

Forms of Business Organisation

Question 1.

Which of the following statement is NOT true about a minor partner?

- (a) He has to bear losses also
- (b) He can inspect books of accounts
- (c) He has an option to continue with a firm even after attaining majority
- (d) He shares only profits

▼ [Answer](#)

Answer: (a) He has to bear losses also

Question 2.

_____ company needs to have only two directors.

- (a) Public Company
- (b) Sole Proprietorship
- (c) Private Company
- (d) None of the above

▼ [Answer](#)

Answer: (c) Private Company

Question 3.

Which of the following contract is signed by the promoters with the third party on behalf of the proposed company?

- (a) Preliminary contracts
- (b) Provisional contract
- (c) Prospectus
- (d) Memorandum of association

▼ [Answer](#)

Answer: (a) Preliminary contracts

Question 4.

Which one of the following is the CORRECT sequence of stages in the formation of a company?

- (a) Promotion, incorporation, capital subscription, the commencement of business
- (b) Incorporation, capital subscription, promotion, the commencement of business
- (c) Promotion, the commencement of business, incorporation, capital subscription
- (d) Promotion, Incorporation, Certificate of commencement, capital subscription

▼ [Answer](#)

Answer: (a) Promotion, incorporation, capital subscription, the commencement of business

Question 5.

Which of the following business enterprises does not have a separate legal entity?

- (a) Sole Proprietorship
- (b) Partnership
- (c) Company
- (d) Cooperative Society

▼ [Answer](#)

Answer: (a) Sole Proprietorship

Question 6.

_____ company does not invite the public to subscribe to its share capital.

- (a) Both Private and Public Company
- (b) Public Company
- (c) Private Company
- (d) None of the above

▼ [Answer](#)

Answer: (c) Private Company

Question 7.

Which of the following cooperative society is established to help small producers in selling their products?

- (a) Producer cooperative society
- (b) Marketing cooperative society
- (c) Credit cooperative society
- (d) Consumers cooperative society

▼ [Answer](#)

Answer: (a) Producer cooperative society

Question 8.

The maximum number of partners allowed in the banking business are

- (a) Ten
- (b) No limit
- (c) Twenty
- (d) Two

▼ [Answer](#)

Answer: (a) Ten

Question 9.

At least 10 adults, no maximum limit in case of _____

- (a) Joint Hindu Family
- (b) Cooperative Society

- (c) Company
- (d) Partnership

▼ [Answer](#)

Answer: (b) Cooperative Society

Question 10.

It is a form of business organization which is owned, managed, and controlled by an individual who is the recipient of all profits and bearer of all risks. Identify the concept.

- (a) Sole Proprietorship
- (b) Cooperative Society
- (c) Joint Hindu family business
- (d) Partnership

▼ [Answer](#)

Answer: (a) Sole Proprietorship

Question 11.

What do you understand by the term unlimited liability?

- (a) The personal assets of the owner can be sold when the assets of the business are not enough to
- (b) The personal assets of the owner cannot be sold at all
- (c) The personal assets of the owner can be sold, according to the wish of the creditors
- (d) The personal assets of the owner can be sold, only to a limited extent

▼ [Answer](#)

Answer: (a) The personal assets of the owner can be sold when the assets of the business are not enough to

Question 12.

Provision of residential accommodation to the members at reasonable rates is the objective of:

- (a) Housing Cooperative
- (b) Producers Cooperative
- (c) Sleeping Partner
- (d) Credit Cooperative

▼ [Answer](#)

Answer: (a) Housing Cooperative

Question 13.

Hindu Succession Act was passed in _____

- (a) 1960
- (b) 1956
- (c) 1952
- (d) 1932

▼ [Answer](#)

Answer: (b) 1956

Question 14.

A prospectus is issued by

- (a) Public company
- (b) Private company
- (c) Statutory Corporation
- (d) Departmental undertaking

▼ [Answer](#)

Answer: (a) Public company

Question 15.

A partner whose association with the firm is unknown to the general public is called

- (a) Active partner
- (b) Nominal partner
- (c) Secret partner
- (d) Sleeping partner

▼ [Answer](#)

Answer: (c) Secret partner

Question 16.

Which of the following forms of business enterprises suffer from a lack of public confidence because they are not required to publish their accounts legally?

- (a) Partnership
- (b) Cooperative Society
- (c) Company
- (d) None of the above

▼ [Answer](#)

Answer: (a) Partnership

Question 17.

A company cannot come into existence without

- (a) Issuing prospectus
- (b) Electing directors
- (c) Certificate of incorporation
- (d) All of the above

▼ [Answer](#)

Answer: (c) Certificate of incorporation

Question 18.

Every partner is both an agent and a principal. Identify the characteristic of the partnership being referred here.



- (a) Mutual Agency
- (b) Risk Bearing
- (c) Membership
- (d) Formation

▼ [Answer](#)

Answer: (a) Mutual Agency

Question 19.

Which of the following is not a feature of a Joint Stock Company?

- (a) Artificial person
- (b) Separate legal entity
- (c) Formation
- (d) Lack of business continuity

▼ [Answer](#)

Answer: (d) Lack of business continuity

Question 20.

The life of sole proprietorship business is _____

- (a) Very short life
- (b) Stable
- (c) Long life
- (d) Unstable

▼ [Answer](#)

Answer: (d) Unstable

Question 21.

The partnership deed generally includes the following

- (a) Name of firm
- (b) Nature of business
- (c) Location of business
- (d) All of the above

▼ [Answer](#)

Answer: (d) All of the above

Question 22.

The form of business organization that has the largest sales volume is the:

- (a) Partnership
- (b) Corporation
- (c) Cooperative
- (d) Multinational

▼ [Answer](#)

Answer: (b) Corporation

Question 23.

A prospectus is issued by

- (a) A public company seeking investment, from public
- (b) A private company
- (c) A public company
- (d) A public enterprise

▼ [Answer](#)

Answer: (a) A public company seeking investment, from public

