

**FORMS OF BUSINESS**

Legal forms of business shows the 3 main ways businesses are set up.

The form of business organization a firm uses affects:

- \_\_\_\_\_ the business
- \_\_\_\_\_ of the business owners
- \_\_\_\_\_ of the business
- the \_\_\_\_\_
- \_\_\_\_\_ it experiences



	Total Sales	Net Income	Number of Firms
Smallest			
Largest			

1. **Sole Proprietorship:** A business owned and operated by \_\_\_\_\_.

It is the most common form of business numerically.

- \_\_\_\_\_ form of business to establish.
- \_\_\_\_\_ hours/ \_\_\_\_\_ hours.
- All the \_\_\_\_\_, All the \_\_\_\_\_.
- " \_\_\_\_\_."

Ownership	
Liability	
Lifespan	
Decision-Making	
Taxation	

2. **Partnership:** A business jointly owned by \_\_\_\_\_

\_\_\_\_\_. 2 types include;

- **General** – all partners are responsible for the management and financial obligations of the business.
- **Limited** – at least one partner is \_\_\_\_\_ in the daily operation of the business although they \_\_\_\_\_  
\_\_\_\_\_ to help finance the operation.

Ownership	
Liability	
Lifespan	
Decision-Making	
Taxation	

3. **Corporation:** Recognized by law as \_\_\_\_\_

having all the rights of an individual.

- A "person" created \_\_\_\_\_
- Anyone can \_\_\_\_\_
- Profits are \_\_\_\_\_
- Owners are \_\_\_\_\_

Ownership	
Liability	
Lifespan	
Decision-Making	
Taxation	

Important aspects of corporation's include:

**Charter:** a government document giving \_\_\_\_\_ a corporation.

- Corporation's name
- Its purpose
- Number of shares to be issued
- Names of parties who started it

**Stock:** Ownership certificates in a corporation. Investors \_\_\_\_\_ of stock in hopes of \_\_\_\_\_ by selling the stock for more than they paid for them.

This is called a \_\_\_\_\_.

**Stockholders/Shareholders:** Investors who \_\_\_\_\_.

**Dividends:** A payment representing \_\_\_\_\_ paid back to the shareholders each quarter. This is another way investors make money in the stock market.