

- 1** Jamie is setting up a business.

There are three details which are important to Jamie.

- 1 Jamie wants to have a salary for his work in managing the business.
- 2 Jamie wants full ownership of the business.
- 3 Jamie wants to avoid the risk of losing personal assets.

Which type of business should Jamie choose?

- A** sole trader
- B** partnership
- C** private limited company
- D** public limited company

- 2** The owner of a business paid for business stationery using her personal funds.

Which ledger account will be credited?

- A** capital
- B** cash
- C** drawings
- D** stationery

- 3** Why does a business charge depreciation?

- 1 to be able to replace an asset at the end of its useful life
- 2 to charge the cost of an asset to each period that benefits from its use
- 3 to treat each asset according to the concept of consistency

- A** 1 and 2 **B** 2 only **C** 2 and 3 **D** 3 only