**WEEK 1 – SEMINAR SOLUTIONS**

**Q1**

Accounting can be described as a system of recording information about a business. It involves recording, analysing and summarising the transactions of an entity to provide information for decision making. It is a medium for communication.

**Q2**

Financial accounting is the presentation of information in financial statements during and at the end of the accounting period mainly for external users to make decisions.

Management accounting is the interpretation of information used internally to ensure the appropriate use of resources.

**Q3**

Income statement (Profit & loss account) – shows the calculation of gross and net proﬁts.

Statement of ﬁnancial position (Balance Sheet) – shows the assets, liabilities and capital of the business.

**Q4**

Government, Investors, Suppliers, Customers, Employees, Financial Institutions, Internal users etc. Any appropriate reasons.

**Q5**

Sole trader - an individual trading alone, legally responsible for the business, takes all profits and liable for all debts.

Partnership - two or more people, normally up to a maximum of 20, who carry on a business with the aim of making a proﬁt. Partners are liable for debts incurred.

Private Limited Company – no public shares. Any company that is not a public company.

Public Limited Company (Plc.) – publicly traded shares. a company owned by the shareholders. Separate legal entity. The shareholders have limited liability.

Not for Profit – clubs, charities, associations. Normally run for the beneﬁt of their members to engage in a particular activity rather than to make a proﬁt.

**Q6**

Capital - Resources supplied by the owner.

Assets – What the business owns. Actual resources in the business.

Liabilities – What the business owes. Amounts owing to third parties for the assets of the business

Q7: Provide 9 steps