

## ACCOUNTING EQUATION

**Question 1** (Elements of the accounting equation; 20 marks, 10 minutes)

**ASKED:**

Fill in the missing figures below in order to balance the accounting equation.

1.1

(3)

Assets	Owner's Equity	Liabilities
800 000	600 000	.....
1 500 000	.....	450 000
.....	940 000	620 000

1.2

(6)

Assets			Owner's equity	Liabilities	
Non-current assets	Financial assets	Current assets		Non-current liabilities	Current liabilities
.....	250 000	620 000	1 300 000	320 000	180 000
760 000	.....	430 000	1 280 000	160 000	260 000
550 000	300 000	.....	720 000	200 000	350 000
890 000	420 000	190 000	.....	540 000	160 000
1 200 000	600 000	340 000	1 400 000	.....	240 000
3 600 000	280 000	178 900	3 000 000	400 000	.....

1.3

(11)

Assets	Owner's equity				Liabilities
	Capital	Income	Expenses	Drawings	
.....	890 000	550 000	220 000	120 000	400 000
1 500 000	.....	880 000	230 000	350 000	200 000
456 000	370 000	.....	26 000	45 000	56 000
2 300 000	1 290 000	770 000	.....	260 000	856 000
732 000	680 000	405 000	190 000	.....	147 000
840 000	700 000	308 000	387 000	121 000	.....

## ACCOUNTING EQUATION

**Question 2** (Effect of transactions on the accounting equation; 24 marks, 12 minutes)

**ASKED:**

What will the effect of a specific transaction be on the elements of the accounting equation? Take note of the given example.

**INFORMATION:**

**Example:** Buy packaging, R1 200 and pay by cheque.

**Transactions:**

1. Receive R400 000 from the owner to increase his capital contribution.
2. Issue a cheque for the purchase of trading stock, R28 000.
3. Buy equipment, R54 000 and pay by cheque.
4. Write a cash cheque to pay wages, R3 500.
5. The owner takes a business cheque for his own use, R900.
6. Receive the amount of R5 000 for services rendered.
7. Issue a receipt of R16 000 in respect of rental income.
8. Goods sold for cash, R20 700. The cost of the goods was R18 000.
9. Buy trading stock for R29 000 and receive 3½% trade discount.
10. Cash sales of goods for R36 800. Calculate the cost price of the goods.

Nr.	ASSETS	OWNERS EQUITY	LIABILITIES
Vb.	- 1 200	- 1 200	0
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

## ACCOUNTING EQUATION

**Question 3** (Effect of transactions on the General Ledger; 25 marks, 13 minutes)

**ASKED:**

Show the effect of the given transactions on the accounts in the general ledger as well as the elements of the accounting equation. Note the example given.

**INFORMATION:**

**Example:** Buy packaging, R1 200 and pay by cheque.

**Transactions:**

1. Receive R250 000 from the owner to increase his capital contribution.
2. Issue a cheque for the purchase of trading stock, R33 000.
3. Buy a new vehicle for R670 000 and pay by cheque.
4. Issue a cash cheque to pay wages, R12 900.
5. The owner writes a business cheque for himself, R650.
6. Receive the amount of R24 000 for services rendered.
7. Issue a receipt for R21 000 in respect of rental income.
8. Cash purchase of goods, R50 400. The cost price of the goods was R36 000.
9. Buy trading stock by cheque for R35 000 and receive 4½% trade discount.
10. Cash sales of goods, R20 300. Calculate the cost price.

Nr.	General Ledger		WHY?		
	Account debited	Account credited	ASSETS	OWNERS EQUITY	LIABILITIES
Ex.	Packaging	Bank	- 1 200	- 1 200	0
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

## ACCOUNTING EQUATION

**Question 4** (Double entry principle and the accounting equation; 25 marks, 13 minutes)

**ASKED:**

Show the effect of the given transactions on the accounts in the general ledger as well as the elements of the accounting equation. Note the example given.

**INFORMATION:**

**Example:** Pay wages by cheque, R2 300.

**Transactions:**

1. Receive R32 000 from the owner to increase his capital contribution.
2. Issue a cheque for the purchase of trading stock, R8 500.
3. Buy a new cash register for R2 400 and pay by cheque.
4. Issue a cash cheque to increase the cash float in the cash register, R230.
5. The owner takes a business cheque for his own use, R820.
6. Receive an amount of R9 100 for services rendered.
7. Issue a receipt for R8 600 in respect of rental income.
8. Sell goods for cash, R7 500. The cost price of the goods was R6 000.
9. Purchase goods for R9 200 and receive 10% trade discount
10. Cash sales of merchandise with a cost of R5 400. Calculate the sales price of the goods.

Nr.	General Ledger		WHY?						
	Account debited	Account credited	ASSETS		OWNER'S EQUITY		LIABILITIES		
			Debit	Credit	Debit	Credit	Debit	Credit	
Ex.	Wages	Bank		2 300	2 300				
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									

## ACCOUNTING EQUATION

**Question 5** (Effect of transactions on the Accounting equation; 50 marks, 25 minutes)

**ASKED:**

Analyse the relevant transactions under the correct heading on the answer sheet. Note the example given.

**INFORMATION:**

**Example:** Issue a cash cheque for wages, R3 700.

**Transactions:**

1. Receive a cash cheque from the owner to increase his capital contribution from R450 000 to R540 000.
2. Issue a cheque for the purchase of 4 cash registers and other equipment, R15 000.
3. Buy a new delivery van and pay by cheque, R340 000.
4. Issue a cash cheque in order to deposit R120 into each of the new cash registers.
5. Issued a cash cheque to the petty cashier for R500 as petty cash.
6. The owner takes a business cheque to pay his personal insurance R8 100.
7. Issue a cheque to pay the insurance for the business, R12 400.
8. Receive a cheque R18 800 for services rendered.
9. Issue a receipt for R22 000 in respect of rental income.
10. Goods sold for cash, R50 750. The cost price of the goods was R29 000.
11. Buy merchandise for R35 000 and receive 8% trading discount.
12. Cash sales of merchandise R78 750. Calculate the cost price of the goods.
13. Issue a cheque for R120 000 to transfer money from a current account to a savings account
- 14.\* Buy stationery on credit R5 000 from a creditor AB Traders and receive a credit purchase invoice from them.
- 15\* Issue a cheque of R2 500 to AB Traders to pay half of the credit (see nr. 14)

Calculations:	

No.	Subsidiary Journal	Source document	General Ledger		Why?						
					Assets		Owner's Equity		Liabilities		
			Account debited	Account credited	Debit	Credit	Debit	Credit	Debit	Credit	
Eg	<i>CPJ</i>	<i>OCPI.</i>	<i>Wages</i>	<i>Bank</i>		<i>3 700</i>	<i>3 700</i>				
1.											
2.											
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4.											
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11.											
12.											
13.											
14.											
15.											