Investigating Business Unit One Task One: Ownership

Introduction

I have chosen to base my assignment on the following businesses:
Sole-Trader for which I have chosen Errol Anderson's business: Errol Anderson Motors
PLC for which I have chosen Sainsbury's

I have chosen these businesses because a Sole-Trader and a PLC make a good comparison and therefore I have chosen a sole-Trader and a PLC.

I have chosen Sainsbury's as my PLC because firstly my teacher recommended this PLC to me. Another reason for choosing this PLC is that it is one of the UK's successful businesses and also is a well known business in the UK. I am also a regular customer of Sainsbury's and there for it is easier for me to talk about the services they provide their customers with. The website of this PLC also is very useful because it provides us with a Student Section in which the website allows us to look at the company's history, company information and also it provides us with a Media Centre detail. Sainsbury's has many articles in local newspapers and reports on television. It is a very popular business in the form of a PLC and therefore I have Chosen this business.

I have chosen Errol Anderson, as my Sole-Trader because my teacher recommended me to do this Sole-Trader if I didn't know a LTD, a Sole-Trader or someone in Partnership business. Errol Anderson is Sole-Trader who set up his own garage and called it Errol Anderson Motors. Another reason for me choosing Errol is that I didn't have any friends or family member who were able supply me with information on either a Sole-Trader, a Partnership business or a LTD business so therefore I have chosen Errol Anderson and his business Errol Anderson Motors to base my assignment on.

Sole-Trader

A Sole-Trader is someone like Errol Anderson who has set up his own business. Errol's business is called and is known as Errol Anderson Motors. Sole-Trader is someone who does a one-person business according to my assignment that one businessman is Errol. This is the simplest form of ownership in which the owner in this case who is Errol is fully controller of his business. Errol makes all decisions because he is the owner and has to spend a small amount of Capital to set up business such as a Sole-Trader. The financial information is private and the owner who is Errol keeps the profit. Some owners may like to be boss of themselves and doing a one-person business can make them boss of themselves so therefore they choose to be a Sole-Trader.

Errol Anderson is fully responsible of the business's debts and therefore this is a risk for Errol if his business fails. Errol has an Unlimited Liability on him, which means that if Errol was unable to pay back the debts then according to the law he would have to sell his personal property to pay back the loans borrowed. This would only happen if Errol's business flops. If the business fails then Errol would have to sell his personal belongings or be taken to court and made bankrupt. Sole-Trader is worth risking your personal properties because he is fully responsible for the debts and therefore is risking personal property to pay back the debts. So therefore being a Sole-Trader is gambling your personal property. There is also another disadvantage of being a Sole-Trader is that if Errol is ill then there would be no one to run the business so therefore loss in profit.

PLC

For my PLC I have chosen business because Sainsbury's is a PLC, which means that it is a Public Limited Company and therefore the public is allowed to invest money in the business and become a shareholder. The groups of shareholders with the large % of the shares have the most power so therefore are elected by shareholders to become the Board of Director because they have more than 50% of the shares. To make this over 50%of shares in the business some shareholders join together to become partners or groups to become the Board of Directors and run the PLC. The Board of Directors make the decisions of how to run the company but there is some say of other large amount of shareholders. Board of Director (s) only makes the decision even though other shareholders have the right to share ideas about how to improve the business. A small part profit which is made from the PLC is divided in the shareholders according to how much shares they have bought of the PLC and how much money they have invested and the rest is reinvested in the business or saved for help in the future.

The advantage of having a Public Limited Company is that the shareholders of the company has Limited Liability that means that if the business fails then the money which the public who are shareholders have invested in the business would be taken. No personal belongings taken. Limited Liability is that if the business fail the owners (shareholders) lose only the money that has been invested in the business. So therefore there isn't as large risk as the Sole-Trader of losing personal belongings.Sainsbury's. The owners of Sainsbury's are the Shareholder who invests money in the business to get a part of the profit in the company. The capital that starts a PLC comes from the shareholders who invest in the business. The public can invest in the

Differences between Errol Anderson Motors (Sole-Trader) and Sainsbury's (PLC)

Owners

The differences between a Sole-Trader owner and a PLC owner are that a Sole-Trader is a one-person business so therefore the owner of a Sole-Trader is the owner himself.

