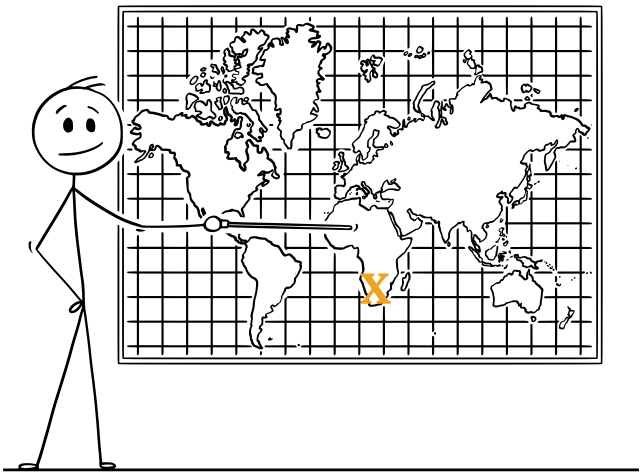
PRISM EMPLOYEE BENEFITS

EDUCATIONALS

TYPES OF COMPANIES:

UNDERSTANDING DIFFERENT TYPES OF COMPANIES IN SOUTH AFRICA



PRIVATE COMPANY – (PTY) LTD

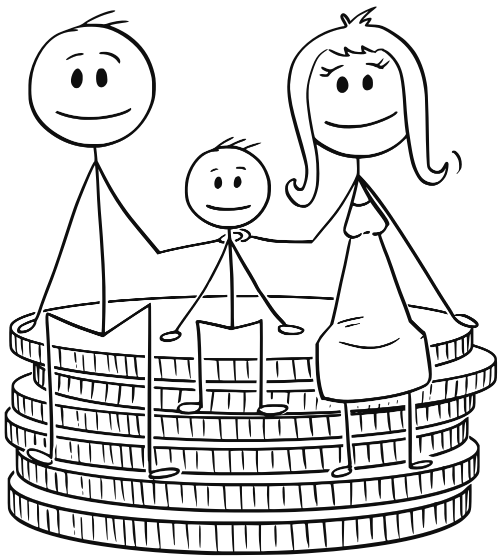
A BUSINESS OWNED BY A SMALL GROUP OF PEOPLE. OWNERSHIP IS PRIVATE — YOU CAN'T SELL SHARES TO THE PUBLIC.

KEY POINTS:

- Name ends with (Pty) Ltd
- Owners are called shareholders.
- Cannot sell shares to the public — ownership is private.
- Often used by small to medium-sized businesses.
- Must register with the Companies and Intellectual Property Commission (CIPC).
- Has legal requirements but less strict than a listed company.

EXAMPLE:

If you save R1,000 at 5% interest per year, you earn R50 in one year.A family-owned building contractor.



HOW OWNERSHIP & MONEY FLOW WORKS

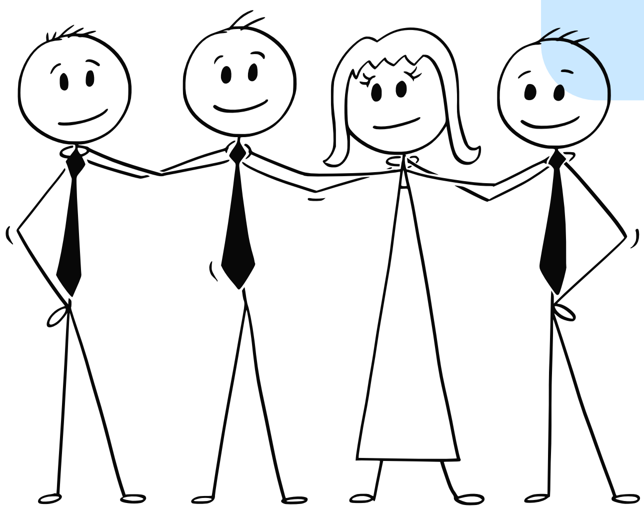
PRIVATE COMPANY (PTY) LTD

Owners

Invest money

Company uses money to run the business

Profits go back to owners as dividends



CLOSE CORPORATION – CC

A SIMPLE, OLDER FORM OF SMALL BUSINESS — NO NEW CCS CAN BE REGISTERED AFTER 2011, BUT EXISTING ONES STILL RUN.

KEY POINTS:

- Name ends with CC
- Owners are called members (not shareholders).
- Easier and cheaper to run than a private company.
- No longer available for new registrations, but old ones can continue.

EXAMPLE:

A local plumbing business started before 2011

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HOW OWNERSHIP & MONEY FLOW WORKS

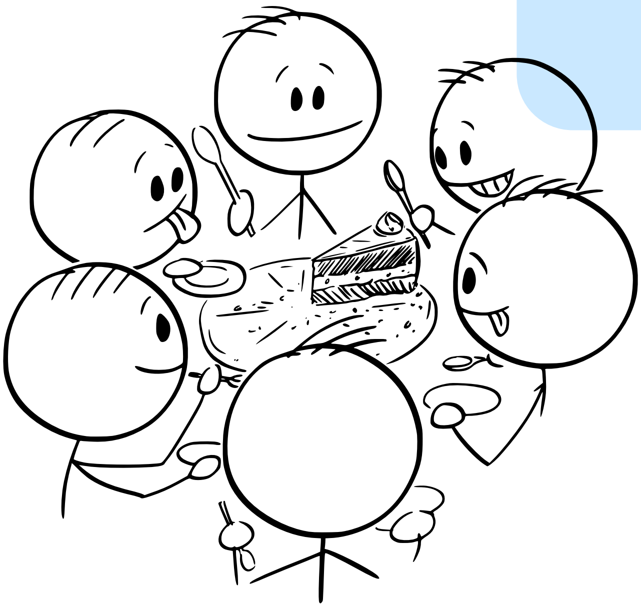
CLOSE CORPORATION (CC)

