



### 3. Drag and drop the correct words to complete the concept.

that went into making it

of the inputs

between

Value added

difference

a product's price

the total cost

and

is

the

### 4. Drag and drop the correct headings.

Sole traders

Partnerships

Companies (Corporations)

Non-profit organizations

- They are **owned by their shareholders**. Shareholders are individuals or other businesses that have invested their money to provide capital for a company.
- Companies are **incorporated** businesses.
- They have **limited liability**. Shareholders **do not have to bear the responsibility of a company's debts** and will not stand to lose personal belongings if the company goes into arrears.
- A board of directors is elected by shareholders to run the company on their behalf.
- The term "**limited companies**" is sometimes used to clarify the fact that all companies have limited liability.
- There are two types of (limited) companies: private limited companies and public limited companies.
- A **Private Limited Company** is a company that cannot raise share capital from the general public. Instead, shares are sold to private family members and friends.
- A **Public Limited Company** is able to advertise and sell its shares to the general public via the stock exchange. It must carry the letters "**PLC**" after its name.
- Limited companies **must produce an Annual Report and Final Accounts**. These accounts are scrutinized by an external auditor before they are distributed to shareholders.

- It is also known as a **not-for-profit-organization**.
- It is an establishment that is run in a professional and business-like manner but **without profit being the major objective**.
- NPOs return profits back into the business. In other words, any surplus they make must be reinvested.
- They don't issue shares of ownership like a stock (share).

- It is **unincorporated**, it means, the owner is legally the same as the business.
- Sole traders have **unlimited liability**. It means, they **could end up losing his or her personal possessions** if the firm collapses.
- Sole traders **may work alone or they may employ other people** to help run the business.
- The sole trader **receives all of the profits** made by the business.
- They **do not have to make their financial records available** to the public or other interested parties.

- It is a profit-seeking business that is **owned by two or more persons**.
- Partners have **unlimited liability**.
- Partners **may employ other people** to help run the business.
- Partners **receive all of the profits** made by the business.
- Partners can benefit from **division of labour and specialization**.
- Partnerships **do not issue shares** to the general public.
- They **do not have to make their financial records available** to the public.

## 5. Write the words in the right box.

Shareholders / stockholders	internal stakeholders (3)
Customers	
Competitors	external stakeholders (5)
Suppliers	
Special interest groups	
Employees	
Government	
Managers and directors	

## 6. Watch the video and answer the following questions.



What is internal growth?

What is external growth?

## 7. Read the text. Then, match the picture to the word.

### EXTERNAL (INORGANIC GROWTH)

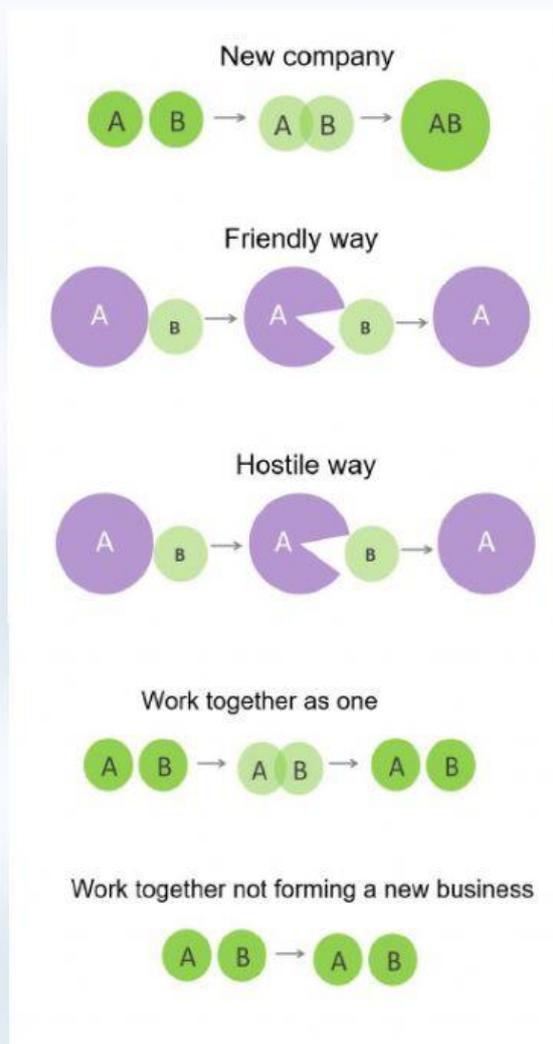
A **merger** is when two firms **combine with one another to form a new business** in an attempt to enhance profitability, productivity and market position (mother companies disappear to form the new business).

An **acquisition** is when **one business takes control of a major part of another business** in a friendly and agreeable way for the same reasons (only one company disappears).

A **takeover** is when **one business gains control of a major part of another business in a hostile way** (only one company disappears).

A **Joint Venture (JV)** occurs when **two businesses agree to form a new company** to work closely together **on a particular project** (mother companies do not disappear, they continue working separately)

A **Strategic Alliance (SA)** occurs when many businesses agree, **without forming a new company**, to commit resources to achieve a set of objectives which would not be possible otherwise.



Takeovers

Acquisitions

Strategic  
Alliances

Joint Ventures

Mergers