

**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         |       |           |         |        |

**[10]**

**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.    |  |

**[10]**

## 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:

|        | <b>Assets</b> |                     | = | <b>Owner's Equity</b> |        | + | <b>Liabilities</b> |   |
|--------|---------------|---------------------|---|-----------------------|--------|---|--------------------|---|
| 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]

[20]