

# **Public limited company**

Well over 95% of limited companies in the UK are “private” – it is by far the most common form of limited company.

A public limited company ('PLC') is a company that is **able to offer its shares to the public**. They don’t have to offer those shares to the public, but they can.

There are some specific requirements for a PLC which must be met:

* The minimum number of shareholders must be two (a private limited company only needs one shareholder)
* Accounts must be filed within 6 months of the year end (the limit is 9 months for a private company)
* The Company Secretary must be a qualified person (in a private company the secretary does not need to be qualified)
* The minimum number of Directors is two (just one needed for a private company)

The main advantages of a being public limited company are:

* **Better access to capital** – i.e. raising share capital from existing and new investors
* **Liquidity**– shareholders are able to buy and sell their shares (if they are quoted on a stock exchange
* **Value of shares** – the value of the firm is shown by the market capitalisation (based on the share price)
* The opportunity to more **easily make acquisitions** – e.g. by offering shares to the shareholders of the target firm
* To give a company a more **prestigious profile**

As always there are some disadvantages to being a PLC (as opposed to remaining as a private company).  The main downsides are:

* Once listed on a stock exchange, the company is likely to have a much larger number of external shareholders, to whom company directors will be accountable
* Financial markets will govern the value of the company through the trading of the company's shares, and will represent the market's view of the company's performance over time
* Greater public scrutiny of the company’s financial performance and actions
* There is a risk of takeover from a competitor (hostile takeover)
* Plc is more regulated than an Ltd and must produce more detailed information on its finances each year and send them to shareholders. This is expensive and competitors can see them.
* There can be conflict between the managers of the company and the shareholders (owners)