Unit 201: Employment and employability in the construction sector (Learner)

# Worksheet 5: Sole trader or limited company?

**Task 1:** Read the following statements and decide whether they apply to a sole trader or a limited company. Write **S** for a sole trader or **L** for a limited company in the space provided.

1 This business structure is a separate legal entity from its owner(s).­­­­ \_\_\_\_

2 This business structure is owned and operated by one individual. \_\_\_\_

3 The owner has unlimited liability for the business’s debts and obligations. \_\_\_\_

4 This business structure must register with Companies House. \_\_\_\_

5 This business structure owner must file annual accounts and a tax return with HMRC. \_\_\_\_

6 This business structure can have multiple shareholders. \_\_\_\_

7 The business’s profits are taxed as personal income of the owner(s). \_\_\_\_

8 The business’s profits are taxed as corporation tax. \_\_\_\_

9 This business structure is a preferred option for those who want complete control over their business. \_\_\_\_

10 This business structure is a preferred option for those who want to limit their personal liability for the business’s debts. \_\_\_\_

**Task 2:** Read the following statements and decide whether they are true or false. Circle the correct option.

1 Self-motivation is a critical aspect of successful self-employment.

**True or False**

2 Self-employed individuals have limited opportunities for earning compared to traditional employees.

**True or False**

3 Flexibility in work schedules is not a benefit of self-employment.

**True or False**

4 Choosing the right clients is not essential for successful self-employment.

**True or False**

5 Successful self-employed individuals must have the ability to balance their work and personal life.

**True or False**

6 Vetting clients involves ensuring that they align with one's values and goals.

**True or False**

7 Setting fair prices and clear communication are important factors in choosing positive clients.

**True or False**

8 Successful self-employed individuals must be able to create schedules that suit their lifestyle.

**True or False**

9 Working for an employer provides greater control over one's income compared to self-employment.

**True or False**

10 Successful self-employed individuals do not require self discipline.

**True or False**