Errol Anderson is a Sole-Trader so therefore he is the owner of his business Errol Anderson Motors.

The owner of the PLC's are the Shareholders because it is a Public Limited Company so therefore the public is able to buy shares and become a part of the companies. So therefore the Shareholders are the owners of the PLC (Sainsbury's).

Overall the main difference between a Sole-Trader owner and a PLC owner is that a Sole-Trader is a one-person business like Errol's Motor business so therefore Errol is the owner but for a PLC the owners are the shareholders who have invested money in the business and bought shares of the company. So therefore the owner of a Sole-Trader is Errol and the owner of Sainsbury's are the shareholders.

Liability

The difference between a liability of a Sole-Trader and a PLC is that a Sole-Trader has Unlimited Liability which means that the Sole-Trader has no limit, Meaning if Errol's business fails then he is risking his personal property. To pay back the debts he has to sell his personal property. So therefore being a Sole-Trader is a risk because if the business fails then the owner who is Errol would have to sell his property to payback the loans. There is no limit.

The Liability of a PLC like Sainsbury's is Limited Liability which means that the owners of the company which are shareholders only lose the money they have invested in the business if the business fails to progress. So therefore there isn't a huge risk of losing personal belongings.

Overall the difference between the Liability and a PLC Liability is that a Sole-Trader like Errol Anderson has an Unlimited Liability and for a PLC like Sainsbury's there is a Limited Liability. Unlimited Liability is risking personal property if the business fails but on the other hand Limited Liability is only risking the money invested in the business.

Profits

The differences between the profits of a PLC and a Sole-Trader is that a Sole-trader does a one-person like Errol so therefore keeps all the profit made. The profit isn't shared because of no shareholders or employees. So therefore a Sole-Trader like Errol keeps all the profit.

On the other hand the profit of a PLC such as Sainsbury's has its profit shared in between the shareholders. It depends on how many shares a shareholder has bought and according to that the profit is divided. So therefore the PLC divide the profits between shareholders.

Overall the difference between the profit of a Sole-Trader and a PLC is that a PLC divides its profits to shareholders according to how many shares the shareholders has bought. But on the other hand the Sole-Trader keeps its profits to himself such as Errol.

Losses

The difference between the losses of a PLC and a Sole-Trader is that the Sole-trader is affected by the loss because like Errol a Sole-Trader isn't able to get the money back that has been spent on business. Therefore a Sole-Trader has strong effect because of not making money.

But if a PLC is losing money or profit then this can cause it to fall weak against other competitors. If the PLC such as Sainsbury's have losses in business then that makes an effect on shareholders because they aren't earning anything and therefore might take strong actions such as selling their shares and this could be a damage to the PLC.

Overall the difference between the losses of a PLC and Sole-Trader is that shareholders selling their shares can damage a PLC. But the Sole-Trader can also be damaged if it is on unlimited liability that can force them to sell their personal belongings.

Decision-making

The differences between the decision making in a PLC and a Sole-Trader is that a Sole-Trader like Errol does one-person business so therefore the Sole-Trader (Errol) makes his decisions himself and is in control of the business. So therefore a Sole-Trader like Errol decides for himself.

The decision making of a PLC is made by the Boards of Directors. The Board of Director are shareholders who are elected by other shareholders to be the Board of Directors and have most of the power in the PLC in which the shareholders form partnership and groups to become Board of Directors.

Overall the differences between decisions making of a Sole-Trader and a PLC is that a Sole-Trader is the owner of the business so they make decisions. But the owners of a PLC are the shareholders and if a shareholder or shareholders who own more than 50% of the company then they are made the Board of Directors and they are the ones who make the decision for a PLC.

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