

ACCOUNTING EQUATION

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

REQUIRED:

1.1 Complete the missing figures in each of the following cases in order to balance the accounting equation (3)

| Assets | Owner's equity | Liabilities |
|-----------|----------------|-------------|
| 2 600 000 | 1 800 000 | ..... |
| 1 900 000 | ..... | 350 000 |
| ..... | 1 200 000 | 650 000 |

1.2 (6)

| Assets | | | Owner's equity | Liabilities | |
|--------------------|------------------|----------------|----------------|-------------------------|---------------------|
| Non-current assets | Financial assets | Current assets | | Non-current liabilities | Current liabilities |
| ..... | 150 000 | 820 000 | 1 400 000 | 220 000 | 280 000 |
| 1 750 000 | ..... | 260 000 | 1 480 000 | 230 000 | 360 000 |
| 650 000 | 200 000 | ..... | 790 000 | 200 000 | 310 000 |
| 2 850 000 | 300 000 | 150 000 | ..... | 700 000 | 860 000 |
| 1 500 000 | 600 000 | 440 000 | 1 900 000 | ..... | 440 000 |
| 3 610 000 | 290 000 | 198 500 | 3 150 500 | 500 000 | ..... |

1.3 (11)

| Assets | Owner's equity | | | | Liabilities |
|-----------|----------------|---------|-------------|----------|-------------|
| | Capital | Income | Expenditure | Drawings | |
| ..... | 970 000 | 780 000 | 390 000 | 80 000 | 340 000 |
| 3 400 000 | ..... | 630 000 | 290 000 | 160 000 | 245 000 |
| 865 000 | 570 000 | ..... | 88 000 | 65 000 | 124 000 |
| 2 870 000 | 1 920 000 | 950 000 | ..... | 128 000 | 320 000 |
| 1 051 000 | 798 000 | 355 000 | 126 000 | ..... | 80 000 |
| 680 000 | 704 000 | 456 000 | 580 000 | 133 000 | ..... |

ACCOUNTING EQUATION

Question 2 (Effect of transactions on the Accounting equation; 35 marks, 18 minutes)

REQUIRED:

Indicate the effect of the given transactions on the elements of the accounting equation. Take note of the given example.

INFORMATION:

Example: Bought packing material, R1 200 and paid by cheque.

Transactions:

1. Received R80 000 from the owner to increase his capital contribution.
2. Issued a cheque to purchase trading stock, R65 000 and received 3½% trade discount.
3. Bought new equipment on credit, R80 000.
4. Paid wages from petty cash, R470.
5. The owner cashed a business cheque for private use, R1 500.
6. Received R6 000 for services rendered.
7. Issued a receipt for R9 000 for rent income.
8. Credit sales of goods R33 600. The cost price of the goods was R24 000.
9. Equipment to the value of R2 300 was returned to a creditor.
10. Cash sales of merchandise R17 220. Calculate the cost price.
11. Goods to the value of R1 900 were sent back by a debtor.
12. Issued a cheque for R13 000 as part payment of the debt to a creditor.
13. Received an amount of R12 000 from a debtor in settlement of his outstanding debt.

| No. | ASSETS | OWNER'S EQUITY | LIABILITIES |
|------|---------|----------------|-------------|
| e.g. | - 1 200 | - 1 200 | 0 |
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. | | | |
| 7. | | | |
| 8. | | | |
| 9. | | | |
| 10. | | | |
| 11. | | | |
| 12. | | | |
| 13. | | | |

ACCOUNTING EQUATION

Question 3 (Effect of transactions on Ledger accounts; 35 marks, 18 minutes)

REQUIRED:

Indicate the effect of the given transactions on the accounts in the General ledger as well as on the elements of the accounting equation. Take note of the given example.

INFORMATION:

Example: Bought packing material, R1 200 and paid by cheque.

Transactions:

1. Received R25 000 from the owner to increase his capital contribution.
2. Issued a cheque to purchase trading stock, R30 000 and received 5% trade discount.
3. Purchased a new Vehicle on credit, R650 000.
4. Purchased stationery from petty cash, R400.
5. The owner used a business cheque for personal use, R950.
6. Received R2 000 for services rendered.
7. Issued a receipt for rent received, R12 000.
8. Goods sold on credit for R18 750. The cost price was R15 000.
9. Merchandise to the value of R3 100 was returned to a creditor.
10. Cash sales of goods, R4 750. Calculate the cost price.
11. Goods with a cost price value of R900 were returned by a debtor.
12. Issued a cheque for R2 350 as part payment of a debt to a creditor.
13. Received an amount of R1 300 from a debtor in settlement of his outstanding debt.

| No. | General ledger | | WHY? | | |
|-------|------------------|------------------|---------|----------------|-------------|
| | Account debited | Account credited | ASSETS | OWNER'S EQUITY | LIABILITIES |
| e.g.. | Packing material | Bank | - 1 200 | - 1 200 | 0 |
| 1. | | | | | |
| 2. | | | | | |
| | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| | | | | | |
| 11. | | | | | |
| | | | | | |
| 12. | | | | | |
| 13. | | | | | |

ACCOUNTING EQUATION

Question 4 (Double entry principle and the Accounting equation; 35 marks, 18 minutes)

REQUIRED:

Indicate the effect of the given transactions on the accounts in the General ledger as well as the elements of the accounting equation. Take note of the given example.

