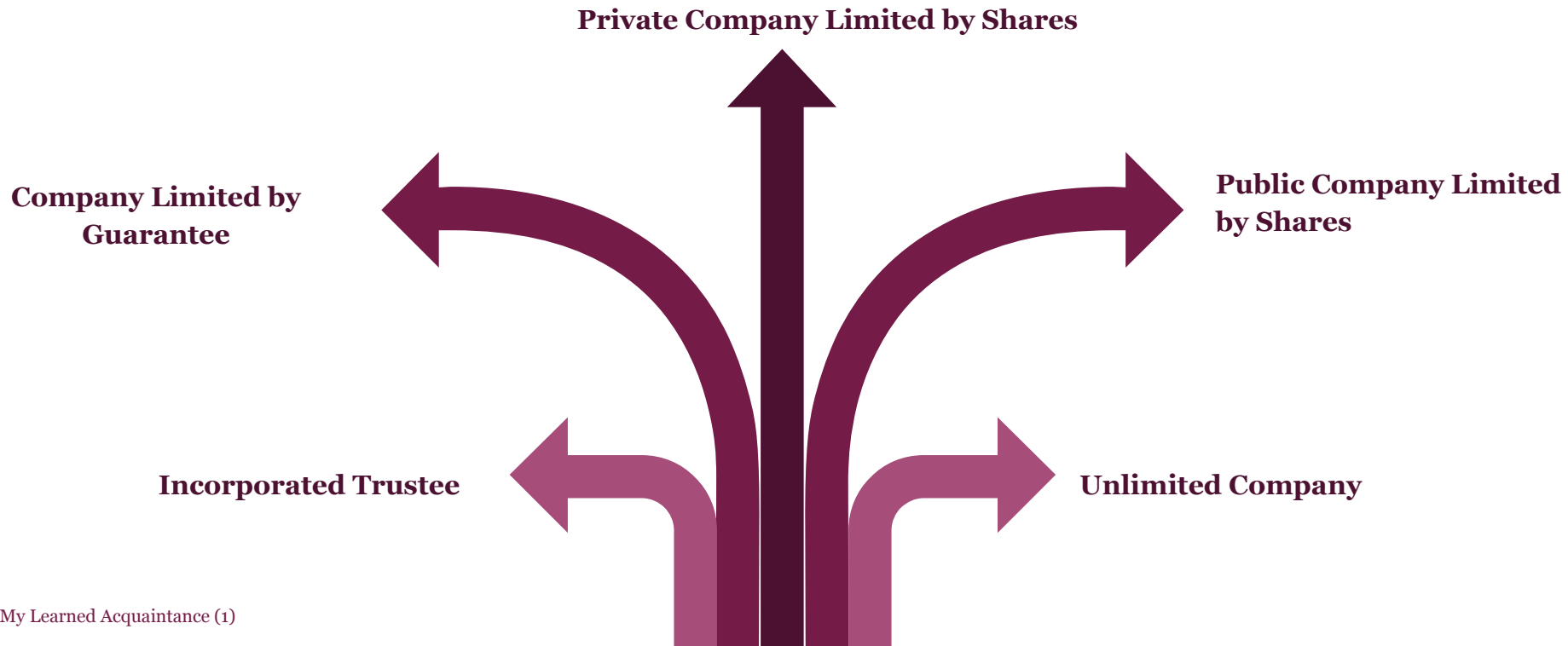




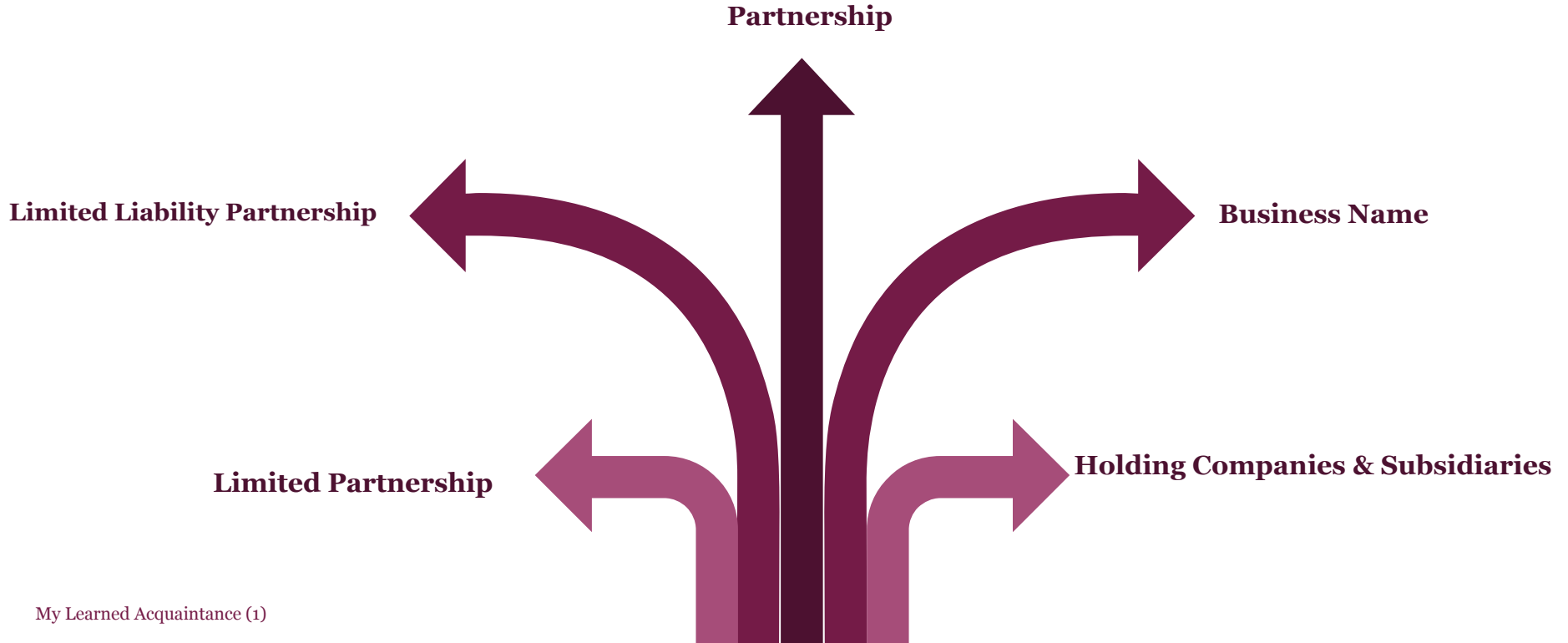
WHAT TYPE OF STRUCTURE IS BEST FOR YOUR ENTITY?

For more than a century, business lawyers have been calling the corporation a "person," and for good reason. Like its human counterpart, a corporation can sue and be sued in court; draft contracts, negotiate deals, get married (to another corporation), adopt children and even die.- Mojolaoluwa Olaiifa

TYPES OF COMPANIES



OTHER BUSINESS ORGANIZATIONS



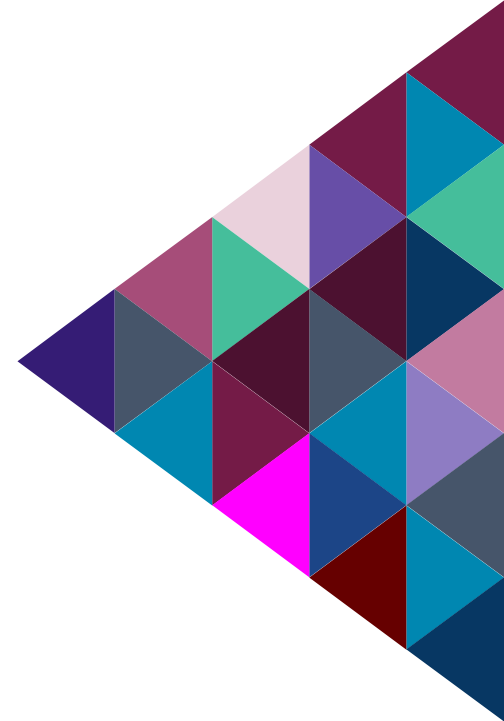
Private Company Limited by Shares:

Private company limited by shares guarantees that the members of a company are liable only to the extent of their shares in the company. Thus, where the shares are fully paid up, the member's liability is zero. This creates a blanket such that the company bears whatever debts incurred in the event of its insolvency. The Private Company Limited By Shares can either be a subsidiary of a public limited company or entirely private.

A Private company limited by shares is a legal entity separate from its members. A company limited by shares can be incorporated by one or more persons who agree to share the profits and losses of the company in return for each contributing money, property (such as equipment or premises) or skill. **Section 18(2) CAMA 2020** only a private company can be registered by One (1) person. Therefore, a minimum of 1 (one) and maximum of 50 (fifty) can be shareholders to a private company. It must have a minimum issued share capital of N100, 000. It must restrict the transfer of its shares and any member intending to sell his shares must first offer same to the existing members.

Public Company Limited by Shares:

Public Company Limited by Shares is an incorporated company, owned by a group of investors with the liability of members limited to number of unpaid shares. A public company limited by shares is managed by a board of directors whereas the proprietorship is managed by its owner as well as the board of directors maintains a higher degree of public exposure. It is not necessary for a company to seek regulatory authorization from government for commencement of business but registration is required by law. Particulars of directors and shareholders and names and addresses must be registered with the Registrar of companies in Nigeria. However, they differ in the powers that can be exercised by them and the requirements for registration. Two or more persons may incorporate this company. It must have a minimum issued share capital of N2, 000, 000. It is not mandated to restrict the transfer of its shares.



