1. **Business ownership (a)**

One major consideration when choosing business ownership is limited and unlimited liability. What do these 2 terms mean?

|  |  |
| --- | --- |
| **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 | \*  \* | \*  \* |
| Partnership | \*  \* | \*  \* |
| Private Limited Company | \*  \* | \*  \* |
| Public Limited Company | \*  \* | \*  \* |

State 4 factors a business should consider when choosing a legal structure.

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**Extension:** Explain how each of these factors would influence a business’ choice of legal structure.