- **limited company** – can range in size, unlimited number of individuals who subscribe capital, limited liability (the individuals are liable only for debts incurred by the company up to the amount that they have invested, the cap is designed to limit risk and produce greater confidence to invest), owners not involved in day-to-day running of the business and will invest only if there is a clear limit set on the risk, documents must be prepared (including the objectives of the business), the financial affairs enter the public domain, annual financial reports subject to an audit

Most businesses are set up as limited companies. The owners appoint a ***board of directors*** to manage the business on their behalf, keeping in mind these three main tasks:

1. setting the overall direction and strategy for the business

2. monitoring and controlling the activities of the business

3. communicating with shareholders and others connected with the business

Each board has a ***chairman*** and a ***chief executive officer (CEO)***. The board represents the most senior level of management, which then employs managers for a particular part of the operations.

The key financial objective of a business is to enhance the ***wealth of the owners***. To achieve this, the needs of other groups connected with the business (employees, suppliers, local community) cannot be ignored. When setting financial objectives, the right balance must be struck between risk and return.

The way in which businesses operate in terms of honesty, fairness and transparency with which they treat other user groups has become a key issue. Accountants are particularly ***vulnerable*** to being put under pressure to engage in ***unethical acts*** (paying bribes to employees, oppressive treatment of suppliers, manipulating financial statements). One way of demonstrating their commitment to morality is to develop and adhere to a ***code of ethics*** concerning business behaviour.

Not-for-profit organizations produce accounting information for decision-making purposes and have user groups similar to those of private-sector businesses.