

Ownerships

There are four main types of ownerships. the four main types of ownerships are known as: sole trader, partnership and limited liability companies which are also private limited companies (LTD) and public limited companies (PLC).

In the U.K there are half a million private limited companies and hundreds of limited companies.

A private limited company is different from a public limited company E.G:

- **Private limited companies do not sell shares to the general public, whereas a public limited company does.**
- **A PLC produces a report and set of accounts which are made available for anyone who asks for them. On the other hand, only the basic accounts of private limited companies are available for a fee from companies' house.**

Limited and Unlimited liability

An unlimited liability is the legal obligation of the owner of the business to settle and pay all the debts for the business and the risk of losing their personal possessions.

Limited liability means that the business is responsible for debt and the shareholders (owners) only lose what they have invested.

Sole Trader

A sole trader is the title given to the person that owns the business and these are the advantages and disadvantages of a sole trader:

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">▪ EASY TO SET UP▪ EAST TO RUN▪ TAX ADVANTAGES▪ TOTAL CONTROL▪ PROFITS▪ FLEXIBILITY	<ul style="list-style-type: none">▪ UNLIMITED LIABILITY▪ LACK OF CONTINUITY▪ ILLNESS▪ DIFFICULTY OF RAISING CAPITAL

Liability means the responsibility for the debts of a business. In a sole trader case, the owner is personally responsible for all the debts – an unlimited responsibility. If they cannot pay the debts from current income, they can pay by having their possessions sold. This is called unlimited liability.

Partnerships

A partnership is a business that is set up and run between 2 and 20 people. An agreement that is drawn up by all the partners is know as the “deed of partnership”.

These are the advantages and disadvantages of a partnership:

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">▪ MORE OWNERS MEAN MORE IDEAS▪ WORK SHARED▪ MORE CAPITAL INVESTED INTO BUSINESS	<ul style="list-style-type: none">▪ PARTNER SHIPS HAVE UNLIMITED LIABILITY▪ MORE OWNERS MEAN MORE DISAGREEMENTS▪ EACH PARTNER IS LEGALLY RESPONSIBLE FOR WHAT THE OTHER PARTNERS DO▪ YOU'RE NOT YOUR OWN BOSS

The government has brought a new form of business ownerships, which combine with some of the benefits of partnership and Limited Liability Company. This is called a limited liability partnership. The main difference between them to is that a limited liability partnership is taxed as a partnership and has fewer restrictions on how it can be organised, whereas limited liability partnerships are not available for all types of businesses – E.G. anon profit-making enterprise could not be limited liability partnership.

Setting up as a public limited company is very expensive. There are drawbacks – because anyone can buy shares in a company, and it is therefore possible for an owner to lose control of his/her own business. Is someone can buy a large enough of block of shares then they can take over the company and also carry out changes or policies.

History of both organisations

TESCO

Tesco was first set up in 1924 by a man called Jack Cohen (sole trader).

It first started off with a market stall in burnt oak, Edgware. Jack Cohen sold tea and his supplier was called T.E.Stockwell. In 1927, he became partners with his son-in-law and by 1939 there were 100 shops of Tesco around the UK – (LTD). Tesco became a PLC in 1959 and now in 2004 it is still a PLC and it had a variety of stores, it is also NO1 in the UK.

The name Tesco was based on the initials of T.E.Stockwell, (a partner in the firm of tea suppliers) and the first two letters of Cohen.

WOOLWORTHS

Woolworths was first set up in the old imperial arcade in Pitt street, Sydney in 1924. The name Woolworths was first drawn up by Cecil Scott Waine which was “Wallworths bazaar”. However, Percy Christmas dared him to register the name Woolworths instead, which he succeeded in doing after finding out the name was available for use in NSW.