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Assignment: 1

Question 1:

1. Sole Trader

Legal status: A business owned and operated by a single individual.

There is no legal distinction between the owner and the business itself.

Liability: The sole trader has unlimited liability. If the business incurs debt, the sole trader's personal assets, could be at risk.

Setup Process: There are no formalities or registration processes involved other than possibly registering with VAT and sorting out income tax with relevant tax authority.

Advantages:

- Full control over the business
- ~~Limited liability to raise capital as business grows.~~
- minimal administrative burden
- All profits belong to owner

Disadvantages:

- unlimited liability for debts
- limited ability to raise capital
- if owner becomes ill, business may struggle to continue

2. Partnership

Legal status: Two or more people (upto 20) carry a business. Partners are not distinct from business.

Liability: Have unlimited liability. A partner is liable for debts incurred by other partners.

Setup Process: Can be setup by verbal or written Agreement. However it is advisable to have a formal partnership Agreement.

Advantages:

- Shared responsibility and decision making
- More opportunities for raising capital
- Flexibility in operation and management

Disadvantages:

- Unlimited personal liability
- Disagreement between partners can lead to conflicts.
- Partners may struggle to exit the business.

3. Limited Company:

Legal Status: A separate entity from its owners (shareholders).

The company itself can own property and enter into contracts.

Liability: limited liability applies. Meaning shareholders will only lose the money they invested at most.

Setup Process: Involves registering with companies house. The company must have articles of association and works under certain rules.

Advantages:

- limited liability
- Easier to raise capital
- Company's existence not dependant on owners

Disadvantages:

- More complex and costly to setup.
- Regulatory requirements and obligations
- Profits are subject to corporation tax.

Example

Sole Trader: A freelance graphic designer working on upwork.

Partnership: Two friends running a law firm together

Limited Company: Any tech startup. e.g Uber, bykea where ~~more~~ founders own shares in the company.

Question 2

Professional bodies like BCS and IEEE face challenges in regulating the global IT sector due to its rapid pace, diverse jurisdictions and limited enforcement powers.

To remain relevant, these bodies should collaborate, adapt to technological changes, advocate for ethical practices and develop ethical frameworks.

Governments can enhance their regulatory role by granting them enforcement powers, establishing clear frameworks, facilitating international cooperation and protecting consumer rights.

Question 3

PLC: Shares can be owned by the general public, freely transferable on stock market. Examples include Barclays, Tesco and British Airways.

Ltd: Shares are owned by small group of people and are not available on stock market. Examples are John Lewis Partnership and Waitrose.

Features	PLC	LTD
ownership	Shares can be owned by anyone.	shares are owned by small group of people
Share Responsibility	Freely transferable on stock market	Not freely transferable.
Transferrability	Stricter reporting requirements	less stringent requirements.
Reporting obligation		

Question 4

1. Choose a company Name
2. Determine the company type
3. Appoint Directors and shareholders.
4. Prepare the Memorandum of Association
5. Prepare Articles of Association
6. Register with Companies House.

Key Documents Required

- Memorandum of Association
- Articles of Association
- Certificate of incorporation.

The UK Registration Process is generally simpler than other countries. The filing is online. A centralized agency Company House manages the Process. However Common Law Jurisdiction can influence registration process and company, where Civil Law is followed in other countries

Question 5

Services:

1. Web Design and Development
2. E-commerce Development
3. Search Engine Optimization
4. Web Maintenance and Support

Market

- E-commerce
- Healthcare
- Finance
- Education
- Technology

The competition is fierce due to saturation in the market.
Hence to differentiate ourselves. we will work on quality
Innovation, customer services and keep it all under
an Affordable Prices.

Financial Projections

Startup Budget

office space

1,500,000 PKR

Equipment

500,000 PKR

Marketing

300,000 PKR

Legal Fees

200,000 PKR

Website

100,000 PKR

Total

3,600,000 PKR

operational Budget

Salaries

2400,000 PKR

Utilities

300,000 PKR

office supplies

100,000 PKR

Professional services

200,000 PKR

Insurance

200,000 PKR

Total

4200,000 PKR

Total Budget : 7,800,00 PKR

Financial Predictions

Revenue :

6000,000 PKR

Profit margin :

30%

ROI

20% within first year

	Cash Flow Income	Expense	Net cashflow
1	50,000	350,000	-300,000
2	100,000	350,000	-250,000
3	150,000	350,000	-200,000
4	200,000	350,000	-150,000
5	250,000	350,000	-100,000
6	300,000	350,000	-50,000
7	350,000	350,000	0
8	400,000	350,000	50,000
9	450,000	350,000	100,000
10	50,000	350,000	150,000
11	550,000	350,000	200,000
12	600,000	350,000	250,000

Question 6

Under the straight-line method, the cost of an asset is divided evenly over its estimated useful life.

$$\text{Depreciation expense} = \frac{(\text{Cost of asset}) - \text{Salvage value}}{\text{useful life}}$$

Example: A company purchases a \$10,000 equipment which will last 5 years. ^{Depreciation} ~~Salvage value~~ is \$2,000.

Depreciation over 5 years:

- 1 \$ 10,000.
- 2 \$ 8,000
- 3 \$ 6,000
- 4 \$ 4,000
- 5 \$ 2,000
- 6 \$ 0,000