

# **IB Business Management**

## ***Trimester Assessment Worksheet – Types of Business Entities***

### **Worksheet 4: Companies, Shareholders and Finance**

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

Instructions: Answer all questions. Total marks: 50.

## Section A: Multiple choice (10 marks)

Select ONE correct answer (A–D).

1. A company is:

- A. Same legal identity as owner
- B. Separate legal entity
- C. Always government-owned
- D. Always a charity

2. Limited liability means:

- A. Owners pay all debts personally
- B. Investors' loss limited to investment
- C. No debts exist
- D. No accounts required

3. Companies are owned by:

- A. Customers
- B. Shareholders
- C. NGOs
- D. Suppliers only

4. Dividends are:

- A. Taxes
- B. Profit payments to shareholders
- C. Interest on loans
- D. Staff bonuses only

5. Voting power usually depends on:

- A. One vote per share
- B. One vote per employee
- C. Government votes
- D. Random selection

6. A privately held company typically:

- A. Trades shares freely on stock exchange
- B. Restricts share transfers
- C. Is always public sector
- D. Has unlimited liability

7. A publicly held company can:

- A. Never advertise shares
- B. Raise capital from the public
- C. Avoid transparency
- D. Ban share sales

8. An AGM is:

- A. Annual meeting for shareholders
- B. A customer focus group
- C. A supplier auction
- D. A bank audit

9. An EGM is usually called:

- A. Every week
- B. For urgent issues
- C. Only for dividends
- D. For staff appraisals

10. A key trade-off of incorporation is:

- A. Less regulation always
- B. More disclosure/auditing costs
- C. No access to finance
- D. No legal status



## **Section C: Data response – Fast-growing app company considering IPO (15 marks)**

A fast-growing delivery app is currently privately held. It wants to expand internationally and invest heavily in technology. Founders want to keep control, but the business needs significant capital and faces rising competition.

1. Analyse the impact of becoming publicly held on control and finance. (6)

2. Evaluate whether the business should remain privately held or go public. (9)

## **Section D: Extended response (10 marks)**

Answer ONE question.

1. Discuss how shareholder power can influence company decisions. (10)
2. Discuss the reasons businesses change legal structure as they grow. (10)

# Answer Key + Marking Guidance

## Section A answers

Q	Ans
1	B
2	B
3	B
4	B
5	A
6	B
7	B
8	A
9	B
10	B

## Sections B–D indicative content

- Limited liability encourages investment by limiting loss; protects personal assets; improves investor/lender confidence.
- Going public: +large capital, liquidity, profile; -dilution/loss of control, more regulation/transparency, takeover risk.
- Shareholders own shares; stakeholders are affected groups (employees, customers, community).
- Case: IPO raises funds but may dilute founders; staying private protects control but may limit capital; judgement based on strategy and timing.
- 10-mark: balanced evaluation and criteria-based conclusion.

## Assessment rubric (10-mark responses)

Level	Descriptor
1–3	Descriptive; limited terms; weak example; weak judgement.
4–6	Clear explanation; some analysis; relevant example(s); some balance.
7–8	Strong analysis; good case use; both sides; justified conclusion.
9–10	Sophisticated evaluation; key terms integrated; criteria-based judgement.