

Characteristics of a Company:

- **Separate Management:**
- As already noted, the members may derive profits without being burdened with the management of the company. They do not have effective and intimate control over its working and they elect their representatives as Directors on the Board of Directors of the company to conduct corporate functions through managerial personnel employed by them. In other words, the company is administered and managed by its managerial personnel.

Voluntary Association for Profit:

- A company is a voluntary association for profit. It is formed for the accomplishment of some stated goals and whatsoever profit is gained is divided among its shareholders or saved for the future expansion of the company. Only a Section 8 company can be formed with no profit motive.

Termination of Existence:

- A company, being an artificial juridical person, does not die a natural death. It is created by law, carries on its affairs according to law throughout its life and ultimately is effaced by law. Generally, the existence of a company is terminated by means of winding up. However, to avoid winding up, sometimes companies adopt strategies like reorganisation, reconstruction and amalgamation.

Distinction between Partnership Firm and Company:

- Partnership Firm: A partnership firm is not distinct from the several persons who form the partnership.
- Company: A company is a distinct legal person.
- Partnership Firm: A partner cannot contract with his firm.
- Company: A member of a company can contract with his company.

- Partnership Firm: In a partnership, the property of the firm is the property of the individuals comprising it.
- Company: In a company, it belongs to the company and not to the individuals who are its members.
- Partnership Firm: A partner's liability is always unlimited.
- Company: The liability of shareholder may be limited either by shares or a guarantee.