Topic 2

Accounting equation

SERVICE UNDERTAKINGS

QUESTION 1 (ACCOUNTING EQUATION)

Nr	Transaction	Assets	Equity	Liabilities
1	EFT R1 500 to buy equipment from Verster Traders.	-1 500 +1 500		
2	EFT of R1 060 from Mostert Pharmacies for rent of a part of the building.	+1 060	+1 060	
3	EFT to TELCOM to pay the telephone account, R210.	-210	-210	
4	Receive R2 500 current income.	+2 500	+2 500	
5	EFT to buy office furniture from Makro, R3 500.	+3 500 -3 500		
6	Vehicle purchased on credit for R68 000.	+68 000		+68 000
7	Obtain a loan for R30 000	+30 000		+30 000
8	Withdraw R4 500 to pay wages.	-4 500	-4 500	
9	Paid the instalment on the loan, R3 000.	-3 000		-3 000
10	Paid interest on loan, R250.	-250	-250	

QUESTION 2 (ACCOUNTING EQUATION)

Nr	Account debited	Account credited	Assets	Equity	Liabilities
1.	Stationery	Bank	-120	-120	
2.	Equipment 4 700 x 90%	Bank	+4 230 -4 230		
3.	Bank	Services rendered	+13 320	+13 320	
4.	Equipment 22 400 x 85%	Bank	+19 040 -19 040		
5.	Bank	Rent income	+2 400	+2 400	
6.	Bank 20 000 x 6/12 x 6/100	Interest on the fixed deposit	+600	+600	
7.	Loan: ABSA	Bank	-6 000		-6 000
8.	Repairs	Bank	-1 200	-1 200	
9.	Drawings	Bank	-6 000	-6 000	
10.	Donation	Bank	-10 000	-10 000	
11.	Vehicles	Capital	+70 000	+70 000	
12.	Wages	Bank	-4 000	-4 000	

QUESTION 3 (CALCULATIONS)

	Owner's equity	Assets	Liabilities	Calculation
1	20 900	23 800	2 900	20 900 + 2 900
2	20 800	57 200	36 400	57 200 – 36 400
3	76 130	94 290	18 160	94 290 – 76 130

QUESTION 4 (ACCOUNTING EQUATION)

Nr	Account debited	Account credited	Assets	Equity	Liabilities
1.	Bank	Services rendered	+13 320	+13 320	
2.	Equipment 22 800 x 85%	Bank	+19 380 -19 380		
3.	Loan 40 000/10	Bank	-4 000		-4 000
4.	Bank	Fixed deposit	+4 000 -4 000		
5.	Interest on loan	Bank 60 000 x 12/100 x 3/12	-1 800	-1 800	

QUESTION 5 (ACCOUNTING EQUATION)

Nr	Account debited	Account credited	Assets	Equity	Liabilities
1.	Equipment 14 000 x 90/100	Bank	+12 600 -12 600		
2.	Bank 39 600 x 90%	Services rendered	+35 640	+39 600	
3.	Cleaning materials 33 000 x 90%	Creditors		-29 700	+29 700
4.	Bank 10 000 x 4/100 x 3/12	Interest on fixed deposit	+100	+100	
5.	Stationery	Bank	-400	-400	
6.	Bank	Capital	+20 000	+20 000	
7.	Telephone	Bank	-720	-720	

RETAIL BUSINESS

QUESTION 6 (ACCOUNTING EQUATION)

Nr	Account debited	Account credited	Assets	Equity	Liabilities
1.	Debtors control	Sales	+39 600	+39 600	
2.	Cost of sales	Trading stock	-22 000	-22 000	
3.	Trading stock 30 000 x 80%	Creditors control	+24 000		+24 000
4.	Bank 20 000 x 4/100 x 6/12%	Interest on fixed deposit	+400	+400	
5.	Handelsvoorraad	Bank	+14 000 -14 000		

QUESTION 7 (CALCULATIONS)

A	Cost price	100%	15 200 x 100/190	8 000
	Profit	90%		
	Sales price	190%		15 200
B	Cost price	100%		
	Profit	60%	31 920 x 60/160	11 970
	Sales price	160%		31 920
C	Cost price	100%		16 400
	Profit	40%	16 400 x 40/100	6 560
	Sales price	140%		
D	Cost price	100%		
	Profit	75%		3 600
	Sales price	175%	3 600 x 175/100	6 300
E	Profit		20 000 – 16 000	4 000
	Profit percentage		4 000/16 000 x 100	25%

QUESTION 8 (CALCULATIONS)

	Cost price	Profit percentage	Sales price
1.	6 520 x 100/133⅓ = 4 890	33⅓%	6 520
2.	R10 035	16 725 – 10 035 6 690 x 100/10 035 = 66⅔%	R16 725
3.	R9 836	12.5%	9 836 x 112,5/100 110 655
4.	15 587 x 100/200 77 935	100%	R15 587
5.	3 600	45%	3 600 x 145/100 5 220

QUESTION 9 (CALCULATIONS)

(a)	Cost price	100%		60 000
	Profit	60%		
	Sales price	160%	60 000 x 160/100	96 000
(b)	Cost price	100%	12 000	
	Profit	%	%/100 x 12 000 = 6 000	50%
	Sales price		6 000	
(c)	Cost price	100%	90 000 x 100/133 1/3	67 500
	Profit	33 1/3%		
	Sales price	133 1/3%		90 000

QUESTION 10 (CALCULATIONS)

(a)	Cost price	100%		60 000
	Profit	80%		
	Sales price	180%	60 000 x 180/100	108 000
(b)	Cost price	100%	12 000	
	Profit	%	%/100 x 12 000 = 6 000	50%
	Sales price		6 000	
(c)	Cost price	100%	36 000 x 100/133 1/3	27 000
	Profit	33⅓ %		
	Sales price	133⅓ %		36 000

QUESTION 11 (ACCOUNTING EQUATION)

	Assets	**Equity**	**Liabilities**
1	5 400 x 90% +4 860	+4 860	
	5 400 x 100/180 -3 000	-3 000	
2	9 000 x 90% +8 100		+8 100
3	-540	-540	
	540 x 100/180 +300	+300	
4	-790		-790

QUESTION 12 (ACCOUNTING EQUATION)

Nr	**Account debited**	**Account credited**	**Assets**	**Equity**	**Liabilities**
1.	Trading stock 9 000 x 85%	Creditors control	+7 650		+7 650
2.	Debtors control	**Sales**	+1 786	+1 786	
	Cost of sales 1 786 x 100/190	Trading stock	-940	-940	
3.	Creditors control	Bank	-1 400		-1 400
4.	Creditors control	Trading stock	-860		-860
5.	Stationery	Bank	-140	-140	
6.	Bank	Debtors control	+300 -300		