

IMPLICATIONS OF COMPANIES ACT 2013

BUSINESS STUDIES – XI

PARTICULARS	COMPANIES ACT 2013
NO OF PARTNERS	<p>Section 464 of the Companies Act, 2013 provides that number of persons in any association/partnership shall not exceed one hundred subject to the limit prescribed in Rules. In this regard Rule 10 of the Companies (Miscellaneous) Rules, 2014 provides that no association/partnership shall be formed, consisting of more than 50 persons. Therefore, limit as of now is 50 partners (power to the regulators) to prescribe maximum number of partners in a firm but the prescribed number cannot be more than 100.</p> <p>Imp: Rule 10 of the Companies (Miscellaneous). Rules 2014 provides the maximum limit as 50 partners.</p>
COMPANY	Change in the Section providing for the definition and no change in the definition.
	<p>PRIVATE COMPANY: “Private Company” means a company which by its articles- (i) Restricts the right to transfer its shares; (ii) Except in One person Company, limits the number of its members to two hundred; (provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purpose of this clause, be treated as a single member: Provided further that [A] persons who are in the employment of the company, and [B] persons who having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, [C] Shall not be included in the number of members. (iii) Prohibits any invitation to the public to subscribe for any securities of the company.</p>
	<p>ONE PERSON COMPANY: The 2013 Act introduces a new type of entity to the existing list i.e. apart from forming a public or private limited company, the 2013 Act enables the formation of a new entity a ‘one-person company’ (OPC). An OPC means a company with only one person as its member [section 3(1) of 2013 Act]. Requirement – One person Company Rule 3(1) provides that only a natural person who is an Indian citizen and a resident in India shall be eligible to incorporate OPC</p> <ul style="list-style-type: none"> ➤ No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company ➤ OPC to compulsory convert itself into public or private company in certain cases. Where the paid up share capital of an OPC exceeds fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees, it shall cease to be entitled to continue as a One Person Company
	<p>PUBLIC COMPANY means a company which is not a private company; Provided that a company which is a subsidiary of a company, not being a private</p>

	company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.
	COMPANY LIMITED BY GUARANTEE means a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.
	COMPANY LIMITED BY SHARES means a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them.
FORMATION OF A COMPANY	<p>AUTHORISED CAPITAL or “nominal capital” Section 2(8) of the Act. It means such capital as is authorised by the Memorandum of Association of a Company to be the maximum amount of share capital of the company.</p> <p>ISSUED CAPITAL is defined in Section 2(50) of the Act. It means such capital as the company issues from time to time for subscription.</p> <p>SUBSCRIBED CAPITAL is defined in Section 2(86) of the Act. It means such part of the capital which is for the time being subscribed by the members of a company.</p> <p>CALLED-UP CAPITAL is defined in Section 2(15) of the Act. It means such part of the capital, which has been called for payment.</p> <p>PAID-UP SHARE CAPITAL or “share capital paid-up” is defined in Section 2(64) of the Act. It means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;</p>
	<p>ARTICLES means the articles of association of a company as originally framed or as altered from time to time or applied in pursuance of any previous company law or of this Act;</p> <ul style="list-style-type: none"> • TABLE F instead of TABLE A
SOURCES OF BUSINESS FINANCE	<p>DEFINITION OF SHARES: share means a share in the share capital of a company and includes stock</p> <p>DEFINITION OF A DEBENTURE includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not.</p>
	EMPLOYEES' STOCK OPTION means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price;

