



LAW SOCIETY
OF SOUTH AFRICA

LEARNING OUTCOMES

FORM OF BUSINESSES ENTERPRISES

- ❖ *Comparison of the most important forms of business entities*
 - ✓ Identify and distinguish the characteristics, advantages and disadvantages of the following enterprises:
 - ✓ the Sole Proprietorship;
 - ✓ the Partnership;
 - ✓ the Close Corporation;
 - ✓ the Company;
 - ✓ the Business Trust;
 - ✓ the Share Block Company.
- ❖ *Choosing a form of business enterprise*
 - ✓ Discuss the factors influencing the choice of business enterprise;
 - ✓ Discuss the various compulsory registrations for businesses;
 - ✓ Indicate when a trading licence will be required;
- ❖ *3 Intellectual property*
 - ✓ Identify the various forms of intellectual property;
 - ✓ Explain the requirements for each form of intellectual property;
 - ✓ Understand how intellectual property rights may affect businesses.
- ❖ *Close corporations*
 - ✓ Explain the amendments made to the Close Corporations Act by Schedule 3 of the Companies Act
- ❖ *Formation and functioning of companies*
 - ✓ Explain the procedure to be followed in the reservation of a name.
 - ✓ Explain the procedure to be followed after the name has been approved.
 - ✓ List the information needed in order to register a company.
 - ✓ Give a detailed explanation of what the purpose of the Memorandum of Incorporation of a company is and information it would normally contain.
 - ✓ Discuss the doctrine of constructive notice and ring-fenced companies.
 - ✓ Discuss who may act as an auditor of a company and what the functions of an auditor is.
 - ✓ Explain who may act as a director of a company.
 - ✓ Identify the various types of directors.
 - ✓ Discuss the liability of directors.
 - ✓ Discuss the rights and obligations of shareholders.
 - ✓ Discuss the notice requirements for shareholder meetings.
 - ✓ List the requirements for a valid pre-incorporation contract to come into effect as well as what happens if the pre-incorporation contract is not ratified by the company.

- ✓ Identify the various types of shares.
- ✓ Identify the function and duties of the company secretary.
- ✓ List the statutory registers which must be opened and maintained.
- ✓ Discuss the two types of resolutions that may be taken by the shareholders of a company, as well as the provisions that may be made in the Memorandum of Incorporation of the company with regard to resolutions.
- ❖ *Public interest score*
 - ✓ Explain what the Public Interest Score of a company is and how it is calculated.
- ❖ *Conversions*
 - ✓ Explain the circumstances in which conversions will be recommended.
 - ✓ Distinguish between the various types of conversions.
- ❖ *Financial difficulties*
 - ✓ Explain the purpose of Business rescue and indicate the crucial considerations to be borne in mind when Business rescue is considered.
 - ✓ Distinguish between the two ways in which business rescue may be commenced.
 - ✓ Explain the effect of business rescue.
 - ✓ List the requirements that must be met for someone to act as a business rescue practitioner.
 - ✓ Explain the purpose of a business rescue plan.
 - ✓ Explain the purpose and procedure of a Section 155 of the Companies Act which pertains to the compromise with creditors.
 - ✓ Distinguish between de-registration and dissolution of a company.
 - ✓ Distinguish between the two methods whereby a company or close corporation may be wound up.
- ❖ *Trusts*
 - ✓ Distinguish between the various types of trusts.
 - ✓ Identify the main parties to a trust.
 - ✓ Define the concept “trust” and explain the nature thereof.
 - ✓ Define “trust property”.
 - ✓ Indicate how and by whom a trust deed can be varied.
 - ✓ Explain when one would make use of a mortis causa trust and when one would make use of an inter vivos trust.
 - ✓ Explain the most important features of the Trust Property Control Act 57 of 1988.
- ❖ *Regulatory agencies*
 - ✓ Give an explanation of the working functions and organisation of the CIPC and other Regulatory Agencies
- ❖ *Interrelation with other areas of law*
 - ✓ Understand how forms of business enterprise, company law and commercial law interrelate with other areas of law.