*Q.2) Think how you should start a business ? Hint ! Finding the right people and the right place for your product is necessary .*

*Q.3) Explain what is an asset , liability , capital , expense and income in a business .*

## ***ANSWER FOR Q.2***

***BUSINESS :*** *Friend's Café .*

***RIGHT PEOPLE :*** *Students .*

***RIGHT PLACE :*** *ABC University , London .*

***Things we need for this business***

***BUILDING :*** *have value & provide future benefit so it is our* ***Asset*** *.*

***CHEF :*** *benefits already taken during the months so salary will be provided in cash it is our* ***Expense*** *.*

***WAITERS :*** *salary paid* ***Expense*** *.*

***EQUIPMENTS FOR CAFÉ :*** *Asset .*

*I have solved this question for your convenience but the rest of the questions given above you have to solve by yourself . If you read the above notes thoroughly then you will not face any difficulty solving the given practice questions .*

| |
|---|
| *Employee medical insurance payable* |
| *Employee retirement program payable* |
| *Employee union dues payable* |
| *Unearned consulting fees* |
| *Unearned legal fees* |
| *Unearned property management fees* |
| *Unearned rent* |
| *Short – term notes payable* |
| *Notes payable* |
| *Long – term notes payable* |
| *Bonds payable* |

*The following are examples of Equity accounts :*

| |
|---|
| *Owner's Capital* |
| *Owner's Withdrawals* |
| *Paid in capital, Treasury stock* |
| *Preferred stock* |
| *Retained earnings* |
| *Cash dividends* |

| |
|---|
| *Stock dividends* |
| *Treasury stock , Common* |

*The following are examples of Revenue accounts :*

| | |
|---|---|
| *401* | *Fees earned from product one ** |
| *402* | *Fees earned from product two ** |
| *403* | *Service revenue one ** |
| *404* | *Service revenue two ** |