**Private company limited**

What is private limited company explain?

What is a Private Limited Company? A private limited company, or LTD, is **a type of privately held small business entity**. This type of business entity limits owner liability to their shares, limits the number of shareholders to 50, and restricts shareholders from publicly trading shares.

What are the advantages of a private limited company?

**Benefits Of Private Limited Companies**

* Limited Liability.
* Tax Efficient.
* Separate Legal Entity.
* Easier To Raise Capital.
* Easier To Maintain.
* Flexible Management Structure.
* Professional Image.
* Protection From Creditors.

What are 3 disadvantages of a private limited company?

Disadvantages. Limited companies must be registered with the Registar of Companies. **The legal set up costs are expensive**. Limited companies must use documents called Memorandum of Association and Articles of Association.

What are the risks of a private limited company?

One of the main disadvantages of a Private Limited Company is that it **restricts the transferability of shares by its articles**. In a Private Limited Company the number of shareholders, in any case, cannot exceed 50. Another disadvantage of a Private Limited Company is that it cannot issue prospectus to the public.

How many members are in a private company?

Private limited company  
  
There must be a **minimum of 2 shareholders and a maximum of 200**. For directors, the minimum is 2 and the maximum is 15.

What are the types of private company?

There are four main types of private companies: **sole proprietorships, limited liability corporations (LLCs), S corporations (S-corps) and C corporations (C-corps)**—all of which have different rules for shareholders, members, and taxation.

What is the minimum turnover for private limited company?

Rs.2.00 crores

A One Person Company must be mandatorily converted into a Private Limited Company if the annual sales turnover exceeds **Rs.** **2.00 crores** or the paid up capital of the One Person Company exceeds Rs. 50 lakhs.

Who is the head of a private company?

**Chief Executive Officer**  
  
A CEO is the most senior executive of a company. This individual is in charge of making managerial decisions. A CEO can be appointed by a company's board of directors.

What is another name for a private company?

Private companies may be called **corporations, limited companies, limited liability companies, unlimited companies**, or other names, depending on where and how they are organized and structured.

Can a single person start a Pvt Ltd Company?

**Yes, the private company will also file form INC-6 for converting itself into an OPC**. The paid up share capital of private company should not be exceeding fifty lakh rupees and should not have average annual turnover more than two crore rupees at the time of such conversion into OPC.

Can you buy shares in private company?

Although private companies cannot list their shares on the stock exchange (see below), **shares can be offered directly to individual investors, such as angel investors**. To invest in a private limited company, the investor will generally need to purchase at least one share for an agreed sum.

**Public Limited Company: Definition, Features, Advantages, Disadvantages**



A public limited company is a voluntary association of members that are incorporated and, therefore has a separate legal existence and the liability of whose members is limited.

Public limited companies are listed on the stock exchange where it’s share/stocks are traded publicly.

Its main features are;

1. The company has separate legal existence apart from its members who compose it.
2. Its formation, working and it’s winding up all its activities are strictly governed by rules, laws, and regulations.
3. A company must have a minimum of seven members but there is no limit as regards the maximum number.
4. The company collects Its capital by the sale of its shares and those who buy the shares are called the members. The amount so collected is called the share capital.
5. The shares of a company are freely transferable and that too without the prior consent of other shareholders or subsequent notice to the company.
6. The liability of a member of a company is limited to the face value of the shares he owns. Once he has paid the whole of the face value, he has no obligation to contribute anything to pay off the creditors of the company.
7. The shareholders of a company do not have the right to participate in the day-to-day management of the business of a company. This ensures the separation of ownership from management. The power of decision making in a company is vested in the Board of Directors, and all policy decisions are taken at the Board level by the majority rule. This ensures the unity of direction in management.

[As a company is an independent legal person](https://www.iedunote.com/company-definition-characteristics-advantages-disadvantages), its existence is not affected by the death, retirement, or insolvency of any of its shareholders.

**Advantages of Public Limited Company**

A public limited company is a form of business organization that operates as a separate legal entity from its owners. It is formed and owned by shareholders.

