

SOLE PROPRIETORS

1) What personal qualities does a sole proprietor need for success?

A sole proprietor needs these qualities to be successful dedication, hardworking, good basic, trading idea and willing to take risk and to overcome problems.

2) What kinds of businesses usually have to have a licence?

Certain businesses usually need a licence to trade mobile shops, street traders, mini-cabs, super market's, corner shops and scrap metal dealers.

3) What types of businesses usually have trouble with the local council if they were run from a person's home?

Certain type of businesses might have trouble running businesses from home garages, electricians, music store, bakery and pet shops.

4) How could you find out before you started whether or not you would have trouble?

To find out before you start a business you would need to contact the local council.

5) If you went to a bank manager for a business loan, what would he like you to bring with you?

If you were going to a bank to apply for a bank loan it would be a good idea to bring along a cash flow-plan and a profit and loss budget must be drawn up to make sure that the business will be profitable.

6) What are the main advantages and disadvantages of running your own business?

Advantages

- **Flexibility.** The small business is very flexible. If one kind of activity is not profitable, the owner can quickly switch to something else.
- **Small start-up cost.** It is simple and inexpensive to set up as a sole proprietor.
- **Profits are all kept.** The owner keeps all the profits, though he must save enough money to pay tax, interest charges on loans and VAT.
- **Offset of losses.** Losses made in the first year may be offset, or balanced, against tax paid earlier in the same financial year.

Disadvantages

- **Unlimited liability.** This means that owners are personally responsible for all the debts of the business.
- **Difficulties in raising the money.** It is often difficult to raise capital, though government schemes have made this somewhere else.
- **Slow growth.** The firm's growth is often slow as one person can do only a limited amount of the work.
- **High risks.** The risks of failure are high as there is usually great competition.
- **Lack of continuity.** The businesses stop with the owner's death.

7) State six kinds of businesses which might run by sole proprietors .

There are many businesses which might be run by sole proprietors such as restaurants, barber shops, corner shops, garages, mobile shops, window cleaners, plumbers, electricians and milk men.