

How to use: Learn, cover, write and check

Topic 1.4.1 Business Ownership

Key Vocabulary

Unlimited liability – where the owner's responsibility for debts has no limit, so personal possessions are at risk

Limited liability – owner's responsibility is limited to the amount of the original investment

Sole trader – a business owned and run by one person

Partnership – a business jointly owned by 2-20 people

Silent partner – a person who invests into your partnership but does not run it

LTD – a private limited company

Shareholder – someone who owns part of a company (LTD or PLC)

Employees – people who work for your business

Franchising – allowing others to use your business name

Franchisee – someone who buys into a franchise

Franchisor – a person or business who allows others to buy into their franchise business

Incorporated – where the business is a separate legal entity to the owners

Core Knowledge

There are various ways a business can be owned, amongst them

- Sole traders
- Partnerships
- Private limited companies
- Franchise

Wider Business World

Franchise examples include Subway, BSM, JoJingles

LTDs include New Look, Eddie Stobart

Synoptic Links

Risk and reward – an entrepreneur will need to consider the risk of financial loss

Business growth – why a business might choose to change ownership

Be aware:

- Not all business owners are shareholders
- A Limited company is a separate legal identity
- The difference between Unlimited Liability (owners possessions are at risk) and Limited Liability (only what has been invested is at risk if the business fails, personal possessions are safe)
- Sole traders can still have employees