

1 What are advantages of being in a partnership?

- 1 All partners have limited liability.
- 2 Responsibility for running the business is shared.
- 3 Shares can be sold.
- 4 The business has access to more sources of capital than a sole trader.

**A** 1 and 2      **B** 1 and 3      **C** 2 and 3      **D** 2 and 4

2 Which statement about the purpose of a trial balance is correct?

- A** It assists the subsequent preparation of financial statements.
- B** It ensures that all double-entry postings to ledgers are accurate.
- C** It ensures that all postings to books of prime entry are accurate.
- D** It shows that all transactions in a period have been recorded.

3 The accounting equation of a business was as shown.

assets \$	=	liabilities \$	+	capital \$
48 000	=	7000	+	41 000

The assets included a bank balance of \$1000.

The following transactions occurred.

- 1 The owner took drawings of \$2000 by cheque.
- 2 Goods for resale were purchased on credit; list price was \$4000 less 25% trade discount.

What was the accounting equation after these transactions?

	assets \$	=	liabilities \$	+	capital \$
<b>A</b>	49 000		10 000		39 000
<b>B</b>	50 000		10 000		40 000
<b>C</b>	50 000		11 000		39 000
<b>D</b>	51 000		11 000		40 000