


I2A QUIZ REVIEW



ENTREPRENEUR

- ▶ A person who takes a risk to produce goods and services in search of a PROFIT!
 - ▶ (Someone who starts a business)
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BASIC BUSINESS STRUCTURES

- ▶ Proprietorship


- ▶ Partnership

- ▶ Corporation


PROPRIETORSHIP

- ▶ One Owner
- ▶ Owner gets to keep all the profits
- ▶ Owner is responsible for all risks
 - ▶ So if a business fails or is in debt then the single owner is the one who have to pay for it

PARTNERSHIP

- ▶ Business with **2 OR MORE** owners
 - ▶ Profits are shared among the owners
 - ▶ Risks are shared among the owners
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CORPORATION

- ▶ A business organization that is authorized by law to act as a legal person regardless of the number of owners
 - ▶ Owners share the profits between all those that invested money into the business
 - ▶ Profits depend on how much was invested
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CORPORATIONS

- ▶ Owners invest money into the business and if the business fails, they lose their investment.
- ▶ Their liability is their investment. Meaning when a person chooses to invest their money into a business, they are agreeing to accept the responsibility (liability) of being held accountable for all the risks associated with that investment (mostly accepting that they can lose their money).

RISK AND INVESTING

- ▶ The least risky type of business to invest in is a corporation because they are generally established business with a solid foundation
- ▶ The most risky type of business to invest in is a Proprietorship because they can fail a lot faster than a corporation yet they do have the possibility to produce a greater profit.
 - ▶ It is high risk or high reward for proprietorships

REMEMBER!

- ▶ There is always a risk when investing your money