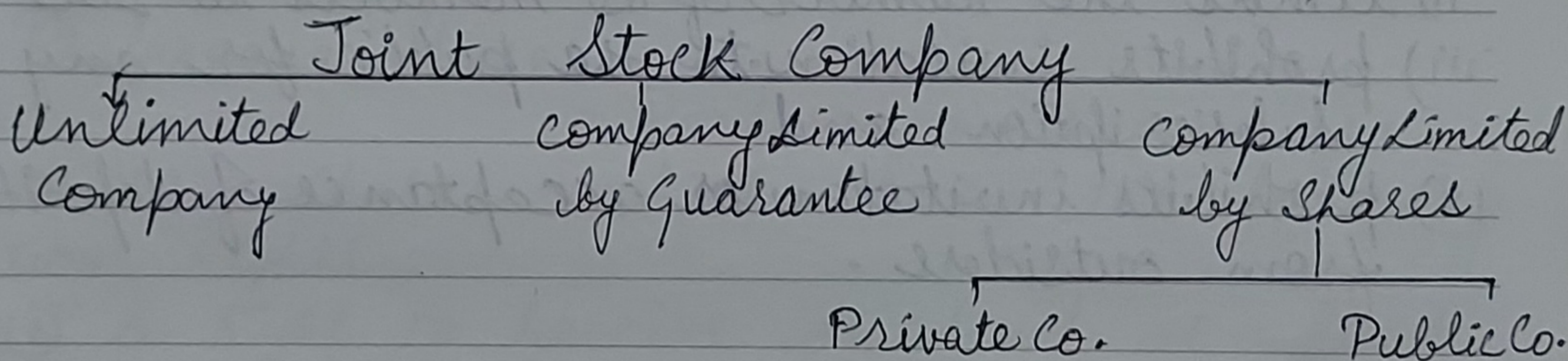


# Company Accounts - Issue of Shares

The limitations of sole proprietorship and partnership forms of business organisations such as limited capitals, limited managerial ability, unlimited liability, etc. gave birth to the company form of business organisations. A company is a voluntary association of persons formed through the process of law, having separate legal entity and limited liability.

## Kinds of a Company

Under The Companies Act, 1956 company can be classified as under:



### Unlimited Company:

The company in which there is no limit on the liability of its members is known as unlimited company.

### Company Limited by Guarantee:

The company in which the liability of its members is limited to the extent of guarantee given by them in the event of winding up is

known as company limited by guarantee.

Company limited by Shares:

In such company the liability of the members is strictly limited to the ~~up~~ unpaid amount of shares held by its members. Such companies may be divided into two:

Private Company:

A private company is one which has a minimum paid-up share capital of ₹ 1,00,000 or as prescribed by Companies Act, and by its Articles of Association

- i) restricts the right to transfer its shares
- ii) limits the number of its members to 200
- iii) prohibits invitation to the public for any subscription and
- iv) prohibits invitation or acceptance of deposits from outsiders.

Public Company:

A public company is one which is not a private company and has a minimum paid-up share capital of ₹ 5,00,000.