

3 Lecture - MGT211

Important Mcqs

1. **What is a sole proprietorship?**
- a) A business owned by multiple people
 - b) A business owned by an individual
 - c) A non-profit organization
 - d) A corporation

Answer: b) A business owned by an individual

2. **What is the main advantage of a sole proprietorship?**
- a) Limited liability
 - b) Separate legal entity
 - c) Flexibility
 - d) Ability to raise capital

Answer: c) Flexibility

3. **Which of the following is a disadvantage of a sole proprietorship?**
- a) Limited liability
 - b) Ability to raise capital
 - c) Flexibility
 - d) Easy to form

Answer: b) Ability to raise capital

4. **Who is responsible for all debts and liabilities in a sole proprietorship?**
- a) The employees
 - b) The customers
 - c) The owner
 - d) The government

Answer: c) The owner

5. **Which of the following is not a legal requirement for starting a sole proprietorship?**
- a) Registering the business
 - b) Obtaining business licenses and permits
 - c) Opening a separate bank account
 - d) Hiring a lawyer

Answer: d) Hiring a lawyer

6. **Which of the following is a tax advantage of a sole proprietorship?**
- a) Lower tax rates
 - b) Higher tax rates

- c) No tax liability
- d) No tax reporting requirements

Answer: a) Lower tax rates

7. Which of the following is an example of a sole proprietorship?

- a) Coca-Cola
- b) Apple Inc.
- c) John's Lawn Care Services
- d) General Electric

Answer: c) John's Lawn Care Services

8. What is the biggest disadvantage of a sole proprietorship?

- a) Limited liability
- b) No control over the business
- c) Difficulty in obtaining financing
- d) High tax rates

Answer: c) Difficulty in obtaining financing

9. Which of the following is not a characteristic of a sole proprietorship?

- a) Easy to form
- b) Separate legal entity
- c) Unlimited liability
- d) Owner has complete control over the business

Answer: b) Separate legal entity

10. Which of the following is a personal benefit of owning a sole proprietorship?

- a) Limited liability
- b) Separate legal entity
- c) No personal liability for business debts
- d) Ability to make all business decisions

Answer: d) Ability to make all business decisions