1 Lecture - MGT401

Important Subjective

- 1. What are the advantages of a sole proprietorship? Answer: Advantages of a sole proprietorship include ease of formation, direct control by the owner, and simplified taxation.
- 2. What are the disadvantages of a partnership? Answer: Disadvantages of a partnership include unlimited personal liability and potential for disputes between partners.
- 3. What are the advantages of an LLC? Answer: Advantages of an LLC include limited personal liability, pass-through taxation, and flexibility in management structure.
- 4. What is double taxation, and how does it affect corporations? Answer: Double taxation refers to the taxation of corporate profits at both the corporate level and the individual level. It affects corporations by reducing profits available for distribution to shareholders.
- 5. What is a cooperative, and how does it differ from other types of business entities? Answer: A cooperative is a type of business entity that is owned and operated by its members, who share in the profits and decision-making. It differs from other types of business entities in that it prioritizes the well-being of its members over profit.
- 6. What is a limited liability partnership (LLP)? Answer: A limited liability partnership is a type of partnership where partners have limited personal liability for the actions of other partners.
- 7. What are the advantages of a corporation? Answer: Advantages of a corporation include limited personal liability, the ability to raise capital through stock offerings, and a more complex management structure.
- 8. What are the disadvantages of a sole proprietorship? Answer: Disadvantages of a sole proprietorship include unlimited personal liability and difficulty in raising capital.
- 9. What is the difference between a general partnership and a limited partnership? Answer: In a general partnership, all partners have unlimited personal liability and share in decision-making and profits. In a limited partnership, there are both general partners with unlimited personal liability and limited partners with limited personal liability who do not participate in decision-making.
- 10. What are the advantages of a cooperative? Answer: Advantages of a cooperative include shared decision-making and profits among members and a focus on the well-being of members rather than profit.