

THANK YOU.





sole traders, partnerships

Chapter 03 SdP



You will learn

The main forms of business organizations in the public and private sectors;

The advantages and disadvantages of each form or organization;

The appropriateness of each form in different circumstances.



ENTREPRENEURS



Write a list of 5 things you think make a good business person, it could be a personal skill or a quality, check your answers with the next slide – how many did you get right?



ENTREPRENEURS



Write a list of 5 things you think make a good business person, it could be a personal skill or a quality, check your answers with the next slide – how many did you get right?

Qualities that an entrepreneur might have:

Risk taker

Smart

A Leader

Hard working

Ability to plan

Determined

Eager

Persistence

Energy

Ambition

Inner passion for business

Honest and trustworthy

Motivation to achieve

ENTREPRENEUR

innovator

risk taker

organise the other factors of production

make the key decisions

First, we must learn...

(un) Limited Liability

Unlimited Liability
The owners are
responsible for all debts

Limited Liability
The owners are not
responsible for all debts

(un)incorporated

unincorporated
1 Legal entity

incorporated
2 Legal entities



Business Ownership



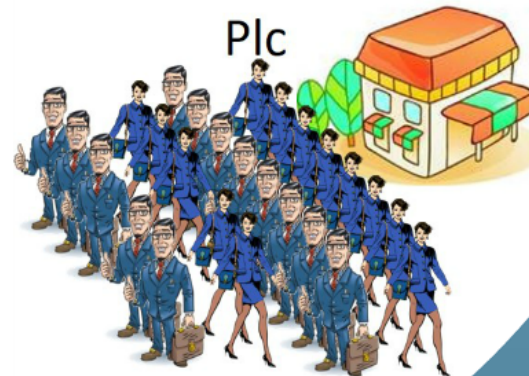
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Partnership



ltd



Plc

Sole Trader

A sole trader is an individual who owns and runs their own business. Can employ others but the owner is the sole proprietor.

The simplest form of business.

A sole trader has **unlimited liability** - they are personally responsible for all debts run up by the business.

They could lose their home and all of their assets to pay off any debts that they are unable to pay.



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Sole Trader

Disadvantages

Sole traders take a larger risk than other. If there business idea fails, there own assets are on the line.

Likely to make less profit
(Smaller operation)

Advantages

Easy to set up, quick and low cost to run

Sole traders keep all profit and competitors can't see your accounts

Easy to switch legal structure if business grows

Sole traders are seen as individuals. This means your income will be seen and taxed as the salary of an individual.

Sole Trader Hairdressers



Sole Trader

Butchers



Partnerships

The business is formed by two to 20 people

Decisions are made by both partners

Finance availability is greater

Sleeping partners simply make a large investment of money and have no other contribution

The business can specialize in different aspects based on the expertise of each partner

Partners don't have to share profits equally



Partnership

Partnerships

Risks and responsibilities are shared

More specialist skills

Competitors can't see your accounts

Easier to raise finance than a sole trader

Continuity of business

Advantages

Disadvantages

Unlimited liability

Arguments can occur between partners

If a partner dies, resigns or goes bankrupt the partnership is dissolved

Profits shared

Partnership



Partnership

Qantas & Emirates



sole traders VS partnership



Any question?



THANK YOU.

