1.2 Business ownership structures: 10-minute Pack

AQA 8132 · Calculator allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Show your working for any calculation: method marks are available even if your final answer is wrong. Thistledown Bakery and Golden Griddle Pancakes, used throughout this pack, are fictional businesses.

1 Which one of the following best describes 'unlimited liability'?

- ☐ A) The owner's responsibility for business debts is capped at the amount they invested
- ☐ B) The owner is personally responsible for ALL of the business's debts, with no upper limit
- ☐ C) The business has no debts at all
- ☐ D) The government pays off any debts the business cannot afford

(Total for Question 1 is 1 mark)

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2 Which one of the following best describes 'limited liability'?

- ☐ A) An owner can only lose the money they have invested in the business
- ☐ B) An owner is personally responsible for every debt the business owes
- ☐ C) The business cannot be sued by its creditors
- ☐ D) The business does not have to keep any financial records

(Total for Question 2 is 1 mark)

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3 State two features of a sole trader business.

(Total for Question 3 is 2 marks)

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4 Rosa and Dev originally each ran separate sole-trader bakeries before deciding to join forces and form Thistledown Bakery as a partnership.

(a) State two advantages to Rosa and Dev of forming a partnership rather than each remaining a sole trader. **(2)**

(b) State two disadvantages to Rosa and Dev of forming a partnership rather than each remaining a sole trader. **(2)**

(Total for Question 4 is 4 marks)

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Mark scheme · 1.2 Business ownership structures: 10-minute Pack

Question 1

B cao **B1**

Answer: B

Question 2

A cao **B1**

Answer: A

Question 3

owned and run by one person **B1**

the owner keeps all the profit but has unlimited liability for the business's debts **B1**

Answer: Any two, e.g. owned by one person; owner has unlimited liability and keeps all the profit.

Question 4

(a) the workload and decision-making can be shared between the two partners **B1**

(a) more capital is available to the business, since both partners can invest money **B1**

(a) Answer: Any two, e.g. shared workload/decision-making; more capital available since both partners invest.

(b) profit now has to be shared between the two partners, rather than kept entirely by one owner **B1**

(b) decisions may take longer or lead to disagreements, since both partners must agree **B1**

(b) Answer: Any two, e.g. profit must be shared; decisions may take longer or cause disagreements.

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