

Self Practice Questions

Chapter 1

- 1) What is the role of accounting?
- 2) Which are the two ethical principles guiding the accountants at work? Explain them
- 3) State two advantages of setting up a LLP for a business

Answers:

- 1) To provide accounting information to help stakeholders make informed decision
- 2) Integrity-being honest, does not falsify records. Objectivity-to be unbiased in actions and decisions even when threatened
- 3) Business partners are only liable to business debts up to the amount of capital they have contributed. A LLP stands a higher chance to obtain a bank loan compared to a sole proprietor as they have more assets to pledge to the bank for the loan.