



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet No: 1	Topic: Forms of Business Organisation PART - 1

Multiple Choice Questions Tick the appropriate answer

- Which type of business organisation is the most popular and suitable for Small business.
a) Joint Hindu Family c) Partnership b) Sole Proprietorship d) Cooperative society
- The maximum no. of members in a partnership business is.
(a). 7 (b). 20 (c). 10 (d). 50
- A sleeping partner is otherwise known as.
(a). Nominal partner (b). Dormant partner (c). Partner by estoppel (d). Limited partner
- Which form of organisation is suitable if direct control over operations & absolute decision-making power is required in business?
a) Joint Stock Co. b) cooperative society c) Sole proprietorship d) HUF
- The karta in Joint Hindu family business has
(a) Limited liability (b) Unlimited liability (c) No liability for debts (d) Joint liability
- Profits do not have to be shared. This statement refers to
(a) Partnership (b) Joint Hindu family business (c) Sole proprietorship (d) Company
- The Head of the joint Hindu family business is called
(a) Proprietor (b) Director (c) Karta (d) Manager
- A partner whose association with the firm is unknown to the general public is called
(a) Active partner (b) Sleeping partner (c) Nominal partner (d) Secret partner
- Name any two factors that can lead to closure of business in sole proprietorship
- For which type of business, sole proprietorship form is more suitable?
- Name the act that governs the partnership business
- What aspect helps in reducing burden and stress on an individual partner?
- When can a partnership firm get itself registered?
- What is limited liability partnership?

15. Name the partner who does not have interest in the partnership business but lends his name to the firm

16. Classify partnership on the basis of duration

17. 'It dissolves automatically when the purpose for which it was formed is fulfilled'. Identify the type of partnership

18. Seeing the demand for IT services you want to expand your solely owned 'IT Solution' as a partnership firm. How many members at the maximum can you have for your business?

19. In order to enter into partnership, a clear agreement with respect to the terms, conditions and all aspects concerning the partners is essential so that there is no misunderstanding later among the partners. Such an agreement can be oral or written. The written agreement which specifies the terms and conditions that govern the partnership is called -----

True/False Questions

20. A co-parcener has unlimited liability

21. It is compulsory to register a partnership firm.

22. A JHUF business dissolves on the death of Karta.

23. A minor can be a co-parcener.

24 A Sole proprietorship business continues even after the death of the owner.

25. A friend of a coparcener frequently visits the family doing a hindu family business. Can he become a coparcener in future?

26. There is a separate law that governs sole proprietorship

27. In sole proprietorship business operations are confidential and secret

28. Sole proprietor bears profit and loss individually.

29. Match the Column on the basis of features of Hindu Undivided Family-

(i) continuity

a) Karta takes all the decisions

(ii) Control

b) Does not require any agreement

c)Remain even after the death of Karta.

30. Match the business organization on the basis of their features

HUF Business - Mutual Agency

Partnership

- Minor members allowed

- Limited liability



31. Name the type of Business



32. Name the type of Partner



33. Describe the liability of a nominal partner.



34. Name the type of partnership



35. Name the feature of partnership business.

Answer the questions:

36. In which form of organisation is a trade agreement made by one owner binding on the others?
Give reasons to support your answer

37. The business assets of an organisation amount to Rs. 50,000 but the debts that remain unpaid are Rs. 80,000. What course of action can the creditors take if?

- (a) The organisation is a sole proprietorship firm
- (b) The organisation is a partnership firm with Anthony and Akbar as partners. Which of the two partners can the creditors approach for repayment of debt? Explain giving reasons

38. Suppose the total outside liabilities of XYZ drycleaner, a sole proprietorship firm, are Rs. 80,000 at the time of dissolution, but its assets are Rs. 60,000 only. In such a situation the proprietor will have to bring in Rs. 20,000 from her personal sources even if she has to sell her personal property to repay the firm's debts

Which feature of sole proprietorship is indicated above and explain

39. "The relation between persons who have agreed to share the profit of the business carried on by all or any one of them acting for all."

- a) Identify the form of organization
- b) Explain any two merits and demerits of this form of organization.
- c) Explain the different types of the identified form of organization

40. Identify the types of partners:

- a) Partners who do not take part in the day to day activities of the business however, contributes capital to the firm, shares its profits and losses, and has unlimited liability.
- b) Partner is one who allows the use of his/her name by a firm, but does not contribute to its capital. He/she does not take active part in managing the firm, does not share its profit or losses but is liable, like other partners, to the third parties, for the repayments of the firm's debts.
- c) Suppose Rekha is a friend of Sandya who is a partner in a firm ABC Solutions. On Sandya's request, Rekha accompanies her to a business meeting with XYZ company and actively participates in the negotiation process for a business deal and gives the

impression that she is also a partner in ABC Solutions. If credit is extended to ABC Solutions on the basis of these negotiations, Rekha would also be liable for repayment of such debt, as if she is a partner of the firm.

41. Despite limitation of size and resources, many people prefer sole proprietorship over other forms of organization. Explain.
42. What are the consequences of non – registration of partnership firm?
43. Enumerate the contents in a partnership deed
44. What is the procedure for registering a partnership firm?