

## Guided Reading 3.1 FORMS OF BUSINESS ORGANIZATION

On your own paper, answer the following questions as you read Chapter 3, Section 1 (Pgs 57-66)

You do not have to write the question so long as you staple the questions to your answer sheet when finished.

1. What is a **sole proprietorship** and list 2 examples?
2. List the 6 advantages of a sole proprietorship.
3. Define **unlimited liability**.
4. List the 6 disadvantages of a sole proprietorship.
5. What is a **partnership**?
6. Explain the 2 types of partnerships?
7. In forming a partnership, why do the partners need to be careful?
8. List 3 of the disadvantages of a partnership.
9. Define **bankruptcy**.
10. What is a **corporation**?
11. What do people who want to incorporate have to do?
12. What is a **charter**?
13. Define **Stock, Stockholder/shareholders, and dividends**.
14. What does **common stock** represent and what does the common stock holder receive?
15. What does **preferred stock** represent and what does the preferred stock holder receive?
16. List the 5 advantages of corporations?
- Q 17. Define **bond, principal, & interest**?
18. List the 4 disadvantages of corporations?
19. How might a state encourage/reward job creation or new business investment?

Grading:  
3pts = All 19  
2pts = 10-18 answered  
1pt = 1-9 answered  
0pts = 0 answers

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