

Objective 9 Quiz

Form of Business	Advantage	Disadvantage
Sole Proprietorship	Simplest Form of Doing Business	No separation between sole proprietor's personal finance and that of the business Business ends with the death of the owner
Partnership	Allows for two or more people to own a business	Each partner is liable for their part of the business
Corporation	Creates a business that is its own legal entity Ownership of the business can change hands without interrupting the business	Is more expensive to establish

What are the advantages of a market survey?

A market survey can help identify factors that will lead to the success of a business. Many questions can be answered through a market survey: What is the extent of the market area? Is there an established desire for the products or services of the business or must one be created? How strong is the economy of the market area? How many similar businesses are already established in the market area? How good is the existing competition? Can qualified employees be attracted and retained?

What are three sources of capital when starting a business?

Using your own money, borrowing money, reinvesting profits into the business

What factors should be considered when selecting a business site?

Size, Natural Features, Zoning regulations, Utilities, Access, Compatibility, Merchants' Associations, Lease Agreements, Cost of Acquisition

The two types of advertising are Immediate Response Advertising and Attitude Advertising.

Give an example of each:

Promotion – Sending greeting cards, complimentary plants, or other gifts to important customers at holiday time

Public Relations – Writing an article about plants, flowers, or landscaping for the local newspaper

What are four characteristics of a good record system?

1. Simple to use and structure to fit the needs of the particular business it serves.
2. Easily understood by the person(s) who make decisions on behalf of the business.
3. Accurate and consistent.
4. Able to provide current information whenever needed.

What four types of records are generally kept for an ornamental horticulture business?

Sales, cash receipts, cash expenditures, accounts receivable

There are two parts to a financial statement: a balance sheet and a profit-and-loss statement.

b Profitability

a. ability of a company to pay its bills when they are due

a Liquidity

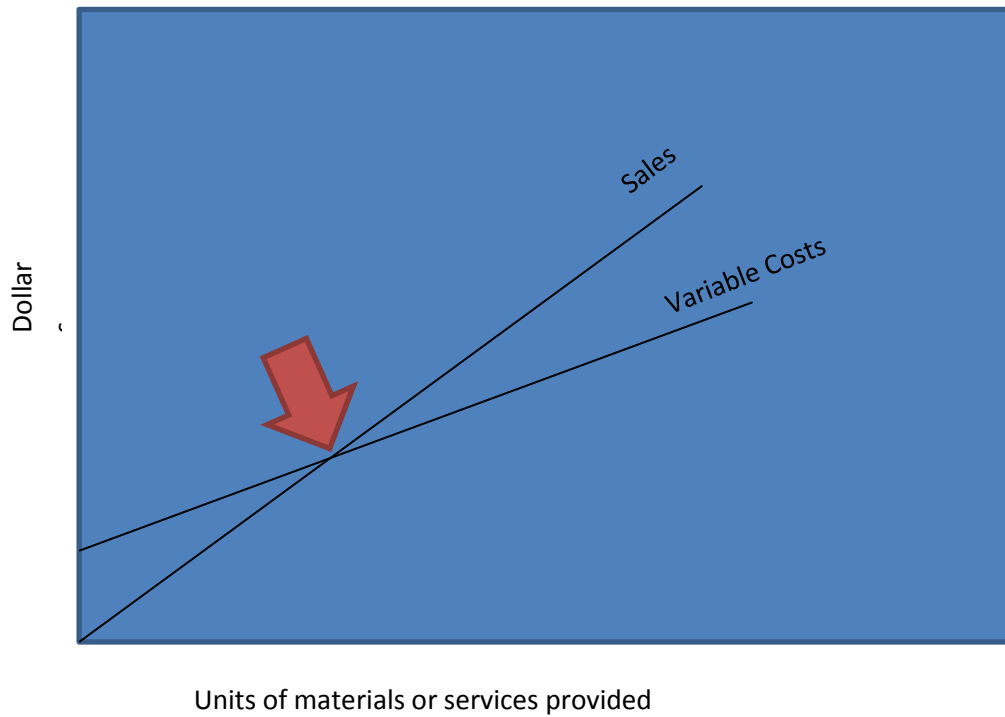
b. ratios that relate profits to total assets, or gross income, or other quantities

c Leverage

c. comparison of the company's debt with parameters such as total assets or net worth

$$\text{Price} = \text{Materials} + \text{Labor} + \text{Overhead} + \text{Profit}$$

What is the point is the arrow pointing to in the graph below? **Break-Even Point**



$$\text{Equity} = \text{Total assets} / \text{Total liabilities}$$