

GUIDED READING Activity 8-3

For use with textbook pages 218–223

THE CORPORATE WORLD AND FRANCHISES

FILLING IN THE BLANKS

Directions: Use your textbook to fill in the blanks using the words in the box. Some words may be used more than once.

corporation	stock	limited liability
articles of incorporation	corporate charter	fee
franchise	dividend	sole proprietor
partnership	board of directors	taxes

Introduction/Corporations and Their Structure

As a **1** _____, one keeps all the profits. In a **2** _____, the profits are shared with one or several people. In a **3** _____, profits are shared among thousands of shareholders. A **4** _____ is an organization owned by many people but treated by law as though it were a person. **5** _____ represents ownership rights to a certain portion of the profits and assets of the company issuing the stock.

One of the major advantages of a corporation is **6** _____, which limits the responsibilities for the owner of the company. A major disadvantage of corporations is that they pay more **7** _____ than other businesses. Corporations must register with the government, sell **8** _____, and elect a board of directors. When registering the corporation, one must file the **9** _____, which lists the basic information of the company. If the articles are agreed to by the state, the state will issue the corporation a **10** _____—a license to operate from that state. Common **11** _____ gives an investor part ownership in a corporation. Yet, it does not guarantee a **12** _____, or a money return on the investment. Preferred **13** _____ does not give one voting rights in a corporation, but it guarantees a certain amount of dividend each year. To become incorporated, a company must elect a **14** _____. The board is responsible for general supervision and control of the **15** _____.

Franchises

A **16** _____ is a contract in which a franchisor sells to another business the rights to use its name and sell its products. The person who buys these rights pays a **17** _____ to the franchisor that may include a percentage of all money taken in.