**Business Organizations - Ch. 8**

We have studied four basic forms of business organizations in class. Read the following characteristics and determine which business organization(s) it describes. Write the appropriate letter(s) on the line provided. *Some statements will describe more than one form of business.*

**SP=sole proprietorship**

**P = partnership**

**C= corporation**

**F=franchise**

\_\_\_\_\_\_\_\_\_\_ 1. Owned by stockholders

\_\_\_\_\_\_\_\_\_\_ 2. Requires legal contract to establish, all parties have unlimited liability

\_\_\_\_\_\_\_\_\_\_ 3. Owned by one person, unlimited liability

\_\_\_\_\_\_\_\_\_\_ 4. Benefits include shared responsibility, talents of more than one person

\_\_\_\_\_\_\_\_\_\_ 5. A person can purchase the right to own and operate this business

\_\_\_\_\_\_\_\_\_\_ 6. Run by a Board of Directors who hires a CEO to run the company

\_\_\_\_\_\_\_\_\_\_ 7. Business profits are only taxed one time as income for owners or employees

\_\_\_\_\_\_\_\_\_\_ 8. Has legal rights to buy property, initiate law suits, sign contracts, pay taxes, etc.

\_\_\_\_\_\_\_\_\_\_ 9. Benefits include being self-employed, making your own schedule, decision making

\_\_\_\_\_\_\_\_\_\_ 10. May include training, national advertising

\_\_\_\_\_\_\_\_\_\_ 11. Business profits are taxed

\_\_\_\_\_\_\_\_\_\_ 12. Benefits include company reputation, loyal customer base

\_\_\_\_\_\_\_\_\_\_ 13. Benefits include complete decision-making power, no profit sharing

\_\_\_\_\_\_\_\_\_\_ 14. Problems include raising the money necessary to cover start-up costs

\_\_\_\_\_\_\_\_\_\_ 15. Must be granted a state charter to establish the business

\_\_\_\_\_\_\_\_\_\_ 16. May work well above the average 40 work week without getting “overtime” pay

\_\_\_\_\_\_\_\_\_\_ 17. Potential for conflict with other owners

\_\_\_\_\_\_\_\_\_\_ 18. Benefits include selling stock to raise capital (money)

\_\_\_\_\_\_\_\_\_\_ 19. Owners are protected against unlimited liability

\_\_\_\_\_\_\_\_\_\_ 20. Owners may not alter the product or service provided, no creative input