The advantages and disadvantages of running a burger store as a Private Limited company.

Firstly, a private limited company is a company in which one or more shareholders owns the company and receives a relative proportion of the profits relative to how many shares they hold this is called the dividend. Private limited companies raise money by selling shares to people.

The firm also has a separate legal identity, meaning that it can be sued and sue in the companies name and not the owners name. There is limited liability of the owners, meaning that the shareholders losses are limited to the amount of money which they put into the firm, therefore, if the business fails, then the creditors cannot take the personal assets of the people who own the firm.
Shareholders have no management worries of the company; at AGM's (annual, general meetings) the shareholders can vote for directors to manage the businesses on behalf of the shareholders.

Although, there are many disadvantages of a Ltd company, they must disclose information to the public about themselves, under the company act of 1981, all Ltd companies must keep very detailed records of their spending, revenues, profits ect., and publish this information to its shareholders, this is a great disadvantage to the company, and a small advantage to the shareholders, as the shareholders can see how th e company is doing, financially. But, the writing of this requires accountants, who they have to pay, the printing of many sets of these documents is costly and the postage is very costly, and this document could be seen by competitors of the company and they would see the companies secrets and how much profit they are making, and in which areas of the company is making the most profit. Therefore the competitors can steal profitable ideas from the company.
The AGM's (annual general meetings), are expensive to set up, as a venue has to be hired and food and drink has to be served. Also, the original owners can loose control of the company, by being voted out of their positions.
Furthermore, the company profits are taxed twice by the government, once on the net profits and again on the dividends to the share holders. The Ltd Company cannot sell shares on the stock exchange market, they can only sell shares to people they know, such as employees, friends or families.

The advantages and disadvantages of running a burger store as a Private Limited company.

Therefore the company cannot expand very fast, as they cannot raise much money from selling shares only to people they know rather than in the whole stock exchange market

Running a burger company as a Ltd company has its advantages and disadvantages such as, firstly, a disadvantage is that through the publishing of the detailed spending and revenue reports, competition can see what ingredients that the company is purchasing, and which foods are making the most profits, therefore, the companies in competition can copy the recipes and therefore steal the Ltd companies customers.

Furthermore, if the Ltd Company plans to release a new burger, the details would be published in the annual report of the finance of the company and therefore competition would see all of the details. This would help them in creating an effective rival product, which could reduce revenue of the Ltd Company.

At the AGM's, the original owners may be voted out of being directors by the majority of shareholders, if they loose control of the company, therefore, the company may make a loss if the directors make wrong decisions.

Although, there are advantages of having the burger company as a Ltd company, for example, if the company is sued for selling food poisoned food, then the particular person or group who are suing can only sue the company, and its name, and not the people who run the company, therefore their reputation would not be damaged, and they could start another burger business again, but the company name would be damaged. This is an example of where the limited liability is useful.

Overall, there are many disadvantages and few advantages of opening a burger store as a Ltd company, the disadvantages are mainly the exposition of the companies secrets and any new capital or additions to the product line through the report of the finance readily available to all shareholders. This would result in more fierce competition with other rival companies.

The advantages and disadvantages of running a burger store as a Private Limited company.

The main advantage is the limited liability and that only the company can be sued, and not the people who manage it, or the shareholders, if a law suit arises.