

One of The Institute's **worksheets** series, to help you improve your leadership skills and capability, making you a better leader

This worksheet will help you focus on the concept of 'Business Legal Entity' and the characteristics of the most common forms of business legal entities.

You should take approximately **two hours** to complete this worksheet and read the accompanying Spotlight

1. Introduction

a. Use the space below to explain what is meant by 'Business Legal Entity':

b. Why is choosing the correct business legal entity important?

Use the space below for your answer:

2. Business Legal Entity Concepts

Rearrange the letters below to identify eight concepts associated with business legal entities:

polish ripe troopers	aid improvement typical
email inbuilt tidily	arson issues obtaining
hairdryer nips patron	elephants irritability limpid
also her herd	drama on pertinent



Worksheet

Leading in Different Contexts: Business Legal Entities

3. Legal Entity Descriptions

Describe a Sole Trader, a Partnership, a Limited Liability Partnership (LLP), and a Limited Company using the following statements.

Each statement can only be used once:

- a) Needs to be registered with Companies House
- b) Is owned and run by one person
- c) Partners need to disclose their income
- d) The business and Directors are two separate entities
- e) Costly to set up
- f) Owners are personally liable for business debts
- g) Business ends upon owner's death
- h) Relatively easy to set up and run
- i) The liability of the parties is limited
- j) The profits belong to the business
- k) Responsibility for the business is shared
- l) Most common and least expensive

Sole Trader	Partnership	LLP	Limited Company

Advantages and Disadvantages

Use the framework below to describe three advantages and three disadvantages of each of the four main types of business legal entity.

	Advantages	Disadvantages
Sole Trader		
Partnership		
Limited Liability Partnership (LLP)		
Limited Company		

4. Review

How would you start a conversation with a Sole Trader to explain the advantages of limited liability?

All references are cited in The Institute of Leadership (2020) 'Business Legal Entities'

Ownership – Leading in Different Contexts – Business Legal Entities

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The Institute of Leadership, 19 Highfield Road, Edgbaston, Birmingham, B15 3BH • www.leadership.global • +44 (0) 1543 266886