

M.K.G CA EDUCATION

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CA FOUNDATION

Assignment

Business and Commercial Knowledge

Introduction Business & Commercial Knowledge

1. Consider the following table showing columns for the nature of economic occupation and the corresponding characterization of income. And, then, choose the right solution option from the alternatives given below the table.

Economic Occupation	Income Characterisation
i. Employment	a. Profit
ii. Profession	b. wages & Salaries
iii. Business	c. Interest
iv. Land/Property Rental	d. Rent
v. Lending	e. Fees

- (a) i-b; ii-e; iii-a; iv-d; v-c
(b) i-c; ii-d; iii-e; iv-a; v-b
(c) i-a; ii-b; iii-c; iv-d; v-e
(d) i-b; ii-c; iii-d; iv-e; v-a
2. The income of a profession is called
(a) Fee
(b) Profit
(c) Wage
(d) Salary
3. In employment a person receives
(a) Salary
(b) Dividend
(c) Profit
(d) Fee
4. Income of a business is called
(a) Fee
(b) Profit
(c) Wage
(d) Salary
5. Which of the following statements distinguishes business from entrepreneurship?
(a) Entrepreneurs seek out new opportunities and pursue innovative
(b) Entrepreneurs are the business owners too

- (c) All business owners are entrepreneurs too
 (d) (b) and (c)
6. Which of the following statements does not comprise business activity?
 (a) Steel furniture industry
 (b) Domestic appliances industry
 (c) Sale of old furniture by a household for a profit
 (d) A carpenter made furniture for its domestic use
7. Which of the following is not a business activity:
 (a) A teacher teaching his daughter at home
 (b) A painter painting houses of others
 (c) A housewife selling old newspapers
 (d) A person selling vegetables in your locality
8. In which of the following occupations services of specialised nature are provided for fee
 (a) Profession
 (b) Farming
 (c) Employment
 (d) Business
9. Which of the following occupations involve maximum risk
 (a) Profession
 (b) Teaching
 (c) Employment
 (d) Business
10. Which of the following statements best describe economic activities
 (a) These activities involve no risk
 (b) These activities involve working outside the house.
 (c) These activities are undertaken to earn money
 (d) These activities provide pleasure
11. Which of the following is not an economic objective of the firm?
 (a) Profits and return on investment
 (b) Conservation of natural resources
 (c) Sales growth
 (d) Improvement in market share
12. Trading implies buying for the purposes of selling. Applying this criterion, tell which of the following activities would not qualify as trading?
 (a) Buying from the retailer for self-consumption
 (b) Purchase of raw materials from the suppliers for further processing in the factory
 (c) Purchase of goods in bulk quantity from the manufacturer and sale in smaller quantities to the retailers
 (d) Buying from the wholesaler and selling it to the consumers
13. Which of the following occupations requires rendering of services based upon specialised knowledge and membership of an accreditation and assessment body?
 (a) Business
 (b) Agriculture
 (c) Employment
 (d) Profession
14. The head of the joint Hindu family business is called

- (a) Karta
 - (b) Member
 - (c) Partner
 - (d) Manager
15. The maximum number of partners in a partnership firm can be:
- (a) 50
 - (b) 100
 - (c) 10
 - (d) 20
16. The occupation in which people work for others and get remunerated in return is known as:
- (a) Profession
 - (b) Business
 - (c) Employment
 - (d) None of these
17. Which of the following statements describes the best Joint Hindu/Hindu Undivided Family (HUF) Business?
- (a) In HUF businesses, there is a family involvement in business
 - (b) It is a form of business particular to and recognized as such in India
 - (c) Every family business is in fact a HUF Business
 - (d) Either (a) or (b)
18. The capital of a company is divided into number of parts, each one of which is called
- (a) Interest
 - (b) Share
 - (c) Dividend
 - (d) Profit
19. The form of business organisation in which there is separation of ownership and management is called
- (a) Company
 - (b) Partnership
 - (c) Sole proprietorship
 - (d) All these
20. Sustainable development of businesses imply:
- (a) Harmony with nature
 - (b) Consistent economic performance
 - (c) Attention to social problems
 - (d) All of the above
21. Which of the following statements characterises the best non-economic activities?
- (a) These activities are undertaken by ascetics
 - (b) The underlying purpose of these activities is not earning of a livelihood but social, psychological or spiritual satisfaction
 - (c) Non-economic activities do not require any investment of resources
 - (d) These activities do not entail any operational costs
22. The Indian Companies Act provides for the registration of:
- (a) Defunct Company
 - (b) Private Limited and Public Company
 - (c) One Person Company and Small Company
 - (d) All of the above

