

## **Business and Personal Finance © 2012**

### **Chapter 3: Types of Business Ownership**

#### **Check Your Answers: Section Assessment**

##### **Section 2**

##### **Review Key Concepts**

- 1.** You must file the articles of incorporation, write corporate bylaws, and obtain a corporate charter.
- 2.** A corporation has the ability to raise capital, limited liability, continued life, and a separation of ownership and management.
- 3.** A closely held corporation's shares are owned by a small group and not traded in stock markets; publicly held corporations sell shares in markets.
- 4.** Franchises offer an established name and business plan but you have to pay for the franchise rights.

##### **Higher Order Thinking**

- 5.** Student responses may indicate that it is safer to use an attorney. The kit may have all the forms, but you may not understand how to complete them.

##### **English Language Arts**

**6. Evaluating Forms of Corporations** Possible response: Dear Mr. Hale & Ms. Masen, I would recommend you consider becoming a limited liability company. As an LLC, your profits are only taxed once and you will still retain the limited liability associated with a corporation. The LLC will also allow more flexibility with dividing your profits.

##### **Mathematics**

**7. Issuing Stock** Shares needed at \$17.25 offering price =  $\$1,500,000/\$17.25 = 86,956.52$  shares; Shares needed at \$25.50 offering price =  $\$1,500,000/\$25.50 = 58,823.52$  shares