

1. Which of the following is not an advantage of a sole proprietorship?

- a. flexibility of organization management
- b. easy entrance
- c. limited liability and
- d. secrecy

2. Sole proprietorships are least common among

- a. manufacturers
- b. retailers
- c. service businesses
- d. farmers

3. Which of the following is an advantage of a partnership over a sole proprietorship?

- a. limited financial liability partners
- b. ease of entry
- c. greater borrowing for the power
- d. unlimited life span

4. All of the following are disadvantages of the sole proprietorship except

- a. unlimited liability
- b. the difficulty most people have in establishing them
- c. high interest rates and the difficulty owners confront in borrowing money
- d. limited life and heavy dependence upon a single person

5. Top officers of a corporation are elected by and can be removed by

- a. shareholders
- b. the board of directors
- c. the chairman of the board
- d. none of the above

6. Under what type of partnership is a person's liability limited to the amount of his or her investment?

- a. limited partnership
- b. general partnership
- c. corporate partnership
- d. every partnership

7. The owners of a corporation are known as the

- a. board of directors
- b. chief executive officers
- c. shareholders
- d. creditors

8. Success in a sole proprietorship generally requires

- a. individual initiative
- b. hard work
- c. self-reliance
- d. all of the above

1. Which of the following is true concerning corporations?

- a. To be incorporated, an organization must be designed to make a profit.
- b. A corporation must sell its shares on the open market.
- c. A corporation must make public reports on its financial condition.
- d. Corporations have limited liability.

2. Unlimited liability means that any damages or debt attributed to the business can be attached to the

- a. stockholders
b. board of directors
- c. owners
d. creditors
- 3. A legal association of two or more persons as co-owners in a business is called**
a. cooperative
b. corporation
c. sole proprietorship
d. partnership
- 4. The board of directors of a corporation is elected by the**
a. company officers
b. voting stockholders
c. employees
d. chief executive officers
- 5. As a practical matter, the entity that has ultimate authority in guiding corporate affairs and making general policy is the**
a. company president or executive officer
b. stockholders
c. board of directors chief
d. company lawyers
- 6. The owners of a business can sell their interest in a business with the least amount of trouble in a**
a. sole proprietorship
b. partnership
c. public corporation
d. nonprofit corporation
- 7. Conflict among the owners in a business is most likely occur in**
a. sole proprietorships
b. partnerships
c. public corporations
d. nonprofit corporation
- 8. Partnerships are most common in which of the following?**
a. commercial or industrial firms
b. professional and financial services
c. retail stores
d. discount houses
- 9. Which form of business ownership accounts for the most money and has the most power?**
a. sole proprietorships
b. partnerships
c. corporations
d. None. They are all about equal.
- 10. Which of the following is not a characteristic of public corporations?**
a. limited life span
b. the ability to raise large money quickly
c. limited liability
d. the ability to attract high- sums of quality personnel
- 11. The first issues are floated in**
a) Primary market
b) Secondary market
c) Commodity market
d) Regulated market
- 12. Stock exchanges deal in**
a) Goods
b) Services
c) Financial securities
d) Country's currency
- 13. Stock exchange allow trading in**
a) All types of shares of any company
b) Bonds issued by the Government
c) Listed securities
d) Unlisted securities
- 14. A pessimistic speculator is**
a) Stag
b) Bear
c) Bull
d) Lame duck
- 15. An optimistic speculator is**
a) Bull
b) Bear
c) Stag
d) Lame duck
- 16. A bull operator believes in**
a) Increase in prices
b) Decrease in prices
c) Stability in prices
d) No change in prices
- 17. A stock exchange is a place to**
a) Exchange one security for another
b) Buy and sell financial securities

c) Float new shares

d) Buy and sell stock of goods