- 23.** Find the odd one out
A partnership may be formed to carry on:
- (a) Profession
 - (b) Social enterprise
 - (c) Any trade
 - (d) Occupation
- 24.** Find the odd one out
There can be partnership between:
- (a) Natural persons
 - (b) Partnership firms
 - (c) Artificial persons
 - (d) Any combination of natural and artificial persons
- 25.** _____ is a feature of partner form of business.
- (a) Separate legal entity from the firm
 - (b) Limited scope for raising finance
 - (c) The liability of a partner is limited to contribution to capital
 - (d) Registration of partnership is compulsory
- 26.** _____ form of business is/are appropriate for retail business.
- (a) Sole proprietorship
 - (b) Partnership
 - (c) Company
 - (d) Both (a) and (b)
- 27.** Which one of the following does not have perpetual succession?
- (a) Company
 - (b) Statutory Corporation
 - (c) Sole Proprietorship
 - (d) Co-operative Society
- 28.** In a Hindu Undivided Family, liability of _____ is unlimited
- (a) Karta
 - (b) Co-parceners
 - (c) Both a and b
 - (d) Neither a and b
- 29.** In relation to business organization structure, which one of the following is easy to form and wind up?
- (a) A company
 - (b) A sole proprietorship
 - (c) Statutory corporation
 - (d) Public enterprises
- 30.** Which is not a feature of LLP?
- (a) Separate legal entity
 - (b) All LLP have existence for fixed period
 - (c) Partners in an LLP are required to turn into an agreement
 - (d) In an LLP, partners are not liable for the act of other partners
- 31.** Voting right that vests with each member of co-operative society is:
- (a) One member one vote
 - (b) Right to vote in proportion of capital contri
 - (c) Right to vote as mentioned in memorandu

- (d) None of the above
32. Gas Authority of India Limited is an example of:
- (a) Limited liability partnership
 - (b) Private limited company
 - (c) Public enterprise
 - (d) None of the above
33. Which one of the following is the oldest and simplest form of organisation?
- (a) Functional organization
 - (b) Committee organization
 - (c) Line and staff organization
 - (d) Line organisation
34. Which one of the following is treated as a separate legal entity different from its members?
- (a) Sole proprietorship
 - (b) Hindu undivided family
 - (c) Partnership
 - (d) Limited liability partnership
35. Why co-operative marketing society is formed?
- (a) To protect the interest of general consumers
 - (b) To sell the product of small farmers and producers
 - (c) To protect the interest of small producers
 - (d) To provide financial support to the members
36. The choice of an appropriate form of business organisation largely depends upon:
- I. Ease of formation
 - II. Continuity and stability
 - III. Liability aspects
- Correct option is -
- (a) I and II
 - (b) II and III
 - (c) I and III
 - (d) I, II and III
37. The minimum number of members required to get a co-operative society registered is-
- (a) 15
 - (b) 20
 - (c) 10
 - (d) 5
38. Which of the following entity is created under an Act of the Parliament or an Act of the State legislature?
- (a) Statutory corporation
 - (b) Government companies
 - (c) Co-operative society
 - (d) Limited Liability Partnership
39. Which form of business organisation has a separate legal entity?
- (a) Hindu Undivided Family (HUF)
 - (b) Co-operative society
 - (c) Partnership firm
 - (d) Sole proprietorship
40. What is the liability of each partner under LLP?

- (a) Limited
 - (b) Unlimited
 - (c) Partially Limited
 - (d) None of the above
41. Which of the following is not a form of organisation?
- (a) Partnership
 - (b) Company
 - (c) Partners
 - (d) Sole Proprietorship
42. Who can be the head of Joint Hindu Family business?
- (a) Karta
 - (b) Co-parcener
 - (c) Manager
 - (d) Director
43. Members of RUF are known as
- (a) Partners
 - (b) Shareholders
 - (c) Members
 - (d) Co-parceners
44. Which amongst the following is a feature of LLP?
- (a) Separate legal entity
 - (b) Unlimited liability
 - (c) No perpetual succession
 - (d) Not a body corporate
45. Head of HUF is known as-
- (a) Karta
 - (b) Co-parceners
 - (c) Manager
 - (d) Head
46. In case of HUF what are liabilities of Co- parcener and Karta –
- (a) Both have unlimited liability
 - (b) Co-parcener's liability is limited while Karta's liability is unlimited
 - (c) Karta 's liability is limited while Co-parcener's liability is unlimited
 - (d) Both have limited liability
47. To form a partnership, the minimum capital contribution should be:
- (a) Rs. 1 Lakh
 - (b) There is no minimum limit
 - (c) Rs. 1 Crore
 - (d) Rs. 5 Lakh
48. The Karta in Joint Hindu Family business has:
- (a) Unlimited liability
 - (b) Joint liability
 - (c) Limited liability
 - (d) No liability for debts
49. The objects and powers of a statutory corporation:
- (a) May not change

