SECTION A:

QUESTION 1: CLASSIFICATION **10 MARKS**

Classify the type of account by writing an **X** in the correct column.

No.		ASSET	LIABILITY	EXPENSE	INCOME
1.1.	Stationery				
1.2.	Land and Buildings				
1.3.	Creditors Control				
1.4.	Water and Electricity				
1.5.	Equipment				
1.6.	Repairs				
1.7.	Debtors Control				
1.8.	Current Income				
1.9.	Telephone				
1.10	Mortgage Bond				

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QUESTION 2: MATCH THE CONCEPT 10 MARKS

Match the term in Column A to the explanation in Column B. Only write the **letter** next to the relevant number in the Answer column. e.g. 1. A.

COLUMN A		COLUMN B		ANSWER	
1.	Money received by business for selling stock.	A.	Capital	1.	
2.	The primary reason why an entrepreneur will start a business	B.	Non-Current Assets	2.	
3.	Money acquired from a commercial bank in order to buy property	C.	Owner's Equity	3.	
4.	Outsiders to whom the business owes money for stock purchased	D.	Entity rule	4.	
5.	The money the owner gives to start up a business	E.	Current Income	5.	
6.	Outsiders who owe the business money	F.	Sales	6.	
7.	Assets that have a reasonably long life-span.	G.	Mortgage Bond	7.	
8.	Money received by business for rendering a service.	H.	Profit motive	8.	
9.	The owner and his business are seen as separate.	I.	Creditors	9.	
10.	The owner's interest in their business.	J.	Debtors	10.	

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SECTION B:
QUESTION 3: ACCOUNTING EQUATION

Indicate in the table below the effect on the accounting equation of each of the transactions below and give a reason for your answer.

An example has been completed to assist you:

	Assets	**=**	**Owner's Equity**	**+**	**Liabilities**	
Number	Amount	Reason	Amount	Reason	Amount	Reason
e.g.	*+R100 000*	*Vehicles increasing*			*+R100 000*	*vehicle is financed, increasing Liabilities*
3.1.						
3.2.						
3.3.						
3.4.						
3.5.						

Example: The business buys a vehicle on credit for R100 000.

3.1 The business sells a vehicle for R15 000 cash. [4 marks]

3.2 The owner invests R50 000 in the business. [4 marks]

3.3 The business buys stock from a supplier on credit for R500. [4 marks]

3.4 The owner withdraws R1 000 from the bank for his own use. [4 marks]

3.5 The business takes out a bond to buy a building to the value of R500 000. [4 marks]

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