# 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