INFORMATION:

Example: Paid wages by cheque, R2 300.

Transactions:

1. Received R5 000 from the owner to increase his capital contribution.
2. Issued a cheque to purchase merchandise, R7 000.
3. Bought a new cash register on credit for R2 100.
4. Took R300 from the petty cash to place in the new cash register.
5. The owner used a business cheque for private use, R720.
6. Received an amount of R3 500 for services rendered.
7. Issued a receipt for R7 200 for rent income.
8. Goods sold on credit, R7 020. The cost price of the goods was R5 400.
9. Stock to the value of R1 700 was sent back to the creditor.
10. Cash sales of merchandise, R4 160. Calculate the cost price.
11. Goods to the value of R820 were returned by a debtor.
12. Issued a cheque for R1 400 to a creditor as part payment of their account.
13. Received an amount of R2 300 from a debtor in full settlement of outstanding debt.

| No. | General ledger | | WHY? | | | | | | |
|------|-----------------|------------------|--------|--------|----------------|--------|-------------|--------|--|
| | Account debited | Account credited | ASSETS | | OWNER'S EQUITY | | LIABILITIES | | |
| | | | Debit | Credit | Debit | Credit | Debit | Credit | |
| e.g. | Wages | Bank | | 2 300 | 2 300 | | | | |
| 1. | | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| 4. | | | | | | | | | |
| 5. | | | | | | | | | |
| 6. | | | | | | | | | |
| 7. | | | | | | | | | |
| 8. | | | | | | | | | |
| 9. | | | | | | | | | |
| 10. | | | | | | | | | |
| 11. | | | | | | | | | |
| 12. | | | | | | | | | |
| 13. | | | | | | | | | |

ACCOUNTING EQUATION

Question 5 (Effect of transactions on the Accounting equation; 60 marks, 30 minutes)

REQUIRED:

Analyse the following transactions correctly under the provided headings on the answer sheet. Take note of the given example.

INFORMATION:

Example: Issued a cheque for wages, R3 700.

Transactions:

1. Received a cheque from the owner to increase his capital contribution from R320 000 to R370 000.
2. Issued a cheque for the purchase of equipment, R9 000.
3. Purchased a new delivery truck on credit from Hatfield Motors, R540 000.
4. Used R120 from petty cash to increase the cash float.
5. Issued a cash cheque to the petty cashier for R900 to restore the petty cash imprest amount.
6. The owner used a business cheque to pay for his personal insurance, R3 200.
7. Issued a cheque to pay for the insurance of the business, R8 500.
8. Received an amount of R6 200 for services rendered.
9. Issued a receipt for R8 300 for rent received.
10. Goods sold on credit, R56 000. The cost price was R32 000.
11. Purchased goods by cheque, R3 500 and received 8% trade discount.
12. Cash sales of merchandise, R78 750. Calculate the cost price.
13. Issued a cheque to transfer R12 000 from the current banking account to the savings account.
14. Stock to the value of R3 400 was sent back to the creditor.
15. Goods valued at cost price R960, were returned by a debtor..
16. Issued a cheque for R7 700 as part payment of a debt to a creditor.
17. Received an amount of R9 300 from a debtor in full settlement of outstanding debt.

| Calculations: | |
|---------------|--|
| | |

| No. | Subsidiary journal | Source document | General Ledger | | Why? | | | | | |
|------|--------------------|-----------------|-----------------|------------------|--------|--------------|----------------|--------|-------------|--------|
| | | | | | Assets | | Owner's equity | | Liabilities | |
| | | | Account debited | Account credited | Debit | Credit | Debit | Credit | Debit | Credit |
| e.g. | <i>CPJ</i> | <i>cc</i> | <i>Wages</i> | <i>Bank</i> | | <i>3 700</i> | <i>3 700</i> | | | |
| 1. | | | | | | | | | | |
| 2. | | | | | | | | | | |
| 3. | | | | | | | | | | |
| 4. | | | | | | | | | | |
| 5. | | | | | | | | | | |
| 6. | | | | | | | | | | |
| 7. | | | | | | | | | | |
| 8. | | | | | | | | | | |
| 9. | | | | | | | | | | |
| 10. | | | | | | | | | | |
| 11. | | | | | | | | | | |
| 12. | | | | | | | | | | |
| 13. | | | | | | | | | | |
| 14. | | | | | | | | | | |
| 15. | | | | | | | | | | |
| 16. | | | | | | | | | | |
| 17. | | | | | | | | | | |