

# 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**