

JOINT STOCK COMPANY

MEANING → A joint stock company

is managed by its shareholders,

each of whom holds a share that

may be freely transferred and who

are subject to limited liability. Joint

stock companies distribute profits

to shareholders in proportion to

their shares. Joint Stock Companies

were established to assist in the

growth of business. Other names

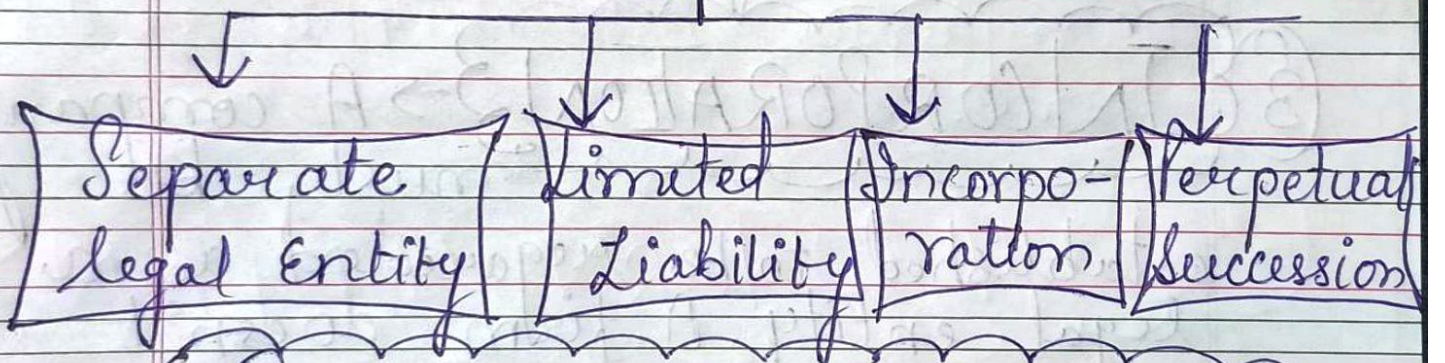
of Joint Stock Companies are

corporations, public businesses etc.

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DEFINITION → A company is an incorporated association of persons formed usually for the pursuit of some commercial purpose.

FEATURES OF JOINT STOCK COMPANY



1. SEPARATE LEGAL ENTITY

The legal identities of a business and its members are distinct, in contrast to partnership. The

Company acquires its own legal identity.

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② LIMITED LIABILITY → The limited liability of a business and its members is one of its most appealing features. If a business experiences a loss and cannot pay its creditors, shareholders will only contribute the value of their shares.

③ INCORPORATION → A company must be established to be regarded as a legal entity. A firm doesn't exist without incorporation.

④ PERCEPTUAL SUCCESSION
many changes takes place in a company such as arrival and departure of members, the purchase and sale of shares etc

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Its status as a separate legal entity is related to its concept

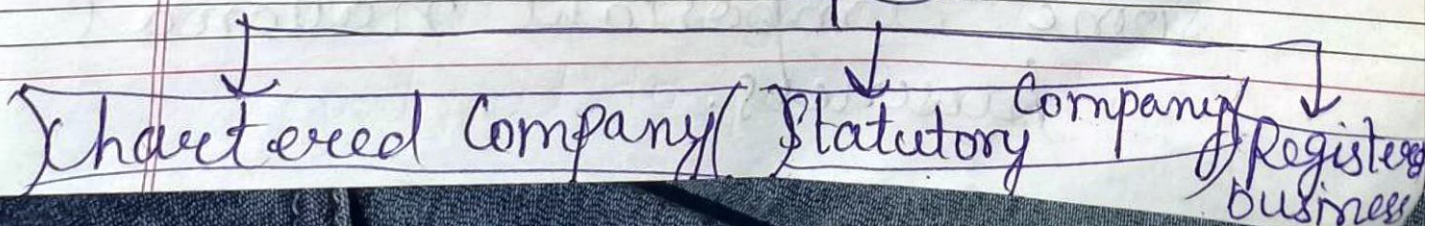
5. NUMBER OF MEMBERS

The minimum number of members in a public company is seven and the maximum number is unlimited. Two or more members are required to incorporate a private limited company.

6. TRANSFERABLE SHARES

Every stockholder has the option of trading their shares with other prospective investors.

TYPES OF JOINT STOCK COMPANY



1. CHARTERED COMPANY

Chartered Companies used to be created before 1844. An organization incorporated by the King or another head of state is known as a chartered company. These corporations are typically found in monarchies ruled nations, chartered companies held rights and benefits.

2. STATUTORY COMPANY

A particular act of the legislature establishes these companies, a prime Minister's order, or the general president. These businesses exist to conduct some important national business.

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3. REGISTERED BUSINESS

The corporations act governs the creation and regulations of companies that are incorporated under the Companies Act.