Classify the business according to its ownership, and explain the benefits and constraints of this type of ownership.

British airways is a Plc (Public Limited Company), which is incorporated, other types of business are Ltd (Private Limited Company), which is also incorporated.
There is also unincorporated business, which are a sole traders and partnerships.

Unincorporated businesses: An unincorporated business has unlimited liability and the owners are the business, Which means in law an unincorporated business is libel for all of its debts and is personally responsible for repaying those debts.

Sole traders: A sole trader is an individual trading in his or her name, or under a suitable trading name. Advantages are: You are your own boss which gives you freedom, there are no legal formalities required before you can start which makes it simple, there is less form filling and there are no legal costs i.e. drawing up partnership agreements. Disadvantages are: High risk as you are on your own and no one to share responsibilities of running the business or to take over when you are ill or on holiday, its time consuming as you may have to work long hours to keep up or meet deadlines, you need to have a high level of expertise as you need to deal with things like finance and it may be hard to raise capital. Some examples of Sole traders are: Small trades people, corner shops, freelance writers, artists and journalists.

Partnerships: A Partnership is a group of individuals working together in business with a view of making a profit. Advantages are: there are more possible sources of capital then if you were a sole trader as there are more people to contribute money, they could have a wider range of expertise as different people can specialise on different aspects of the business, there are people to cover for you if you're sick and unlike a limited company a partnership doesn't have to make its accounts available to the public. Disadvantages are: limited liability which means that each partner is liable for a debt and disagreements can occur between partners which could break up the business. Some examples of Partnerships are: Firms of solicitors, accountants and architects.

Incorporated business: An incorporated business has limited liability and the owners are separate from the business, which means that if the business was to go into debt it would have to sell off the business to pay it but if the business does not cover the debts the owners don't have any responsibility for the rest of the debt.

Ltd: Most Small or medium sized businesses which decide to incorporate become Ltd; they are often Family businesses with shares held by family members or close friends. Some

Examples of Ltd companies are: family owned business, small engineering and manufacturing companies, little woods and virgin.

Plc: An Ltd can become a Plc like British airways if it has a share capital of at least £50,000 and a Trading Certificate. A Plc can offer shares on the stock market to raise finance. When business offer its shares for sale to the public it will have to employ a merchant bank to mange the operation, which is known as flotation. In a Plc the shareholders have a say in what goes on the business. Advantages are: limited liability, Huge amounts of money is raised from sale of shares, production costs are lower due to economies of scale and because they are so big they can dominate the market. Disadvantages are: anyone can buy a share in the business, there not able to deal with customers at a personal level due to there size, the way they operate is controlled by various company acts to protect shareholders, there may be a divorce of ownership and control which might lead to the interests of shareholders being ignored and they can be inflexible due to size as well. Some examples of Plc are: large companies such as ICT, Tesco, British steel and of course British Airways.