



Advantages and Disadvantages of Business Organization Types

Features	Sole Trader	Partnership	Private Ltd	Public Ltd
	Unincorporated		Incorporated (separate legal entity)	
Ownership/Control	Single/Full control <ul style="list-style-type: none"> - full control on decision making - No one to share workload. No income if don't work. 	> 2 (typically less than 20 partners)/ Shared responsibility <ul style="list-style-type: none"> - More ideas and can share workload - Conflict/power struggle may occur with too many partners in making decisions 	> 2 (typically less than 20 shareholders)/ Board of Directors <ul style="list-style-type: none"> - Director is typically largest shareholders. Appointed by shareholders. - New shareholders must be approved - Conflict may occur if shareholders do not agree with Directors decision or new shareholders 	Unlimited (shareholders)/ Board of Directors <ul style="list-style-type: none"> - Board of directors appointed by shareholders. Includes directors that may not be shareholders. - Anyone may purchase shares. - Hostile takeover may happen through share purchase in stock market.
Debt Liability	Unlimited <ul style="list-style-type: none"> - Debt burden by single owner 	Unlimited (with exception to LLP) <ul style="list-style-type: none"> - Debt burden by all partners 	Limited <ul style="list-style-type: none"> - Losses limited to capital - Unable to cash-out capital easily 	Limited <ul style="list-style-type: none"> - Losses limited to capital
Investment Returns	All profits	% of profit shared following partner contribution	Dividend following amount of share units	Dividend following amount of share units
Business Size/Capital	Small	Small – Medium (depending on number of partners)	Medium – Large (depending on number of shareholders) <ul style="list-style-type: none"> - Able to raise more capital with new shareholders 	Large (capital raise from stock market) <ul style="list-style-type: none"> - Able to raise large capital for expansion
Financial Declaration	Private	Private	Private/Public	Public
Legal Requirements	Minimum	Minimum	Medium	Complex