

Name:

Date:

Class:

Lesson 4.1

Practice Your Understanding

1. Rank each of the following business types from one to three, with three being the one you would most like to own as a sole proprietorship. Then, prepare a short summary explaining your ranking for each business type. (4.1-1)
 - a. Food truck
Answer:

 - b. Sporting goods store
Answer:

 - c. Tech support and service business
Answer:

2. Two friends start a web design business together. One is great at the design of websites, and the other excels at marketing and managing finances. By combining their strengths, they can create a successful business. With your understanding of this partnership, prepare a list identifying the possible advantages and disadvantages of this partnership arrangement. (4.1-2)
Answer:

3. As a future entrepreneur, you need to decide the best form of corporation to align with your goals. Construct a table that lists different corporations and how each type would impact your business. (4.1-3)
Answer:

4. Camila and Ravi are childhood friends who plan to open a dance studio in their hometown. They are hoping to incorporate as either an LLC or LLP, both of which are legal in their state. However, they are not sure which type of ownership would work best for them. They each have their own assets and liabilities separate from the business and each other, and while they would be interested in possibly

opening a second location in a neighboring town, they are not seeking to expand into other states. Using the information presented, determine whether Camila and Ravi should incorporate as an LLC or LLP and explain your reasoning. (4.1-4)

Answer: