Note on Valuing Control and Liquidity in Family and Closely Held Firms

Thecasesolutions.com

What is it?!

Thecasesolutions.com

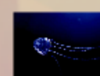
A public limited company is a type of publicly held company in the United Kingdom. It is a limited liability company whose shares are freely sold and traded to the public, with a minimum share capital of £50,000 and the letters PLC after its name.

Private Equity firm

Thecasesolutions.com

A private equity firm is an investment manager that makes investments in the private equity of operating companies.

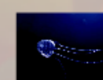
Often described as a financial sponsor, each firm will raise funds that will be invested in accordance with one or more specific investment strategies.



Holding company

Thecasesolutions.com

A company created to buy and possess the shares of other companies, which it then controls.



Advantages and Disadvantages

What are the advantages and disadvantages of a PLC...

Thecasesolutions.com

Note on Valuing Control and Liquidity in Family and Closely Held Firms

Thecasesolutions.com

What is it?!

Thecasesolutions.com

A public limited company is a type of publicly held company in the United Kingdom. It is a limited liability company whose shares are freely sold and traded to the public, with a minimum share capital of £50,000 and the letters PLC after its name.

Private Equity firm

Thecasesolutions.com

A private equity firm is an investment manager that makes investments in the private equity of operating companies.

Often described as a financial sponsor, each firm will raise funds that will be invested in accordance with one or more specific investment strategies.

Holding company

Thecasesolutions.com

A company created to buy and possess the shares of other companies, which it then controls.

Advantages and Disadvantages

Thecasesolutions.com

What is it?!

Thecasesolutions.com

A public limited company is a type of publicly held company in the United Kingdom. It is a limited liability company whose shares are freely sold and traded to the public, with a minimum share capital of £50,000 and the letters PLC after its name.

Private Equity firm

Thecasesolutions.com

A private equity firm is an investment manager that makes investments in the private equity of operating companies.

Often described as a financial sponsor, each firm will raise funds that will be invested in accordance with one or more specific investment strategies.

Leverage Buyout

Thecasesolutions.com

A leveraged buyout is when a company or single asset (e.g. a real estate property) is purchased with a combination of equity and significant amounts of borrowed money, structured in such a way that the target's cash flows or assets are used as the collateral to secure and repay the money borrowed to purchase the target-company/asset.

Venture CAPTIAL

Thecasesolutions.com

Venture capital (VC) is financial capital provided to early-stage, high-potential, high risk, growth start-up companies. The venture capital fund makes money by owning equity in the companies it invests in, which usually have a novel technology or business model in high technology industries.

Growth CAPITAL

Thecasesolutions.com

Growth capital (also called expansion capital and growth equity) is a type of private equity investment, most often a minority investment, in relatively mature companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition without a change of control of the business.

Leverage Buyout

Thecasesolutions.com

A leveraged buyout is when a company or single asset (e.g. a real estate property) is purchased with a combination of equity and significant amounts of borrowed money, structured in such a way that the target's cash flows or assets are used as the collateral to secure and repay the money borrowed to purchase the target-company/asset.

Th

Venture CAPTIAL

Thecasesolutions.com

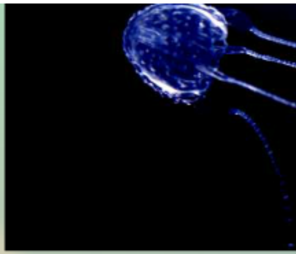
Venture capital (VC) is financial capital provided to early-stage, high-potential, high risk, growth start-up companies. The venture capital fund makes money by owning equity in the companies it invests in, which usually have a novel technology or business model in high technology industries.

Growth CAPITAL

Thecasesolutions.com

Growth capital (also called expansion capital and growth equity) is a type of private equity investment, most often a minority investment, in relatively mature companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition without a change of control of the business.

m



Holding company

Thecasesolutions.com

A company created to buy and possess the shares of other companies, which it then controls.

Advantages and Disadvantages

What are the advantages and disadvantages of a PLC...

Advantages

- There is limited liability for the shareholders.
- The business has separate legal entity. There is continuity even if any of the shareholders die.
- These businesses can raise large capital sum as there is no limit to the number of shareholders.
- The shares of the business are freely transferable providing more liquidity to its shareholders .

Disadvantages

- There are lot of legal formalities required for forming a public limited company. It is costly and time consuming.
- In order to protect the interest of the ordinary investor there are strict controls and regulations to comply. These companies have to publish their accounts.
- The original owners may lose control.
- Public Limited companies are huge in size and may face management problems such as slow decision making and industrial relations problems.