

Chart of difference between Sole Proprietorship and Company

Points of differences	Sole proprietorship	Company
Meaning	The business which is owned and managed by a single person is called as a sole proprietorship.	Company is a legal entity formed by a group of individuals to engage in the commercial or industrial business.
Formation	The sole proprietorship is very easy to form and having very less legal formalities.	Company is formed by getting registration under the company act with a lengthy and costly procedure.
Capital	limited capital is required for starting the sole proprietorship business.	A huge amount of investment is needed for starting the company.
Liability	The liability is unlimited under the sole proprietorship and owner is a person who manages and pays all the debts alone.	The liability of the members is limited according to the capital invested by them.
Risk and loss	In the sole proprietorship business, the only owner bears all the risk and losses.	The risk and loss are shared by all the members of the company according to the capital contributed to the business.
Management	All the business operation are managed by the owner and the owner takes all major decisions of the business.	In the company, the Board of directors and professionals are managing the operations of the company.
Members	In a sole proprietorship, there is only one member who manages all business operations.	In Private and Public Company minimum two members are required.
Continuity	Sole proprietorship can't exist without the owner.	The company stable and continues as the death of any member does not affect the existence of the company.
Legal entity	In Sole proprietorship, there is no separate legal entity.	Company is a separate legal entity from its members.
Example	Any grocery store which is owned by a single person like ABC general store.	Examples of the company are Reliance Industries Ltd., Apple, Samsung.
Governed by	The sole proprietorship has no particular act.	Company is governed by the Companies Act.