

BANVEG CONSULT

TYPES OF BUSINESSES

There are various types, This article covers Just five of them which include.

1. Sole Proprietorship

A Sole Proprietorship (trivially known as enterprise) is a type of business entity that is usually owned and operated by one person.

This type of business does not enjoy the benefits of limited liability and there is no legal distinction between the owner and the business. Before the law, the owner and the business are one and the same.

Sole proprietorships are the simplest of all business entities. They are cheap and easy to set up and require little capital.

The major downside of this business entity is its unlimited liability. The owner of this type of business bears the risk alone and may be personally liable to repay any debts the business owes.

Another disadvantage of this entity is that it's difficult to continue if the owner dies or cannot continue running the business.

2. Partnerships

In its general form, a partnership is a business entity owned and managed by two or more partners.

Ordinarily, partnerships do not enjoy limited liability. However, in many countries, there are Limited Liability Partnership arrangements which limit the liability of the owners to their investment in the partnership.

3. Limited Liability Company (By Shares)

This is the most popular and common type of business entity that exists. As the name suggests, the owners of this type of business entity enjoy limited liability. As a result, the names of this type of entity usually ends with 'Ltd', 'Limited' or 'Inc' depending on the country and legal system.

The law sees a Limited Liability Company as a legal human being. Like natural human beings, limited liability companies can own property, borrow and lend money, sue and be sued. What they are and own are totally separate from the assets of its owners.

These are the qualities, features and benefits that make Limited Liability entities very popular with entrepreneurs and business people across the world.

The best part is, because this type of entity exists on its own, it can be sold or transferred to another person if the owners (shareholders) so wish.

There are Public Limited Liability Companies and Private limited Liability Companies

4. COMPANY LIMITED BY GUARANTEE

This is a company that has the liability of its members limited to amounts that they respectively undertake or guarantee to contribute to the assets of the company in case of liquidation. The company is also not permitted to make profits, for example social enterprises, non-governmental organizations (NGOs), churches and charities.

Even when the company finds itself making profit, it should be geared towards the activities of the Business and not for the benefit of individual stakeholders.

5. EXTERNAL COMPANIES

External Companies are companies that are incorporated outside of the country with a registered place of business in Ghana.

Article By

Emmanuel Vinyo Gameli
CEO-Banveg Consult