Shares of a public limited company are listed and traded at a stock exchange market freely. Shareholders of a public limited company are limited to potentially lose only the amount they have paid for the shares they own.

So, some advantages of a public limited company are;

* Led by Board of Directors
* Limited Liability
* Number of Members
* Transferable shares
* Life Span
* Financial Privacy
* Large Capital

**Led by Board of Directors**

Public limited companies are headed by a board of directors. The composition of the board of directors is set out in the company’s articles of association.

Normally it comprises a minimum number of two members and a maximum of 12.

These are elected from the shareholders by the shareholders during the annual general meeting. They act as the representatives of the shareholders in the management of the company.

**Limited Liability**

Shareholder liability for the losses of the company is limited to their share contribution only. This is what makes it a separate legal entity from its shareholders.

The business can be sued on its own and not involve its shareholders. The company does not belong to any person since one person can own only a part of it.

**Number of Members**

A public limited company has a minimum number of seven shareholders or members and a limitless number of members. It can have as many shareholders as its share capital can accommodate.

**Transferable shares**

Shares of a public limited company are bought and sold in a stock exchange market. They are freely transferable between its members and people trading in the stock exchange.

**Life Span**

A public limited company is not affected by the death of one of its shareholders, but her shares are transferred to the next of kin and the company continues to run its business as usual.

In the case of a director’s death, an election is held to replace the deceased director.

**Financial Privacy**

Public limited companies are strictly regulated and are required by law to publish their [complete financial statements annually](https://www.iedunote.com/financial-statement-assertions).

This ensures that they reveal their true financial position to their owners and potential investors so that they can determine the true worth of its shares.

**Large Capital**

Public limited companies enjoy an increased ability to raise capital since they can issue shares to the public through the stock market.

They can also raise additional capital by Issuing debentures and bonds through the same market from the public. Debentures and bonds are unsecured debts Issued to a company on the strength of its integrity and financial performance.

**Disadvantages of a Public Limited Company**

A Public Limited Company (PLC) means, first, that the firm is parceled out into shares and sold “publicly” on any or the entire globe’s stock exchanges.

Secondly, it means that those who invest in the firm are protected from extreme loss if the company fails.

This is called “limited liability.” This means that if one invests in a firm that fails, only that investment money can be claimed by the firm’s creditors.

More abstractly, “limited” means that only the existing assets of the firm can be seized for the payment of a debt.

So, some disadvantages of a public limited company are;

* High Costs.
* Public Books.
* Greedy Shareholders.
* Takeover.
* Power.
* Slow Decisions.

**High Costs**

A Public Limited Company is normally a complex thing to start. The firm banker (or “underwriter”) then offers the initial shares to the public (and keeps a substantial commission).

SINGLE MEMBER COMPANY

What are single member companies?

**Either a private company or public company, limited by shares or by guarantee, which is incorporated with one member, or whose membership is reduced to one person**.

How can I register my single member company in Pakistan?

**Requirements:**

1. Company Name / Business name.
2. Copy of CNIC / Passport of Director / Chief govt (passport just in case of foreign director)
3. Copy of CNIC / Passport of Company Secretary.
4. Address of the corporate.
5. Capital of the corporate.
6. Memorandum of Association.
7. Articles of Association.
8. Power of professional person.

Does one person company exist in Pakistan?

**Any person may form a single member company in Pakistan**. Single Member Company or “SMC” means a private company which has only one member/director and will avail privileges of limiting the liability.

How does a single person company work?



According to Section 2 (62) of the Companies Act, 2013, One Person Company means **a company which has only one person as a member**. It is incorporated as a private company which has only one member. Therefore, a corporation can be registered even when it only has one shareholder or member.12-Oct-2022

What is the disadvantage of a single member LLC?

The disadvantage of a single-member LLC is the risk that, unlike multiple-member LLC's, **it will not protect against personal liability in the event of a lawsuit or other claim**.01-Feb-2010