

- 1 Why did Amitav prefer to form a partnership with Lennie rather than set up as a sole trader?
- A Amitav was certain they could work without disagreements.
  - B Lennie had a different area of expertise to Amitav.
  - C The financial statements of a partnership are not shared publicly.
  - D The legal requirements in setting up the business would be reduced.

- 2 A credit customer cleared her debt of \$600 after deducting a cash discount of \$12.

How would the customer account appear in the books of the supplier after the payment has been recorded?

	debit	\$	credit	\$
<b>A</b>	balance b/d	600	bank	588
			discount allowed	12
<b>B</b>	balance b/d	600	bank	588
			discount received	12
<b>C</b>	bank	588	balance b/d	600
	discount allowed	12		
<b>D</b>	bank	588	balance b/d	600
	discount received	12		

- 3 What is the advantage of keeping a full set of double entry books of account?
- A Account balances are available through the year.
  - B Business assets and owner's assets can be kept separate.
  - C It enables the book-keeper to check the bank statement for errors and omissions.
  - D It stops the value of assets being overstated.
- 4 At the start of a financial period, the owner's capital account of a business showed a balance of \$85 000.

During the period, the owner introduced to the business a private vehicle worth \$30 000. In addition, the owner made cash drawings of \$15 000. The business made a net loss for the period of \$22 000.

What is the balance on the capital account at the end of the period?

- A** \$18 000      **B** \$48 000      **C** \$78 000      **D** \$100 000