Subject Content	What students need to learn?
1.4.1 The options for start-up and small businesses	The concept of limited liability: ● limited and unlimited liability ● the implications for the business owner(s) of limited and unlimited liability. The types of business ownership for start-ups: ● sole trader, partnership, private limited company ● the advantages and disadvantages of each type of business ownership. The option of starting up and running a franchise operation: ● the advantages and disadvantages of franchising.

Unlimited liability:

If the business gets into debt, the owner of the business is **liable.** They will need to find the money to pay off these debts. This could mean they have to sell off their car or house to cover the debt.

Limited Liability:

If the business gets into debt, the shareholders are **not required** to pay these off. The shareholders only lose the money they **originally invested** in the business, no more.

	Description	Advantages	Disadvantages
Sole Trader	Owned and controlled by one person, who usually also manages the business.	• Easy to set up • Own boss • Keep all profits	• Finance difficult to raise • No established reputation • Unlimited liability
Partnership	Controlled and owned by 2-20 people. Each have a share in the business. All or some of the partners manage the business	• Shared workload • Share ideas and expertise	• Disagreements • Share profits with partners
Private limited company	Owned and controlled by a group of private individuals. Shares can be sold to family and friends NOT TO THE PUBLIC.	• Control over who sell shares to • Seen as reputable due to private limited company status • Limited liability	• Shares can only be sold to family and friends – not as easy to raise finance as a public limited company • Dividends (share of the profits) must be paid to shareholders
Franchising (buying into a franchise like McDonalds)	Paying a franchise owner for the right to an established business name, branding and business methods.	• Benefit from brand image • Loyal customers • Greater chance of success then setting up new business	• Royalty payments to franchisor (% of profits goes back to McDonalds) • No freedom to bring in new ideas