1. **Business ownership (b)**

One major consideration when choosing business ownership is limited and unlimited liability. What do these 2 terms mean? Refer to the personal belongings of the business owner in your answer. Are they safe or not?

|  |  |
| --- | --- |
| **Limited liability** | **Unlimited liability** |
|  |  |

It is important to know the benefits and drawbacks of each type of ownership. A business must consider these when they make their choice of legal structure. Complete the grid below.

|  |  |  |
| --- | --- | --- |
| **Legal structure** | **Benefits** | **Drawbacks** |
| Sole Trader | \*You get complete c\_ \_ \_ \_ \_ \_ over the business and you keep all of the p\_ \_ \_ \_ \_.  \*It is the e\_ \_ \_ \_ \_ \_ to set up. | \*You have u\_ \_ \_ \_ \_ \_ \_ \_  l\_ \_ \_ \_ \_ \_ \_ \_.  \*It may be difficult to get the  f\_ \_ \_ \_ \_ \_ needed to get started. |
| Partnership | \*You have partners and so the w\_ \_ \_ l, h \_ \_ \_ can be shared and the business has more s\_ \_ \_ \_ \_.  \*More partners equals more potential f\_ \_ \_ \_ \_ \_. | \*You have to share the p\_ \_ \_ \_ \_.  \*D\_ \_ \_ \_ \_ \_ \_ m\_ \_ \_ \_ \_ can take longer as all of the partners must agree. |
| Private Limited Company | \*The shareholders benefits from  l\_ \_ \_ \_ \_ \_ l\_ \_ \_ \_ \_ \_ \_ \_.  \*The business can choose its  s\_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_. | \*It is more d\_ \_ \_ \_ \_ \_ \_ \_ to set up.  \*All of your a\_ \_ \_ \_ \_ \_ \_ must be published and you must register with C\_ \_ \_ \_ \_ \_ \_ \_ H\_ \_ \_ \_. |
| Public Limited Company | \*The business is able to gain more f\_ \_ \_ \_ \_ \_.  \*The business may benefit from a bigger r\_ \_ \_ \_ \_ \_ \_ \_ \_. | \*You have no say in who buys  s\_ \_ \_ \_ \_ in your company.  \*Behaving e \_ \_ \_ \_ \_ \_ \_ \_ becomes more important. |

State 4 factors a business should consider when choosing a legal structure. Consider some of the answers above to help you identify relevant factors.

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_