Types of Organisations

**1. Complete the following sentences to explain the idea of ‘unlimited liability’.**

Unlimited liability means that if a business fails/succeeds the owner is legally responsible for the business debts/profit. In order to pay its trade payables/shareholders the owner might have to buy/sell all of their personal possessions.

**2. Limited and Unlimited Liability**

Missing words

A sole trader is an liability business owned by one person. This means that the owner of the business is fully responsible for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the business if it fails. If the owner of a sole trader business is not able to pay the debts, s/he will be declared \_\_\_\_\_\_\_. A private company is a small family business with shareholders. The shareholders have liability. This means that if the business fails, the shareholders only lose the amount they have in the business.

**Missing words from: limited, invested, unlimited, private limited, debts, bankrupt.**

**3. Types of Limited Companies**

Limited Companies

4. Activity Limited company

Green Things Ltd makes a range of garden tools. All the shares are owned by Yan and Sian and their sons. They are looking to expand their business. They would like to design tools for the larger farming market but know it is a more competitive market.

1. What do the letters ‘Ltd’ stand for after the company name?

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2. What are the owners of a business such as Green Things Ltd called?

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3. How can being a limited company help Green Things Ltd with their future plans?

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4. Describe ways in which the company could raise the extra money they need to expand.

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