

Chapter 5

1. Sole Proprietorship, partnership, cooperation
2. Sole Proprietorship- a business owned and usually managed by one person.
3. Being your own boss, pride of ownership, leaving a legacy, retention of company profit, no special taxes, ease of starting and ending the business.
4. Unlimited liability, limited financial resources, man. Difficulties overwhelming time commitment, few fringe benefits, limited growth, limited life span.
5. General par.- all owners share in operating the business and in assuming liability for the business's debts. Limited- with one or more general partners and one or more limited partners.
6. More financial resources, longer survival, no special taxes, shared man and pooled/complement any skills and knowledge.
7. Unlimited liability, division of profits, disagreement among partners, difficult to terminate.
8. A state chartered legal entity with authority to act and have liability separate from its owners.
9. Limited liability, size, perpetual life, ease of ownership change , ability to raise more money for investment.
10. Initial cost, double taxation, two tax returns, size, extension paperwork.
11. Franchise agreement- someone with a good idea for a business (franchisor) sells the right to use the business name and sell a product or service to others in a given territory.
12. Personal ownership, lower failure rate, nationally recognized name, man. And marketing assistance.
13. Have no more than 100 shareholders, Shareholders that are individuals or estates and are citizens or permanent residents of the U.S., have only one class of stock, derive no more than 25% of income from passive sources.