TESCO

Tesco is a public limited company (plc). A lot of big companies go public. This is because unlike a private limited, a plc is able to advertise the sale of shares and sell them to members of the general public though the stock exchange.

<u>Advantages of a Public Limited Company (Plc)</u>

- Shares can be advertised
- Shares can be sold through the stock exchange
- Large plc's may find it easier to borrow from banks
- Shareholders have limited liability
- Cheaper borrowing and bulk purchasing

<u>Disadvantages of a Public Limited Company (Plc)</u>

- Going public can be expensive
- Some plc's can grow so large that they may become difficult to manage effectively
- Risk of takeover by rival companies who have bought shares in the company

A lot of companies go public. This is because of all the advantages on top. The shares can be advertised so that means more people will see it and might invest in it. The shares can be sold through the stock exchange. This means it is open to the public and it's not only the people who get invited can by its share. Tesco can find it easier to borrow from banks because the banks know that they will get their money back with there interest.

There are several different types of owner ship. They are:

- Sole traders
- Parternership

- Private limited companies
- Public limited companies (Tesco's)
- Co-operative
- Not for profit or a charity
- Franchise

Sole trader

A Sole Trader is a business that is owned by only 1 person. They are responsible for everything that goes on in the business. An example of a sole trader is usually an off licence, taxi driver, sweet shop etc.

Advantages of a Sole Trader

- Easy to set up – no legal formalities of fees
- Own boss and can make all the decisions
- Keep all profits
- Can be set up with relatively little capital
- Personal contact with customers can encourage consumer loyalty

Disadvantages of a Sole Trader

- Owner have limited funds and may find it difficult to borrow money from banks
- Owner have to work long hours and cannot afford to be sick
- The owner have unlimited liability
- The owner must be a 'jack of all trades'
- Small businesses are often unable to benefit from bulk purchase discounts.

Partnership

A partnership is a business owned by two or more people. There can be a maximum of 19 people in a partnership. Forming a partnership is one solution to overcoming certain disadvantages associated with running a business as a sole trader. A partnership is a way of sharing the problems, risk, hard work and the association which will always be a part of trying to manage all aspects of a business you own.

Advantages of a Partnership

- It is easy to set up a business
- A lot more capital can be invested into the business
- The partners could a variety of useful skills, bring new ideas and help with decision-making.
- Partners can cover for each other during periods of sickness and holidays

Disadvantages of a Partnership

- Partners may disagree on each other opinions
- Partners have unlimited liability
- They may still lack capital
- When profits are made they have to be shared
- It will end, or dissolve hence the business will be over

Private Limited Company (Ltd)

Many small to medium sized business trade as private limited companies. This is also the path often followed by sole traders and partnerships when they wish to expand their operations but still retain control of the business.

Advantages of a Private Limited Company (Ltd)

- The sales of shares can raise capital
- Owners have limited liability
- The company has a separate legal identity from its owners
- Owners can appoint directors on their record of achievement and business knowledge
- Capital raised from the sales of shares never has to be repaid

Disadvantages of a Private Limited Company (Ltd)

- Founder members may lose control
- Shares cannot be advertised or sold on the stock exchange
- Setting up can be expensive because of legal requirements
- Financial information must be published
- An annual general meeting of shareholders must be held each year.

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Co-operative

A cooperative is a business owned and controlled by the people who use its services. They finance and operate the business or service for their mutual benefit. By working together, they can reach an objective that would be unattainable if acting alone.

The purpose of the cooperative is to provide greater benefits to the members, such as increasing individual income or enhancing a member's way of living by providing important, needed services. The cooperative, for instance, may be the vehicle to obtaining improved markets or providing sources of supplies or other services otherwise unavailable if members acted alone. There are 2 types of co0operative trading organisations:

- A retail co-operative society, which is set up under the terms of the Industrial and Provident Societies Act.
- Producer or worker co-operative in which a group of people come together to produce goods or provide a service.

(Advantages and disadvantages need 2 b dun)

<u>Not for profit or a charity</u>

Non-profit making organisations may range from small clubs and societies to large organisations with huge annual turnovers. Their aim is not to make a lot of profit but they aim to at least breakeven so they can afford to keep the business going. A charitable trust can be set up for any of the following purposes:

- To relieve poverty e.g. Oxfam
- To advance education e.g. secondary schools
- To protect the environment.

(Advantages and disadvantages need 2 b dun)

<u>Franchise</u>

This is an increasingly popular form of a business organisation. The parent company (franchiser) sells the right to use its name to an independent operator called the franchise.

(Advantages and disadvantages need 2 b dun)

Limited Liability Companies

A company is different from a sole trader and a partnership because a company has to get registered before it can start to operate. Once all the paper work is completed and approved, the company becomes as legal body. A company is owned by shareholders and managed by directors who run the company in the shareholders' interest. The shareholders are not personally liable for the company's debt. If the business fails their loss is only the amount they invested into the company. There are two forms of limited companies, Private limited and public limited.

Unlimited liability -The type of liability in which the owners of a business (usually a sole trader or a partner) are responsible for all business losses.

Limited Liability -The type of liability in which a shareholder of a private or public limited company is only liable for the amount of money invested in the business.