Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- **limited liability**: owners can lose only the money they invested; **personal assets are protected** (K)

2.2

- any **two** of: easy/cheap to set up / keeps all profit / makes all decisions / privacy (K, K)

2.3

- a **plc** can sell shares to the **public** on the stock exchange; an **Ltd cannot** (K)

3.1

- any **two** of: 2+ partners / share work, decisions and profit / usually unlimited liability / written agreement (K, K)

3.2

- for **each** of two benefits: K + An, max 3 each
- e.g. **limited liability**: personal assets safe if the company fails → can take bigger risks
- e.g. **easier finance**: sell shares to family/friends → more capital than a sole trader

3.3

- **for**: limited liability and easier finance to grow
- **against**: more paperwork, accounts shared, some control lost
- **judgement (Ev)**: worth it if the owner needs finance and protection; a small low-risk business may stay a sole trader