

# Primark: shareholders with limited liability



**ASSIGN  
BUSTER**

As stated, Primark has shareholders with limited liability and its shares are not offered to the general public, it is therefore a private limited company; meaning that a contrary to a public limited company, the shares of the company cannot be trade on the stock exchange and the legal disclosure requirements are lighter.

Different types of company can be differentiate; first of all, we should distinguish between private and public company as the main differences include the number of shareholders, the transferability of the shares, the directors as shareholders and the source of capital. We are talking here about private limited companies which have shareholders with limited liability and for which shares may not, by law, be offered to the general public. In a private limited company, disclosure requirements are lighter; shares are usually transferred by private agreement between the seller and the buyer; by statute the minimum number of director is one; and finally the capital is formed with an authorized share capital and an issued share capital. Differing from that, there are public limited companies which are similarly limited liability companies but which sell shares to the public, can be whether listed or not on the stock exchange and finally is required, by statute, to provide at least two directors at formation. In addition, a co-operative is a different thing as it is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Co-operatives are thus businesses with the following characteristics:

- They are owned and democratically controlled by their members

<https://assignbuster.com/primark-shareholders-with-limited-liability/>

- The people who buy their goods or use their services. They are not owned by investors.

- They are organized solely to meet the needs of the member-owners, not to accumulate capital for investors.

For example, a retail co-operative could comprise a group of people who join together to increase their buying power to qualify for discounts from retailers when purchasing food.

(c).

The organization Primark operates in the secondary sector which is the sector of the economy that manufactures finished goods.

(d).

A country's economy can be separated into several sectors in order to define the share of the population engaged in the activity sector. First of all, the primary sector of the economy extracts and produces goods from the earth; it includes the production of raw material and basic foods. Undertakings related with the primary sector comprise agriculture, mining, forestry, farming, grazing, hunting and gathering, fishing, and quarrying. Next, the secondary sector of the economy produces finished goods. All of manufacturing, processing, and construction lies in the secondary sector. Activities connected with the secondary sector comprise metal working, automobile creation, textile production, chemical and engineering industries, aerospace engineering, energy services, engineering, breweries and bottlers, creation, and shipbuilding. Finally, the tertiary sector of the economy is the

<https://assignbuster.com/primark-shareholders-with-limited-liability/>

service industry. This sector delivers services to the overall population and to businesses. Activities accompanying this sector embrace retail and wholesale sales, transportation and distribution, entertainment (movies, television, radio, music, theater, etc.), restaurants, clerical services, media, tourism, insurance, banking, healthcare, and law.

## 2.0

(a).

(b).

(c). As a tax is a financial charge or other levy imposed on an individual or a legal entity by a state, there are therefore various types of taxes, broadly divided into two heads:

- Direct tax which is proportional
- Indirect tax which is differential in nature

The different taxations a government may therefore levy in an economy are:

Stamp duty, levied on documents

Excise tax (tax levied on production for sale)

Sales tax (tax on business transactions, especially the sale of goods and services)

Value added tax

Tax on specific services

Road tax, vehicle excise duty, registration fee, etc.

Gift tax

Duties (tax on importation, levied at customers)

Corporate income tax on corporations

Wealth tax

Personal income tax

(d). There are five main market structures in an economy: monopoly, perfect competition, monopolistic competition, oligopoly and duopoly. They have respective advantages and disadvantages in the economy.

Firstly, a monopoly is a market structure in which there is only one manufacturer/seller for a unique product. Disadvantages of this situation include entry into such a market which is limited due to high costs or other impairments, which may be economic, social or political. However the advantages in such situation will be that the single supplier could set his price and need not advertise a lot.

Secondly, the perfect competition situation is characterized by many buyers and sellers, many goods that are alike in nature and, as a result, many alternatives. Perfect competition is when there are few, if any, barriers to entry for new businesses, and prices are determined by supply and demand. Thus, producers in a perfectly competitive market are subject to the prices determined by the market and do not have any control. For example, in a perfectly competitive market, should a single firm choose to rise its selling

<https://assignbuster.com/primark-shareholders-with-limited-liability/>

price of a good, the customers can just turn to the next-door competitor for a better price, causing any firm that increases its prices to lose market share and profits.

Then, we have the oligopoly situation where there are only limited firms that make up an industry. This select set of companies has control over the price and like in a monopoly situation; an oligopoly has high barriers to entry. The products that the oligopolistic organizations produce are often closely identical and, therefore, the businesses, which are challenging for market share, are interdependent as a result of market forces.

Fourthly, we have the duopoly market structure which is a form of oligopoly happening when two businesses (or countries) control all or most of the market for a product or service. There are two types of duopolies; in the first, the Cournot duopoly, competition amongst the two firms is based on the quantity of products supplied and in the second one, the Bertrand duopoly, the two firms compete on price because customers will buy the cheaper of two identical goods.

Finally, the monopolistic competition situation in an economy is when all businesses produce similar yet not perfectly substitutable products; all firms are able to come in the industry if the profits are attractive; all organizations are profit maximizers and all companies have some market power, which means none are price takers.