

Glencoe Accounting

Chapter 2: The World of Business and Accounting

I-Summary

In this chapter, you learned about service, merchandising, and manufacturing businesses. All are types of companies you likely encounter every day. These businesses seek to earn a profit to be successful.

Each operation must choose the form of business organization most suitable to its needs. The sole proprietorship, partnership, and corporation carry unique advantages and disadvantages. Whatever the choice of business organization, all firms require an accounting system and prepare financial reports to inform internal and external users.

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I-Quiz

1. In which form of business do all profits go to *one* owner?
 - A. partnership
 - B. sole proprietorship
 - C. corporation
2. Which of the following represents an advantage of the *corporate* form of business organization?
 - A. fewer regulations to follow
 - B. easier to start
 - C. owners enjoy limited liability
3. Dell's Pet Grooming Company is an example of which kind of business?
 - A. service
 - B. merchandising
 - C. manufacturing
4. To which group does accounting provide financial information?
 - A. owners
 - B. employees
 - C. both A and B

Answer Key

1. B
2. C
3. A
4. C