

Activity 1

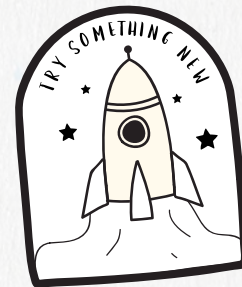
THE BUILDING BLOCKS OF STOCKS

PART 1: SHARED OWNERSHIP

To understand more clearly how stock ownership works, consider the following scenario. You and four friends want to start a lawn and landscape business. You will need to purchase equipment such as mowers, trimmers, and assorted lawn tools to get started. You calculate that it will cost \$1,000 to cover all startup costs. None of you has enough money to start the business on your own, so you agree that everyone will contribute what he or she can by purchasing shares of ownership. You divide the \$1,000 up and decide that there will be 20 shares, each selling for \$50. In order to be part owner of the business, each person will have to purchase a minimum of one share.

This chart shows how many shares each person purchases. Use a calculator to complete the chart, then answer the questions.

Shareholder	Shares Per Person	Percentage of Ownership	Value of Shares
You	5	%	\$
Friend 1	3	%	\$
Friend 2	6	%	\$
Friend 3	4	%	\$
Friend 4	2	%	\$
Total	20	%	\$



1. How did you calculate the percentage of ownership for each shareholder? Describe the mathematical steps for doing this or the formula you used.

2. How did you calculate the value of shares for each shareholder? Describe the mathematical steps for doing this or the formula you used.

3. Which shareholder has the greatest percentage of ownership in the company?
