

## Forms of Business Organisation

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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

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Question 13.

Hindu Succession Act was passed in \_\_\_\_\_

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

▼ [Answer](#)

Answer: (b) 1956

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Question 14.

A prospectus is issued by

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

▼ [Answer](#)

Answer: (a) Public company

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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

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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

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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

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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

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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

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Question 20.

The life of sole proprietorship business is \_\_\_\_\_

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

▼ [Answer](#)

Answer: (d) Unstable

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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

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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

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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

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