

# READING TIMES

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## PUBLIC LIMITED & PRIVATE LIMITED COMPANIES

### What Are They?

- A public limited company (PLC) is a company in which members of the public are open to buy a share in a business through the London Stock Exchange.
- A private limited company (LTD) is a company in which only friends and family members may privately invest their money into the company. There are at least two shareholders.

### Legal Papers To Be Made

Applicants of a company must submit a 'Memorandum of Association' which states the business' details. It also describes the liability and amount of capital invested. The number of workers and roles should be present. When the Memorandum of Association has been submitted, the 'Registrar of Companies' issues a Certificate of Incorporation which allows a limited company to begin trading.



Walkers Snack Foods Ltd

### The Difference?

- Shares of a PLC can be sold at the stock market whether as shares of a LTD cannot.
- A PLC can be taken over by someone wanting to buy a bigger share, rather than an LTD company being safe in your possession.

### Advantages and disadvantages of limited companies

Advantages - Earn money from shares being sold

- Firm is bigger with more financial help
- Shareholders have limited liability
- Shares can be sold to motivate workers or help out family and friends

Disadvantages – Have to share profits (Dividends)

- Expensive to set up
- Accounts are not private



vodafone

Vodafone Group PLC