

Sole Trader

Assessment Task

How a sole trader works (Individual activity) (LO4 AS3)

Study the advantages and disadvantages of a sole trader (sole proprietor) below. Write a paragraph to explain how a sole trader works. Your paragraph should contain at least five facts about a sole trader. [5 marks]

Advantages of a sole trader	Disadvantages of a sole trader
The owner has complete control over the business.	The business is dependent on the owner: if the owner dies, the business closes down.
All the income from the business goes to the owner.	The business is not separate from the owner; the owner is liable for the business debts.
The business assets belong to owner.	The owner raises his or her own capital to run the business.
There are no formal requirements for registration.	Since the business is unregistered, it is difficult to get business loans.
It is easy to dissolve the business.	

Self-assessment checklist

Criteria	Yes	No
I studied the advantages and disadvantages of a sole trader.		
I wrote a paragraph containing at least five facts about a sole trader.		
I understand how a sole trader works.		
I appreciate that we are all different and that different forms of ownership are required.		
I understand the importance of business ethics when running a business.		