

How businesses develop

Business



In this assignment I will be writing a report on a Private limited company. The private limited company that I will be writing a report on is Littlewoods.

Littlewoods is one of the largest private limited companies in England.

Littlewoods also is famous for its stores, football pools competition, and mail order catalogues. Littlewoods is a family run firm and is privately owned.

There is a chain of stores all around England.

Benefits for the owner

A private limited company is not very hard to set up. Sometimes owners may only invest 100 or 200 each to start off with. A private limited company can stay small; this is because private limited companies have only three or four shareholders. The minimum is one director and a shareholder. There is not a limit of shareholders. The owners and shareholders work in the business everyday, and have a lot of interest in the business and the success of the business.

The shareholders and directors are responsible for the running of the business. Shares cannot be sold to the public, but can be transferred with the agreement of all shareholders. The reason why shares cannot be sold to the public is because with the public owning shares it will mean the owners will not have direct control over the business. Banks are more willing to make loans to a limited liability; therefore it must have a good financial track record in business.

Because of limited liability (if business fails, owners do not lose personal possessions) the owners can never lose more than they have invested - no matter on the amount of money owed. Drawbacks for the owners It is not

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possible for the company to sell shares to the general public to raise money. Limited companies have to meet more regulations than sole trader or partnerships. These regulations include things such as Littlewoods plc have to register with the registrar of companies and have to have their accounts checked by an accountant.

A limited company cannot trade under the name of an existing company e. g. if, when Littlewoods started trading the name was registers Littlewoods would have t come up with a different name which has not been registered. Until another name has not been though of Littlewoods wouldn't be allowed to trade. A major draw back for littlewoods is if littlewoods cannot pay its debts the company will go into liquidation, this will take up a lot of time and can be a very difficult process.

Shareholders involved with a private limited company A private limited company cannot sell shares freely to members of the public. Because Littlewoods is a family owned business shares could be sold to the maximum number of twenty-two shareholders. All the shareholders are responsible for the running of the business on a day-to-day basis. If a family member of Littlewoods decides he/she doesn't want to be involved in the running of the company the share can be sold to another member.

If no one wants to buy it they can sell it to the public after a long discussion. Before selling a share Littlewoods will sit down and discuss it. There are many stakeholders involved with the running of the business. Each stakeholder has different interests in the business. Each stakeholder also has different influence on the business.