Business studies -

Business classifications

The business that I have chosen to study is McDonalds; McDonalds is a business franchise, which is classified as a Plc business.
Plc stands for ‘public limited company’ and the other one is Ltd, which stands for ‘private limited company’
A private Limited Company tends to be something like a family business owned by members a family; this means that the company is not owned by anyone outside of the family. A public limited company is a type of business, which is owned by anyone who can afford to buy some of the companies stock. By offering their shares on the stock market plc’s can raise finance with the help of anyone that choose to invest in the company.
With any Limited Company shareholders appoint director s to control the management of the company and plan for its future, a private Limited Company is different from a public limited company because in a private Limited company the shareholders are most likely to be the board of directors. A public limited co mpany has a board of directors who hold shares, but because this is a public limited company there are more than likely to be a lot of people around the world that have shares in the company, some are these people may not be able to take part in the day -to-day running of the company.
An advantage of a Ltd company is that control of the company is kept within a small group, the disadvantages of Ltd’s they can only sell there shares to a limited amount of people.
An advantage of a public limited company is th ey are able to sell their shares on the markets, this leads to more capital for the company, with more money they can expand their company’s size and this can lead to a bigger and better reputation, the disadvantage of a plc is that you need a minimum of £50,000 to start a plc company
The company types listed above both fall into a sector called the private sector; most of the businesses in the UK are private business which means that they are owned by almost anyone. Plc’s, Ltd’s, sole traders and partnerships are all in the private sector, examples: Plc’s - businesses which carry this on the end of there name are normally big businesses with some of them operating world wide e.g. McDonalds. Ltd’s - these are businesses that are small and owned by few people a n example of one is a corner shop which is most commonly known as a family business. Sole traders - this is a type of business which is owned by one person only, the people who run sole trader businesses are such normally builders or plumbers, the bad thing s about sole trader businesses is that all the money you put into starting your business can be lost and almost everything else that you own and you are not guaranteed to earn money at all times. The last one is partnerships - this

is the same as 2-20 people own the sole trader businesses but it and the liability is shared out amongst the owners rather than just with one person like the sole trader.
The public sector is different from the private sector as it is full of businesses that operate for the publ ics needs only and don't run for a profit. Some of the businesses are owned and controlled by the state, these businesses are paid for by the people who pay there taxes to the government and the BBC gets its money from the TV licence fee that everyone has to pay. The businesses that are owned by the state are companies' such as the BBC, the royal mail and a few more. The others that aren't always owned by the state but still only operate for the people and not for a profit are charities and leisure centres.
Franchisers are businesses which have a brand label and are well know all around the world, theses companies help a few people set up there companies shop in a certain are by giving that person the right to open a shop with there brand name and they give the person advice and the tools needed to run the shop and all the person needs to do is find a place to set up a shop and then pay royalties to the company who's brand names is being used to sell the product. The good things about a franchise is that the person who is running the shop is very likely to make a lot of money because the brand name is very successful and well known. The downside of running a franchised shop is that the franchiser and end the deal at any time that it wants to.