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CLASS: SS 1

SUBJECT: OFFICE PRACTICE

TOPIC: BUSINESS ORGANIZATION

Business organization is an individual or group of people that collaborates to achieve certain commercial goals. These organizations are set up for the production and distribution of goods and services and to carry out economic activities.

Some business organizations are formed to earn income while others business are called non-profit organization, they are formed for public purposes.

TYPES OF BUSINESS ORGANIZATION

Sole Proprietorship

Partnership

Limited liability company (private & public)

Public Corporation

Co-operative Society

SOLE PROPRIETORSHIP

A sole proprietorship is a type of business entity that is owned, managed, controlled and run by one person, in which there is no legal distinction between the owner and the business.

Sole trading is an unincorporated business with one owner who pays personal income tax on profits from the business with little government regulations, they are the simplest business to set up and popular among individuals.

FEATURES

1. Sole trading is a one-man business.
2. The owner of the business is personally liable for the debts incurred by the business.
3. The capital to finance the business is provided by the sole owner.
4. The objective of the business is to make profit.
5. The business is separate from the owner of the business.

ADVANTAGES

1. Sole trading business requires a small amount of capital for establishment.
2. Setting up a one-man business is easy because there no formalities and legal procedures.
3. Quick decisions are made.
4. The mode of operation is usually flexible and simple.
5. Personal relationships are maintained between customers and employees.
6. There is effective management and control over the business.

DISADVANTAGES

1. There is no continuity, since the death of the owner can put an end to the business.
2. The possibilities of expansion is limited due to finances.
3. The sole trader bears the risk alone.
4. There is no legal entity.
5. They do not encourage specialization.

#### SOURCE OF CAPITAL

1. Retained earnings
2. Loans from the government
3. Loans from the banks.
4. Bank overdraft
5. Making credit purchase
6. Loans from relatives and friends
7. Personal savings.

ASSIGNMENT: State 5 importance of a sole trader in the society.