***ALL SAINTS' SECONDARY SCHOOL, OYIGBO***

***SUBJECT: BUSINESS STUDIES***

***CLASS: JSS1***

***TOPIC: TYPES OF LIMITED LIABILITY COMPANY***

***LESSON SEVEN***

***PRIVATE LIMITED LIABILITY COMPANY***

To form this kind of company, at least two persons are needed but the maximum number of members cannot be more than fifty, i.e. 2-50 persons. A man and his wife, family members or friends can form this kind of company. The law does not allow private limited liability company to sell shares to the public. Members do not have the right to transfer their shares to other people without the consent or knowledge of other members. Private limited liability company bears it's name with the word 'limited' attached to it, e.g. Effiong & Sons Nig. Ltd., West African Book Publishers Ltd., Okoye & Sons Nig. Ltd.

***PUBLIC LIMITED LIABILITY COMPANY***

This company is formed by at least seven persons but has no limit to it's maximum number of members. Members of this company have the right to transfer their shares without the consent of other members. Public Limited Liability Company are allowed to sell shares to the public. They can bear any name with the word 'Plc' attached to it. E.g. First Bank of Nigeria Plc, Unilever Nigeria Plc, Daar Communication Plc, e.t.c.

***Note:*** The minimum number of members in Private Limited Liability is two and in Public Limited Liability is seven while the maximum number of members in Private Limited Liability is fifty and in Public Limited Liability is limitless.

***ADVANTAGES OF LIMITED LIABILITY COMPANY***

1. Large Capital: They do not lack capital to run the business from time to time owners sell shares for expansion.

2. Experts are employed to manage the affairs of the business.

3. Board of directors are elected not appointed.

4. Income and expenditure are made public.

5. Shareholders are invited to meeting when certain decisions are to be taken.

6. Death of a shareholder or director does not affect the progress of the business.

***DISADVANTAGES OF LIMITED LIABILITY COMPANY***

1. Limited liability company is difficult to establish because of the amount of money and the long process involved.

2. Shareholders have no control over the affairs of the business.

3. There is no secret about the operations of the business because they publish their accounts for the public to see.

4. Lack of commitment on the part of employees may affect the progress of the business.

5. Disagreements between shareholders and directors may hamper the progress of the business.