

1 Which row correctly describes an advantage and a disadvantage of a partnership?

	advantage	disadvantage
A	limited liability	risk of disagreements
B	access to more expertise	unlimited liability
C	limited liability	joint responsibility for debts
D	indefinite lifetime of business	each partner bound by decisions of other partners

2 An asset is purchased on credit by a business.

What is the effect of this transaction on the accounting equation?

	assets	liabilities	capital
A	increase	decrease	increase
B	increase	decrease	no change
C	increase	increase	decrease
D	increase	increase	no change

3 Which items relating to new manufacturing equipment are capital expenditure?

- 1 cost of the equipment
- 2 delivery cost of the equipment
- 3 staff training cost to operate the equipment

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