

Name:*****	Group:***	Code:*****
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Exercise 01: Choose the correct expressions in brackets.....10pts (1*10)

I started 15 years ago with (1 capital/dividends) of \$A50,000. We had one small restaurant in Sydney and now we have twenty throughout Australia. My (2 borrowers/shareholders) were members of my family: my parents, brothers and sisters all put up money. They didn't receive any (3 dividends/shares) for the first five years: we put all our profits back into the company! Now we want to increase the amount of (4 equity/dividends), so we are looking for outside (5 borrowers/lenders). (6 Lenders/Shareholders) have been very helpful. We obtained \$A50,000 of (7 loan capital/share capital) from a bank when we started. Now we have paid off all the (8 dividends/principal) and (9 interest/ shares) after seven years. We have taken out other loans recently, but our (10 lending/indebtedness) is not bad in relation to the size of the business.

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|----------------|-----------------|
| 1 capital | 6 Lenders |
| 2 shareholders | 7 loan capital |
| 3 dividends | 8 principal |
| 4 equity | 9 interest |
| 5 lenders | 10 indebtedness |

Exercise 02: Are the following statements (sentences) true or false? Correct the false statements.
The final figure for profit or loss is income. **False: It is the bottom line....02pts**

- 1- A pre-tax profit or a pre-tax loss is one after tax is calculated.
False: A pre-tax profit or a pre-tax loss is one before tax is calculated.02 pts
- 2- A company makes more money it spends, it makes a loss.

False: A company makes more money it spends, it makes a profit.... 02pts

Exercise 03: What kind of asset is each of the following? Which three are not assets?.....04pts(0.5*8)

- 1 Vans which a delivery company owns and uses to deliver goods.
 - 2 Vans for sale in a showroom.
 - 3 A showroom owned by a company that sells vans.
 - 4 A showroom rented by a company that sells cars.
 - 5 Money which customers owe, that will definitely be paid in the next 60 days.
 - 6 Money which a bankrupt customer owes, that will certainly never be paid.
 - 7 The client list of a successful training company, all of which are successful businesses.
 - 8 The client list of a training company, with names of clients that have all gone bankrupt.
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| 1 fixed assets | 5 current asset |
| 2 current assets | 6 not an asset |
| 3 fixed asset | 7 intangible asset |
| 4 not an asset | 8 not an asset |