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

**2.1.3 Liability**

1. Use the bullet points listed to complete the table below.

* An investor is only responsible for the debt of a business up to the amount they have invested or promised to invest
* An investor is responsible for all of the debts of a business regardless of the amount invested or promised
* Personal assets are at risk
* Personal assets are not at risk
* Private limited company
* Sole trader
* Public limited company
* Family and friends
* Share capital
* Incorporated
* Unincorporated

|  |  |  |
| --- | --- | --- |
|  | Limited liability | Unlimited liability |
| Definition |  |  |
| Implication |  |  |
| Business forms |  |  |
| Suitable finance |  |  |
| Legal status |  |  |

1. Briefly explain the following statements.
   1. A small supplier may be more willing to offer trade credit to a business with unlimited liability.

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* 1. Despite limited liability a bank may be more willing to offer a loan to a private limited business.

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