

Financial statements are typically prepared for a specific entity, or circumscribed area of accountability. There are a variety of legal forms of entities.

- (a) What is the fundamental accounting equation, and how does the legal form of entity impact the basic equation?
- (b) What three entity forms were broadly identified in the textbook? How does the entity form influence the reporting of assets, liabilities, and equity?
- (c) Conduct internet research into other forms of entities (LLP, LLC, etc.). Why are there so many different types of entities, and does this newly discovered information change your answer to parts (a) or (b).