Members

Contribute capital

CC runs business

Profits shared among members



LISTED COMPANY – LTD

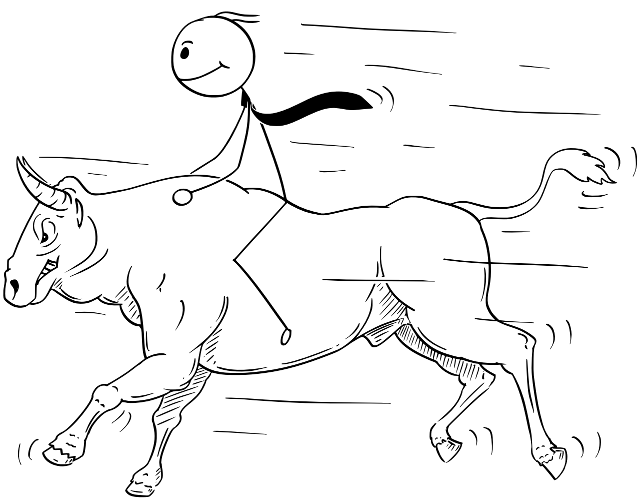
A BIG COMPANY WHOSE SHARES ARE TRADED ON THE STOCK EXCHANGE (JSE). ANYONE CAN BUY A PIECE OF IT.

KEY POINTS:

- Name ends with Ltd
- Anyone can buy shares in it (public ownership).
- Must follow strict financial reporting and governance rules.
- Usually very large companies with many shareholders.
- Share prices go up or down depending on performance and market conditions.

EXAMPLE:

Shoprite Holdings Ltd



HOW OWNERSHIP & MONEY FLOW WORKS

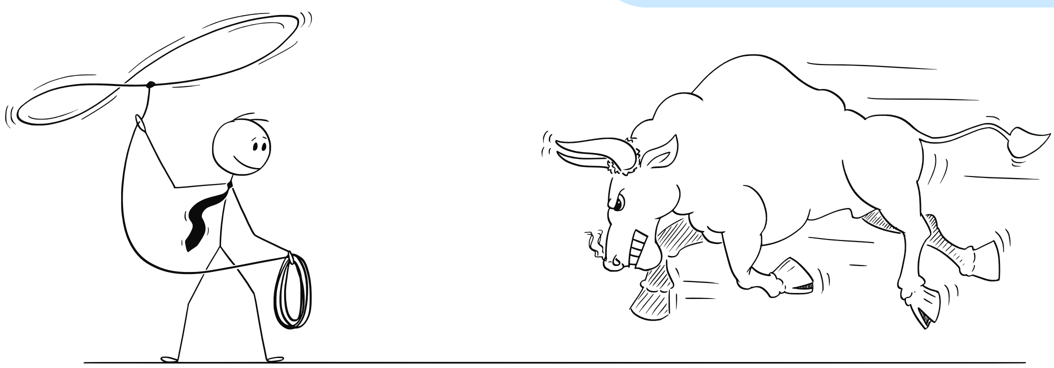
LISTED COMPANY (LTD)

Public

Buy shares

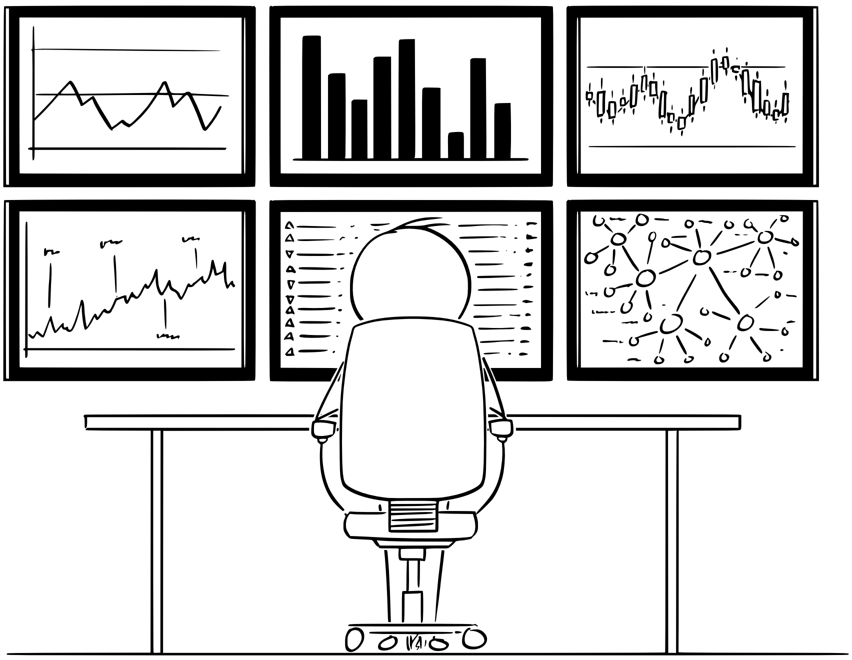
Company uses capital for growth

Profits may be shared as dividends or reinvested



QUICK COMPARISON

Feature	Private Company (Pty) Ltd	Close Corporation (CC)	Listed Company (Ltd)
Owners	Private shareholders	Members	Public shareholders
Sell shares to public?	No	No	Yes
Size	Small to Medium	Small	Large
Regulation level	Medium	Low	Very High
New registrations?	Yes	No	Yes



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