- (b) May not be changed easily
 - (c) May change easily
 - (d) None applicable
- 50.** Which corporation has both characteristics i.e. of a partnership and of a separate legal entity?
- (a) Limited Liability Partnership (LLP)
 - (b) Company
 - (c) Partnership
 - (d) Statutory Body
- 51.** Kendriya Bhandar is a:
- (a) Co-operative Credit Society
 - (b) Consumers Co-operative Society
 - (c) Producers Co-operative Society
 - (d) Co-operative Marketing Society.
- 52.** What is Karta's liability in HUF?
- (a) Limited
 - (b) Unlimited
 - (c) Limited by guarantee
 - (d) None of these
- 53.** Which of these is not a statutory corporation?
- (a) RBI
 - (b) SBI
 - (c) LIC
 - (d) Bank of Baroda
- 54.** Liability of other Co-parceners are:
- (a) Limited upto the extent of share except Karta
 - (b) Unlimited upto the extent of share except Karta
 - (c) Unlimited
 - (d) Limited
- 55.** Business undertaking are generally exposed to:
- (a) Risk and uncertainty both
 - (b) Uncertainty only
 - (c) Risk only
 - (d) Neither risk nor uncertainty
- 56.** A Public Corporation has:
- (a) Public ownership
 - (b) Public accountability
 - (c) Business management for public
 - (d) All are applicable
- 57.** The liability of each member. of the Hindu Undivided Family business is:
- (a) Limited to a sum as declared by him in general public
 - (b) Unlimited
 - (c) Limited to the extent of his share in the business except karta
 - (d) Limited to the extent of his share in the business including that of karta.
- 58.** The affairs of a company is overseen by:
- (a) Shareholders
 - (b) Employees

- (c) Board of Directors
 - (d) Dividend Holders
59. In case of Hindu Undivided Family, the individual share of each coparcener:
- (a) depends upon his efficiency
 - (b) keeps changing on the death or birth of parcener
 - (c) is fixed
 - (d) keeps changing annually
60. The size and structure of business depend on many factors which (are):
- (a) In the control of enterprises
 - (b) Arbitrary and random
 - (c) Range from internal to external factors which are beyond the control of enterprises
 - (d) Beyond the control of enterprises
61. Limited Liability Partnership is constituted under _____
- (a) The Companies Act, 2013
 - (b) Limited Liability Partnership Act, 2008
 - (c) Partnership Act, 1932
 - (d) None is applicable
62. In case of Cooperative Societies minimum number of members are:
- (a) 7
 - (b) 2
 - (c) 5
 - (d) 10
63. Sole proprietary business is suitable when market is:
- (a) Non-Existent
 - (b) National
 - (c) Local
 - (d) Global
64. Limited liability partnership is constituted under _____
- (a) Companies Act, 2013
 - (b) Limited Liability Partnership Act, 2008
 - (c) Partnership Act, 1932
 - (d) None is applicable
65. The Companies Act, 2013 provides registration for
- (a) One-person company
 - (b) Small company
 - (c) Defunct Company
 - (d) All of the above
66. Which of the following is not a feature of LP?
- (a) Every partner is agent of LLP
 - (b) Separate Legal entity from its partners
 - (c) Registrar of firm is the administering authority
 - (d) No limit on maximum no. of partners
67. Business as a Institution is
- (a) Job creator
 - (b) Job seeker
 - (c) Both

- (d) None of the above
- 68.** Which of the following is part of HUF?
- (a) Hindu and Sikh Family
 - (b) Parsi Family
 - (c) Both (a) and (b)
 - (d) None of the above
- 69.** Which of the following is organic objective of business?
- (a) Fitness of Human Resources
 - (b) Community Service
 - (c) Effective waste handling and disposal
 - (d) Economic Value Added
- 70.** Which of the following statement is correct with respect to HUF
- (a) HUF earns income from salary
 - (b) Four successive generations of an undivided family
 - (c) HUF enjoys a separate entity status under Income Tax Act, 1961
 - (d) All of the above
- 71.** The attribute of a profession does not include
- (a) Certificate of service from government
 - (b) Self-imposed code of conduct
 - (c) Rendering of specialised nature of services
 - (d) All of the above

ANSWER KEY

1.	A
2.	A
3.	A
4.	B
5.	D
6.	D
7.	A
8.	A
9.	D
10.	C
11.	B
12.	A
13.	D
14.	A
15.	B
16.	C
17.	D
18.	B
19.	A
20.	D
21.	B
22.	D
23.	B
24.	B

25.	B
26.	D
27.	C
28.	A
29.	B
30.	B
31.	A
32.	C
33.	D
34.	D
35.	B
36.	D
37.	C
38.	A
39.	B
40.	A
41.	C
42.	A
43.	D
44.	A
45.	A
46.	B
47.	B
48.	A

49.	B
50.	A
51.	D
52.	B
53.	D
54.	A
55.	A
56.	D
57.	C
58.	C
59.	C
60.	A
61.	B
62.	D
63.	C
64.	B
65.	D
66.	C
67.	A
68.	C
69.	A
70.	C
71.	A