

Financial Accounting

Lesson 1 Quiz

Q.1 Which business type can only be owned by 1-person?

- Sole-Proprietorship
- Partnership
- Corporation

Q.2 Which business entities allows 2 or more owners? (Hint: more than 1 answer)

- Sole-Proprietorship
- Partnership
- Corporation

Q.3 Which business entity has a "life" on its own? [ie. can continue even with death of owner(s)]

- Sole-Proprietorship
- Partnership
- Corporation

Q.4 When business fails, which business entities that owner(s) personal assets may be demanded by banks? (Hint: more than 1 answer)

- Sole-Proprietorship
- Partnership
- Corporation

Q.5 When a joint owner runs away, which business entity that other owner(s) personal assets be demanded by banks when the business fails?

- Sole-Proprietorship
- Partnership
- Corporation

Q.6 Which business entity that an owner's maximum monetary risk in the business is limited by the amount he/she has already invested?

- Sole-Proprietorship
- Partnership
- Corporation

Q.7 Which type of business entity is the most expensive to get registered (or set up)?

- Sole-Proprietorship
- Partnership
- Corporation

**Q.8 Which business entities where the business profits will be taxed at personal income tax rate?
(Hint: more than 1 answer)**

- Sole-Proprietorship
- Partnership
- Corporation

Q.9 Which business entity will surely terminate upon the death of the owner?

- Sole-Proprietorship
- Partnership
- Corporation

Q.10 Which business entity has the most legal & finance requirements to fulfill on a yearly basis?

- Sole-Proprietorship
- Partnership
- Corporation

Q.11 The owners of a corporation are referred to as:

- partners
- shareholders
- limited partners
- officers

Q.12 What is the worst disadvantage about a sole proprietorship?

- The owner is personally liable for all debts, judgments and expenses of the business.
- You can't have any employees
- It is only suited for service businesses.
- It cannot export to foreign countries.

Q.13 The major policy and financial decision makers of a corporation are determined by the...

- CEO/GM/President
- Chairman of the Board
- Shareholders
- Board of Directors

Q.14 These people utilize their own money and resources to invest into a company.

- Owners
- Regulatory agencies
- Creditors
- Potential Investors

Q.15 What is the maximum number of members to invest in a public limited company?

- Unlimited
- 1 to 2 person
- 2 to 20 person
- 1 to 100 person

Q.16 The owners of a corporation are referred to as:

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- shareholders
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Q.17 What is the worst disadvantage about a sole proprietorship?

- The owner is personally liable for all debts, judgments and expenses of the business.
- You can't have any employees
- It is only suited for service businesses.
- It cannot export to foreign countries.

Q.18 Steven and his brothers want to start a plumbing business together. What is an advantage of organizing the business as a partnership rather than a corporation?

- Partnerships can start up quickly.
- Partnerships can issue stock to raise money.
- Partnerships need a legal charter to begin.
- Partnerships have protection from the government.

Q.19 What kind of business is BEST described by these statements? I am the only owner of my business. I take all the risks of doing business. I keep all the profits.

- proprietorship
- corporation
- partnership
- cooperative

Q.20 An entrepreneur:

- enforces government regulations
- takes the risk to earn profit
- sets the interest rates at banks
- manages financial investments

Q.21 In a corporation, owners share profit, but liability is limited to -

- investment
- distribution
- theft
- production

Q.22 A form of business organization that is authorized to act as a legal entity regardless of the number of owners.

- corporation
- proprietorship
- partnership
- distributor

Q.23 What is a disadvantage of partnerships?

- ease of formation
- owners share responsibilities
- limited liability
- possibility of personality conflict

Q.24 What is the advantage of corporations?

- minimal government regulation
- limited liability
- short life span
- has one owner

Q.25 Nike, IBM, and Google are examples of:

- partnership
- franchise
- corporation
- partnership

Q. 26 Users need financial Information to allow them to make decisions. Which group of users might use financial information to answer this question? Can we afford to give our employees a pay raise?

- Human Resource
- Finance
- Management
- Labour Union

Q. 27 Users need financial Information to allow them to make decisions. Which group of users might use financial information to answer this question? Did the company earn a satisfactory income?

- Creditors
- Finance
- Management
- Investors

Q. 28 Users need financial Information to allow them to make decisions. Which group of users might use financial information to answer this question? Do we need to borrow in the near future?

- Creditors
- Finance
- Management
- Investors

Q. 29 Users need financial Information to allow them to make decisions. Which group of users might use financial information to answer this question? How does the company's profitability compare to other companies?

- Creditors
- Finance
- Management
- Investors

Q. 30 Users need financial Information to allow them to make decisions. Which group of users might use financial information to answer this question? Which product should we produce or sell more?

- Customers
- Finance
- Management
- Marketing