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➢ **Non-governmental organisations (NGO)**

NGO is an independent voluntary association of people acting together for some common purpose, aimed at promoting *social, political, or environmental* change for the good of public at large.

There are some special features of NGOs:

✓ Run by full-time, part-time, employed staff as well as volunteers.

✓ Finance from *grants* or contracts.

✓ Proficient and skillful in raising fund projects.

✓ With national 'headquarters' and very often many sub-branches.

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Control:

Some organisations are controlled

✓ by the owners themselves.

✓ but many are controlled by people working on their behalf.

✓ Some are indirectly controlled by government-sponsored regulators.

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Legal status:

✓ **Sole trader**

owned by an individual, who takes **full responsibility** for the business

✓ **Partnership**

owned by several individuals, who share profit and take **full responsibility** according to partnership agreement

✓ **Limited company**

owned by individuals, who take **limited responsibility** .

Limited companies has separate legal personality from its owners. The shareholders cannot normally be sued for the debts of the business unless they have given some personal guarantee. Their risk is generally restricted to the amount that they have invested in the company when buying the shares.

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Ownership and control are separated.

- Share holders are the owners.
  - ✓ limited right over daily running
  - ✓ receive return and make a deal
- *Directors* are appointed by shareholders to run the company.
  - ✓ *Executive* director—daily operation
  - ✓ *Non executive* director—particular skill & experience, independent overview
  - ✓ Operational management—routine activities

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	Private (Ltd)	Public (plc)
No. of shareholder	Small	Large
Transferability	Hard	Easy
Directors	Dual	Separate
Source of capital	Founder/promoter/ employee/ Venture capital	Institutional investor/capital market

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Advantages

- ✓ More money available for investment.
- ✓ Reduces risk for investors to limited liability.
- ✓ Separate legal personality. A company can own property, make contracts etc.
- ✓ Ownership is legally separate from control. Investors need not get involved in operations.
- ✓ No restrictions on size. Some companies have millions of shareholders.
- ✓ Flexibility. Capital and enterprise can be brought together.

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Disadvantages

- ✓ Legal ***compliance costs***. Because of limited liability, the financial statements of most limited companies have to be audited, and then published for shareholders.

- ✓ Shareholders have little practical power, other than to sell their shares to a new group of managers, although they can vote to sack the directors.

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Cooperative

Co-operatives are businesses owned by their **workers or customers** , who share the profits. Here are some of the features they have in common.

- ✓ They are owned and *democratically controlled* by their members-the people who buy their goods or use their services. They are not owned by investors.
- ✓ Co-operatives are organised solely to meet the needs of the member-owners, not to accumulate capital for investors.

For example, a retail co-operative could comprise a group of people who join together to increase their buying power to qualify for discounts from retailers when purchasing food.

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Mutual association (building society)

Mutual associations are similar to co-operatives in that they are 'owned' by **their members** rather than outside investors.

(a) Some financial companies used to be mutual associations. *Nationwide Building Society* has held out against this, so far citing the lower interest rates it can offer to borrowers.

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(b) *Credit unions* are examples of mutual associations. They are financial institutions owned and controlled by their members.