# ACTIVITY 2.3

1.) The companies which are ~~in the~~ public limited ~~sector~~ (or a plc) ~~can~~ ~~sel sell~~ are listed in the stock exchange and can sell its shares to the general public. Also, the ownership and control of the plc is divided - the shareholders own the company, and the board of directors ~~contiol~~ control it.

On the other hand, private companies can only sell their shares to friends and family; and the company is both owned and controlled by the shareholders.

2.) The company is in the private sector; this can be concluded from the phrase 'the owning family' in the first sentence. Footie Ltd is also owned by the shareholders, and not the government (as in the case of companies in the public sector.

3.) Footie Ltd belongs to the secondary and tertiary sectors - this can be concluded from the line 'Footie Ltd is now more of a retailer and wholesaler ~~than~~ than manufacturer.'

The company is classified in the secondaray sector because it involves in manufacturing, in this case shoes. In the same way, it ~~is~~ ~~also~~ belongs to the tertiary sector, because it engages in retail as well.

The company is therefore know as a 'shoemaker' (secondary) and a 'retailer' (tertiary).

4.) Footie Ltd is an established family-owned business, so the main reason it would wanat to remain private is to retain the control of the business. Since the directors are the shareholders, they would wish to be in complete control of the decision-making (unlike in a plc). Also if the company were to become a plc, there is a threat of takeover if someone ~~bf~~ buys over 50% of the shares.

Adding to that, there is also no need for the company to ~~ge~~ get ~~a~~ more capital. As ~~sh~~ stated, the ~~companies~~ company's profits ~~increade~~ increased by about 19%. So there is hardly any incentive to pursue flotation and become a plc. A public flotation is usually done when the company is in dire need of capital.

5.) The main advantage that comes to a business when they become a plc, is that they would raise more capital. This capital earned could be used to expand and grow; Footie Ltd might also become the largest international shoe brand.

Increased ~~tq~~ capital also means that the company could reduce its ~~t~~ debts, ~~an~~ as it is in a better financial position.

Coming to the shareholders, 'going public' would mean that it is easier for them to sell their shares (as in liquidate them) to use the profits they earned. Whereas, if the shareholder chooses to ~~d~~ retain their shares, they would benefit from ~~fu~~ the increased shareholder value, once Footie Ltd releases its IPO.

6.) ~~As~~ the case study states, Footie Ltd reduced its ~~manufactur~~ manufacturing in Europe by 50%., and shifted most part of the production to Asia. ~~Asia~~ shift to more lower-cost countries would have reduced the ~~cost~~ costs of prodiction, and lead to the company reducing its prices. This would increase the demand, and therefore the sales and higher profits.

It is also possible that Footie Ltd shifted its focus to being a retailer than a manufacturer (as mentioned in the line 'Footie Ltd is now... from abroad'.) This shift in focus and investment might have lead to faster business growth.