Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**1.5.4 Forms of business**

1. Identify whether each of the following statements are true or false. Justify your answer.

|  |  |
| --- | --- |
| Statement | True/False |
| A sole trader has unlimited liability. |  |
| Justification: | |
| All companies can sell shares. |  |
| Justification: | |
| Plcs and Ltds are both in the private sector. |  |
| Justification: | |
| Public limited companies have limited liability. |  |
| Justification: | |
| Private limited companies are incorporated. |  |
| Justification: | |
| A Ltd is a separate legal entity from its shareholders. |  |
| Justification: | |
| A profit making company must pay dividends to its shareholders. |  |
| Justification: | |
| One disadvantage of a sole trader is they need to do all the work themselves. |  |
| Justification: | |
| A partnership is an example of a life style business. |  |
| Justification: | |
| Ordinary share capital gives the owners a proportional voting right. |  |
| Justification: | |
| A franchisee buys the right to trade using the name and/or products of a franchisor. |  |
| Justification: | |
| If a company’s share price rises it will have more capital to invest in growth. |  |
| Justification: | |
| A mission statement explains to shareholders why they should invest in a company. |  |
| Justification: | |
| A flotation is when a business grows by making shares available to the public. |  |
| Justification: | |