

SCS3204 – Management
Activity 1
Index Number 19000091

1. List advantages and disadvantages of a Private Limited Company (4 each)

Advantages

- Easier to Maintain
- Tax Efficient
- Separate Legal Entity
- Free and Easy transferability of share
- Limited Liability

Disadvantages

- Lack of transferability of shares. Because there are restriction on the transfer of shares in Private Limited company.
- It cannot issue prospectus to the public.
- Smaller resources. Because in any case the number of shareholders cannot exceed 50.
- In the stock exchange shares cannot be quoted.

2. List advantages and disadvantages of a Public Limited Company (4 each)

Advantages

- Raising capital through public issue of shares.
- Widening The Shareholder Base And Spreading Risk
- Exit Strategy
- Transferability of shares
- Growth and expansion opportunities

Disadvantages

- Higher levels of Transparency Required
- Expensive to maintain and operate
- Ownership and control issues
- Shareholders may clash when making decisions about the business
- Initial Financial Commitment is higher