#### Topic 2.4

### **Business and Businesses - Corporate Structure and Legal Status**



# • sole trader (sole traders) N-COUNT sole proprietor (sole proprietors) N-COUNT

A **sole trader** is a person who owns their own business and does not have a partner or any shareholders. The **sole proprietor** of a business is the owner of the business, when it is owned by only one person.

Finance for a <u>sole trader</u> usually comes from the individual's own savings or from family and friends.

...a firm of solicitors of which he was the sole proprietor.

#### partnership (partnerships) N-VAR

**Partnership** or a **partnership** is a relationship in which two or more people, businesses, or industries work together as partners.

...the <u>partnership</u> between Germany's banks and its businesses. Alex and Mikhail were in <u>partnership</u> then: Mikhail handled the creative side; Alex was the financier.

# • limited company (limited companies) N-COUNT limited liability company (limited liability

companies) N-COUNT

Ltd ABBREVIATION
limited company or limited

A limited company or limited liability company is a company whose owners are legally responsible for only a part of any money that it may owe if it goes bankrupt. The word Limited or the abbreviation 'Ltd' is used in the name of a company to show that it is a limited company. [mainly BRIT]

They had plans to turn the club into a <u>limited company</u>. There are advantages in being a <u>limited liability company</u>. He is the founder of International Sports Management <u>Limited</u>.

#### • plc (plcs) N-COUNT

In Britain a **plc** is a company whose shares can be bought by the public. **Plc** is usually used after the name of a company and is an abbreviation for 'public limited company'.

...British Telecommunications <u>plc</u>.
This licence would not allow him to trade as a <u>plc</u>.

#### • franchise (franchises, franchising, franchised)

1 N-COUNT

A **franchise** is an authority that is sold to someone by an organization, allowing them to sell its goods or services or to take part in an activity which the organization controls.

...the <u>franchise</u> to build and operate the tunnel.

Talk to other <u>franchise</u> holders and ask them what they think of the parent company.

#### 2 VERB

If a company **franchises** its business, it sells franchises to other companies, allowing them to sell its goods or services.

She has recently <u>franchised</u> her business. It takes hundreds of thousands of dollars to get into the <u>franchised</u> pizza business.

#### franchisee (franchisees) N-COUNT franchiser (franchisers) N-COUNT franchising N-UNCOUNT

A **franchisee** is a person or group of people who buy a particular franchise. A **franchiser** is an organization which sells franchises. **Franchising** is the act of selling franchises in a business.

Gianfranco Ferre, the Italian fashion house, has seen its main British <u>franchisee</u> go bust.

...Dunkin' Donuts, a <u>franchiser</u> of doughnut shops. One of the most important aspects of <u>franchising</u> is the reduced risk of business failure it offers to franchisees.

#### • holding company (holding companies) N-COUNT

A **holding company** is a company that has enough shares in one or more other companies to be able to control the other companies.

...a Montreal-based <u>holding company</u> with interests in telecommunications, gas and natural resources.

# subsidiary (subsidiaries) Ν-COUNT parent company (parent companies) Ν-COUNT wholly-owned subsidiary (wholly-owned subsidiaries) Ν-COUNT

A **subsidiary** is a company which is part of a larger and more important company, known as the **parent company**. A **wholly-owned subsidiary** is a company whose shares are all owned by another company.

...British Asia Airways, a <u>subsidiary</u> of British Airways. Each unit including the <u>parent company</u> has its own, local management.

The Locomotive Construction Company Ltd is a <u>wholly-owned</u> <u>subsidiary</u> of the Trust.

#### sister company (sister companies) N-COUNT

**Sister companies** are two or more companies which are owned by the same parent organization.

...Midland Bank's sister company, the Hang Seng Bank.

## associated company (associated companies) N-COUNT

An **associated company** is a company in which between 20% and 50% of the shares are owned by another company or group.

A large shareholding should provide considerable influence (but not control) over the <u>associated company</u>.

#### • group (groups) N-COUNT

A **group** is a number of separate commercial or industrial firms which all have the same owner.

The group made a pre-tax profit of £1.05 million.

multinational: Topic 1.4

Topic 2.4

## Business and Businesses - Corporate Structure and Legal Status

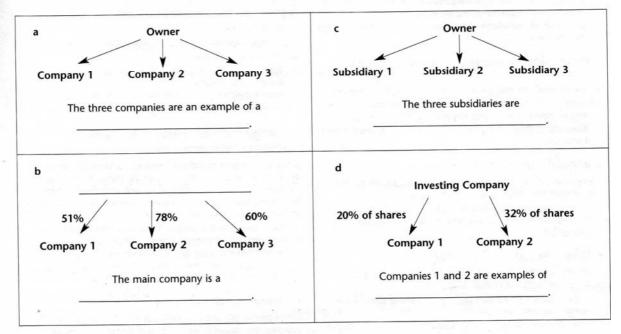


#### PRACTISE YOUR VOCABULARY

- Which terms refer to organizations that control another company, and which refer to companies whose shares are held by another company?
  - c a parent company d a subsidiary (company) b an associated company a a holding company

2 Look at the four diagrams showing corporate relationships and complete each sentence with one of the terms below.

holding company associated companies sister companies group



Use each term in the box to complete the paragraph.

franchisees	franchise	franchise agreement	franchising	franchiser		
A company that wants to expand rapidly may choose					as a method. Ultramoda, an Italian clothing	
company, is a	n example	of a	operation. Ultramoda is the			_ and sells the right
to sell goods using its name to						
Ultramoda, a	re usually sn	nall businesses, wherea	s the franchise	er is a large in	nternational company.	
Read the inf	ormation a	bout the four compan	ies below an	d say which	matches each of the term	s in the box.

a limited company a plc a partnership a sole trader/sole proprietor

- a Mike Cobb set up an art gallery last year. He owns the gallery and manages it by himself.
- **b** Craftplay is a medium-sized firm whose shares are available on the stock market.
- c Ovenclean went bankrupt last year, but its shareholders were not made responsible for all the money it owed.
- d Brothers Gianfranco and Giancarlo Belen recently set up an import-export company. They run the business together.