**Chapter Eleven**

**Business Organizations**

**Multiple Choice Questions**

1. The form of organization for a business will be dictated by convenience or suitability with regard to which of the following issues:

A) Taxation.

B) The liability of the owners.

C) The ease and cost of formation.

D) All of the above.

Answer: D

2. The least complex form of business organization owned by one person who has unlimited liability for its debt is called a:   
A) Branch.  
B) Limited partnership.

C) Sole proprietorship.  
D) Private limited company.

Answer: C

3. Under Thai law, the sole proprietor is:

A) Limited liable.

B) Unlimited liable.

C) Jointly and severally liable.

D) Jointly and unlimited liable.

Answer: B

4. Which of the following is a primary advantage of a sole proprietorship?  
A) The owner's limited liability.

B) Limited life of the organization.

C) The ease and low cost of creation.

D) The simplicity of raising new capital.

Answer: C

5. A form of association where two or more individuals are jointly and wholly liable for all the business debts is called a(n)

A) Sole proprietorship.

B) Limited partnership.

C) Ordinary partnership.

D) Representative Office.

Answer: C

6. Which of the following is a major disadvantage of a regular partnership:

A) Unlimited liability.

B) The goals of the firm.

C) Financial intermediaries.

D) The difficulty of raising new capital.

Answer: A

7. Joint liability of regular partners means that a creditor of the partnership

A) Can recover the entire amount of partnership debt only from the partnership.

B) May sue any of the partners for payment of the entire amount of partnership debt.

C) Must sue all partners together for payment of the entire amount of partnership debt.

D) Must sue the partnership and all partners together for payment of the entire amount of partnership debt.

Answer: B

8. A business partner who is not personally liable for partnership debts beyond his capital contribution is called a:   
A) Shareholder.  
B) Sole proprietor.

C) Limited partner.

D) General partner.

Answer: C

9. An ordinary partnership may be dissolved

A) By court decision.  
B) In case of death of a partner.  
C) In the cases provided by the contract of partnership.  
D) All of the above.

Answer: D

10. A business organization with separate legal personality distinct from the members who constitute it is called a:   
A. Company.  
B. Sole proprietorship.  
C. Ordinary partnership.  
D. None of the above.

Answer: A

11. Which of the following is not one of the principal characteristics of a company?

A) Right to sue and be sued.

B) Ease and low cost of formation.

C) Existence independent from its shareholders.

D) Right to purchase, hold and dispose of property.

Answer: B

12. Under Thai law, the shareholder is:

A. Unlimited liable.

B. Jointly and unlimited liable.

C. Jointly and severally liable.

D. Limited liable.

Answer: D

13. The formation of a private limited company requires at least

A) Three promoters.

B) Seven promoters.

C) Fifteen promoters.

D) None of the above.

Answer: A

14. What is the principal source of law governing public limited companies?

A. Land Code

B. Public Company Act.

C. Civil and Commercial Code.

D. Business Organizations Act.

Answer: B

15. If the business activity is not listed under the Foreign Business Act or any other special law, this means that

A) Foreigners cannot engage in such activity.

B) Foreigners require a license before commencing such activity.

C) Foreigners require authorization before commencing such activity.

D) Foreigners do not require a foreign business license before commencing such activity.

Answer: D