

1. C
2. B
3. A
4. C
5. D
6. D
7. A
8. B
9. D
10. B
11. ii
12. Break even means that a business is not making profit but not in a loss even and it happens when total revenue - total costs
13. Advantages of break even - better and accurate sales targets , helps with pricing also ;
Disadvantage of break even - mostly relies on simple projections , assuming that the cost is constant , however it might not reflect accurately in certain scenarios
14. Discount allowed is the discount given by a seller to a buyer and discount received is the discount that a buyer receives from a seller or a seller from a supplier they use
15. Straight line depreciation is the amount that an item loses evenly over its life span
16. Reducing balance depreciation is a method in which we calculate the the depreciation expense of an item by applying a fixed percentage every year to it's net book
17. A debit payment is when an amount is debited (taken) from an account and a credit payment is when an amount is credited (added) to the account
18. A profit and loss account shows a statement in which all the expenses, revenues and costs of a business are summarized over a period of time
19. A balance sheet shows all the assets , liabilities and the capital of a business at a point in time
20. A long term liability is a companies liabilities that spans over a period of a year or more or over the normal operation period of a company
21. Accounting ratios are formulas in which we determine or calculate two items from the financial statement of a company

Net profit margin - $\frac{\text{net profit}}{\text{Revenue}} \times 100$

Gross profit - $\frac{\text{gross profit}}{\text{Revenue}} \times 100$

Current ratio - $\frac{\text{current assets}}{\text{Liabilities}}$

When using ratios we can compare current financial statement of a company with previous years and it is also very useful to compare your business financial statement with competitors

22. Books of prime entry refers to the books where we first enter the initial records of transactions in the accounting systems
23. An asset is an item that is owned by a business such as a property , goods or even the copyrights to a good owned by the company

24. A trial balance is the entry in an accounting book of all credits and debits and that indicates any error is there is a disagreement between the two
25. Accrual is when a company doesn't pay for a good or service immediately and a pre-payment when they pay in advance
26.
12 % of £17000 is £2040
 $12\% \times 4 \text{ years} = £8160$
 $£17000 - £8160 = £8840$
27. 15 % of £21000 = £3150
1st year = $21500 - 3150 = 17850$
2nd year = $17850 - 2677.5 = 15172.5$
3rd year = $15172.5 - 2275.8 = 12896.7$
4th year = $12896.7 - 1934.5 = 10962.2$
5th year = $10962.2 - 1644.3 = 9317.9$
28. Current assets are the ones that can be converted in cash and the non-current ones can't be easily converted in cash
29. Beginning inventory + purchases - inventory
30. Total sales = 67.250
Total expenses = 57.100
Gross profit = 10.250