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ASSIGNMENT 1

QN

SN	LEGAL FORM OF BUSINESS	FEATURES
1	SOLE PROPRIETORSHIP	?
2	PARTNERSHIP	?
3	COOPRATIVE	?
4	COMPANY	?
5		

SOLE PROPRIATORSHIP

SOLE PROPRIATORSHIP: is the business which is owned by one person.

MAIN FEATURES OF SOLE PROPRIATORSHIP ARE:

One man ownership: here the business is owned only by one person, this means the business is controlled and organized by one person.

No separate business entity: in sole proprietorship there is only one business, this means that the entrepreneur operates their business without forming a separate legal entity.

Unlimited liability: this is situation where the owner of a business are personally responsible for all debts and obligation of the business.

No separation between ownership and management: this when individuals who own a business are directly involved in managing its operations. This scenario is often found in small businesses, family owned enterprises, and startups where the owners are intimately involved in day to day operations.

All profits and losses to the proprietor: profits and losses of the are only for the owner no other one to share.

Family members can be employed: there is no of hiring skilled labors

Decision making: decisions making it is made by one person who owns the business.

The no advanced technology: there is only based technology like computer for client data recording.

THE IMPORTANCE OF SOLE PROPRIATORSHIP.

The profits it is owned by only one person: this means that no any other one to share the profits with.

The budget it is easy: to plan the income and expenses are very simple for the small business.

The organization and controlling it does not require much skills: to manage the business it is very easy.

Self controlled: there is free working time by working the hours you want.

DISADVANTAGES

Losses is suffered by only the owner: when there is a loss it is only the who face it.

PARTNERSHIP.

Partnership is the business which is owned by two or more people operates a joint business for the common goals of making profits.

The main features of partnership.

- **Unlimited liability:** in partnership refer to legal obligation of partners to personally cover and debts or liability incurred by the business.
- It is owned by many people carried by partners: it owned by two or more people.
- **Contractual relationship:** refer to the agreement between the partners that governs the operation and management of the business .

The key aspects of contractual relationship include: formation, roles and responsibilities .

FORMATION: the partnership agreement typically specifies how partnership is formed, including the names of partners,...

Roles and responsibilities: the partnership agreements delineates the roles and responsibilities of each partner within the partnership.

PROFIT AND LOSS SHARING: The agreement outlines how profits and losses are shared. The profits and losses will be allocated among the partners.

COOPERATIVE BUSINESS.

Cooperative: is a business organization owned and operated by the group of individuals For their mutual benefits.

HERE THERE ARE THE ASPECTs OF COOPERATIVE WHICH IS:

1. **Ownership and control:** members of cooperative have equal ownership right and democratic control over the business.
2. **Mutual benefits:** the primary purpose of a cooperatives is to serve the needs and interests

THE MAIN FEATURES OF COOPERATIVE.

1.Voluntary Membership This principle asserts that membership in a cooperative should be voluntary and not forced or coerced in any way. Individuals have the freedom to choose whether or not they want to become members of the cooperative. Coercion could come in various forms, such as pressure from others, legal mandates, or economic necessity.

Open Membership: Open membership means that cooperatives are open to all individuals who are willing to accept the responsibilities of membership, regardless of their social, economic, racial, or religious background

2. **Democratic participation of members :**in cooperatives refers to the principle that members have the right to actively participate in the decision-making processes of the cooperative on an equal basis. This principle is based on the idea of one member, one vote, regardless of the member's level of investment or financial contribution to the cooperative.

In conclusion, cooperatives play a significant role in entrepreneurship by offering a unique business model that prioritizes democratic ownership, shared decision-making, and mutual benefit among members. Through cooperation and collaboration, cooperatives empower individuals to pursue economic opportunities while promoting social responsibility and community development. Key points to consider regarding cooperatives in entrepreneurship include:

. Democratic Ownership: Cooperatives provide a democratic ownership structure where members have an equal say in the governance and direction of the organization.

COMPANY

COMPANY: is a legally recognized entity formed by individuals or entities to engage in commercial activities, with the aim of generating profit. It operates as a separate legal entity, distinct from its owners, and has the capacity to own assets, enter into contracts, and conduct business operations.

Here's an explanation of the features commonly associated with a company as a legal form of business:

1. **Legal Personality:** One of the key features of a company is its separate legal personality, which means it is recognized as a distinct entity from its owners or shareholders. As a separate legal entity, a company can own property, enter into contracts, sue, and be sued in its own name. This feature provides limited liability protection to the owners, shielding their personal assets from the company's debts and liabilities.
2. **Limited Liability:** In most cases, shareholders of a company have limited liability, meaning their liability is limited to the amount of their investment in the company. This feature protects shareholders from personal financial responsibility for the debts and obligations of the company beyond their investment.
3. **Ownership Structure:** Companies can have various ownership structures, including private companies, public companies, and partnerships. Private companies are owned by a limited number of shareholders and are not publicly traded, whereas public companies have shares that are traded on a stock exchange and are owned by a large number of shareholders.

IMPORTANCE OF COMPANY

The importance of a company as a legal form of business lies in its ability to provide several advantages to entrepreneurs and investors, including limited liability, access to capital markets, legal recognition, and organizational flexibility. Here are some key points highlighting the significance of companies in the legal landscape of business:

1. **Limited Liability:** One of the most significant advantages of forming a company is the concept of limited liability. Shareholders are typically only liable for the debts and obligations of the company up to the amount they have invested in it. This protects their personal assets from being used to satisfy the company's liabilities, providing a level of financial security.
2. **Access to Capital:** Companies, particularly public companies, have access to various sources of capital, including equity financing through the issuance of shares and debt financing through the issuance of bonds or loans. This access to capital markets allows companies to raise funds for expansion, research and development, and other strategic initiatives.
3. **Legal Recognition:** Companies are recognized as separate legal entities distinct from their owners or shareholders. This legal recognition provides companies with the ability to enter into contracts, own property, sue, and be sued in their own name. It also ensures continuity of the business even in the event of changes in ownership or management.

IN CONCLUSION, companies play a crucial role in the legal landscape of business by providing entrepreneurs and investors with a vehicle for organizing and operating businesses while enjoying limited liability, access to capital markets, legal recognition, organizational flexibility, and perpetual existence.