Company Limited by Guarantee

This means that its members are not liable for its debts. Instead, they have a responsibility to contribute a certain amount towards the assets of the company in the event it gets wound up. In the event of a company limited by guarantee being wound up, the members are not liable for any of the debts of the company beyond the amount unpaid on their shares. A company limited by guarantee is a legal structure under which the members are not liable for the debts of the company beyond the amount they have respectively undertaken in the Memorandum of association to contribute to the assets of the company in case it gets wound up.

A private company limited by guarantee (also known as a voluntary association or incorporated association) is a corporate body of persons which exists solely for purposes other than trading profitably. The company is not focused on profit making. It has no share capital, but each member must undertake to pay an amount not exceeding N100,000 in the event of its being wound up. It cannot carry on business for the purpose of distributing same to its members but rather must be applied towards the success of its objects which could be promotion of education, research, commerce, charity or other similar objectives.

Incorporated Trustee

An Incorporated Trusteeship, which is formed by more than one trustee, is an association of persons acting as a single entity for a common endeavour or purpose. The incorporated trustee is a business organization. It is responsible for the day-to-day administration of an educational, religious, literary or other charitable trust. An incorporated trustee usually comprises a board of trustees who are appointed into the trust in order to promote its object.

An incorporated trustee differs from a company in that it is not created to carry on business, to make profit, or to earn income. It must be an authorized trust by its governing law. It is a legal body created to carry out a public purpose. Almost every community and organization will have an incorporated trustee at its disposal.

Unlimited Company

This by definition a company where the liability of members who have subscribed to memorandum has no limit in the event of the company being wound up. Unlimited Company is a limited liability entity. If the company is wound up, the members' assets as well as the company's assets are used to settle the claims of creditors and to distribute any surplus assets to members. In the event that a company is dissolved and the remaining assets are insufficient to settle all the debts incurred, the members personal assets can be sold to liquidate/offset the remaining debt.

An unlimited company can either be a private company limited by shares or a public company limited by shares. It may be registered as such notwithstanding that it has unlimited liability.

Holding Cos & Subsidiaries

A Holding company is a parent corporation that holds enough voting shares in another corporation to control the policies of its subsidiary and oversee its management decisions.. A holding company often exercises control through its ownership of shares in the subsidiary firm. It can also do so directly with its board members, who then have a duty to act in the interests of the holding company and not those of the existing shareholders in the subsidiary.

Partnership

A **partnership** is an association of two or more persons who join to carry on a trade. Partnerships involve the contribution of money, labor, property, skill or acts. A person that contributes something is called a partner and the business they operate is called a partnership.

A partnership is a relationship between two or more people that are carrying on business together as co-owners for profit. Partnerships can be formed quickly and easily, but what makes it complicated is that you have to figure out the numbers and see if there is enough to go around. The profits have to be divided equally and any losses should also be shared. There are many different types of partnerships including limited liability partnerships, limited partnerships, general partnerships or joint ventures. A professional partnership is created by agreement between two or more persons to carry on a trade, business, occupation or profession in common.

Limited Liability Partnership

A limited partnership is a hybrid entity that combines elements of both partnerships and corporations. It becomes a separate legal person, at the same time, the liability of its partners is limited. Incorporating as a partnership gives businesses the opportunity to formalise a working relationship, but without the rigidity many business owners may fear. The partnership has its own assets, liabilities and legal personality. It has the same rights and obligations as a natural person and can enter into contracts and employ labour. **Part C, Sections 746-788 of CAMA 2020**

Limited Partnership Part D, Section 795 of CAMA 2020 recognizes

A limited partnership to be one consisting of one or more general partners who are liable for the debts and obligations of the firm and limited partners. A limited partnership is a contractual arrangement in which some partners called the general partners (GP), have unlimited liability for the debts and obligations of the partnership, while another partner, called the limited partner (LP), is not liable beyond the amount invested in the partnership.

Limited partners have unlimited liability only to the extent of their investment (plus unpaid losses that occurred before they joined the limited partnership). Beyond that amount, a limited partner has no general liability for the debts and other obligations of the partnership. **Section 798(2) CAMA 2020 and CAC/ LP 01**

Business Name

Registration under this form is easy. Any firm, individual or corporation required to be registered must register with the CAC within 28 days of commencing business.

Part E of CAMA 2020



Business Names

Registration under this form is easy. Any firm, individual or corporation required to be registered must register with the CAC within 28 days of commencing business. **Part E of CAMA 2020**



**MOJOLAOLUWA OLAIFA,
FOUNDER/LEAD CONSULTANT, ZYDEN LEGAL**

WHAT TYPE OF STRUCTURE IS BEST FOR YOUR ENTITY?

For more than a century, business lawyers have been calling the corporation a "person," and for good reason. Like its human counterpart, a corporation can sue and be sued in court; draft contracts, negotiate deals, get married (to another corporation), adopt children and even die.- Mojolaoluwa

Olaifa