

## BASIC ACCOUNTING PRINCIPLES - SOLUTION

### QUESTION 1 (CHOOSE THE CORRECT CONCEPT)

1.	Equity	Capital – drawings + profit (income – expenses)
2.	Non-current assets	Value will be the same for more than a year in the future.
3.	Non-current liabilities	It will take more than a year in the future to pay.
4.	IFRS	International Financial Reporting Standards.
5.	Double entry system	A debit entry is recorded for each credit entry.
6.	Accounting	Source documents are used to record transactions to allow the business to draw up financial statements.
7.	Capital	Own capital of the business provided by the owner.
8.	Drawings	Money or assets used by the owner for his private use. It reduces equity.
9.	Bates	Belongs to the business and ensure an inflow of money in the future.
10.	Liabilities	Debt of the business that will cause an outflow of money in the future.
11.	Current assets	Value will be the same for less than a year in the future.
12.	Current liabilities	Debt paid within a year in the future.
13.	Income	Sales, rent income, services rendered increase the profit of the business.
14.	Expenses	Salaries, insurance, rent decreases the profit.
15.	Financial assets	Fixed deposit and investments in other business that will generate an income.

### QUESTION 2 (MATCHING)

Match Column B with Column A. Write the correct letter of the alphabet on the answer sheet of the source document used for the transaction.

COLOMN A		SOLUTION	COLUMN B	
1.	Financial statements	L	A.	Indicate how the financial statements must be prepared.
2.	Statement of comprehensive income	M.	B.	Possessions of the business divided in three categories: fixed or tangible assets, financial assets and current assets.
3.	Statement of financial position	K.	C.	The interest that the owner has in the business. It consist of money provided by the owner less goods or money taken for the personal use of the owner.
4.	IFRS	A.	D.	Expense

5.	Luca Pacioli	N.	E.	Income
6.	Accounting	O.	F.	Refers to the debt of the business that causes an outflow of money.
7.	Equity	C.	G.	Non-current liabilities
8.	Drawing	P.	H.	Current assets
9.	Assets	B.	I.	Financial assets
10.	Liabilities	F.	J.	Current liability
11.	Stationery	D.	K.	It is the same as the balance sheet, but the name was changed internationally according to IFRS.
12.	Sales	E.	L.	Used for decision making.
13.	Loan repayable over a period of five years.	G.	M.	It is the same as the income statement, but the name was changed internationally according to IFRS.
14.	Trading stock	H.	N.	Developed double entry principle.
15.	Equipment and vehicles.	Q.	O.	Uses the source documents to record the transactions in the accounting records so that financial statements can be presented.
16.	Accounting cycle	R.	P.	Money or assets belonging to the business that the owner took for his personal use.
17.	Bank overdraft	J.	Q.	Non-current asset
18.	Fixed deposit	I.	R.	Steps used to record transactions.

### QUESTION 3 (CHOOSE THE CORRECT CONCEPT)

1.	International Financial Reporting Standards
2.	Double entry system
3.	Statement of financial position/balance sheet
4.	Statement of comprehensive income/income statement
5.	Expenses
6.	Income
7.	Financial position
8.	Financial result
9.	Non-current assets
10.	Current assets
11.	Non-current liabilities
12.	Current liabilities
13.	Assets
14.	Liabilities
15.	Equity
16.	Drawings
17.	Own capital
18.	Borrowed capital

19.	Loan
20.	Fixed deposit

#### QUESTION 4 (MATCHING)

COLOMN A		SOLUTION	COLUMN B	
1.	International financial reporting standards	M.	A.	Inventory, debtors and money will change within the next year.
2.	Double entry principle	R.	B.	Assets, equity and liabilities are disclosed in the balance sheet to disclose the financial position.
3.	Statement of financial position	O.	C.	Land and buildings, equipment and vehicles are purchased to use for more than a year in the future.
4.	Statement of comprehensive income	J.	D.	The profitability, that is the profit or loss, is disclosed in the income statement.
5.	Expenses	P.	E.	Bank overdraft and creditors will change within the next 12 months.
6.	Income	N.	F.	Cash used to pay small amounts.
7.	Financial position	B.	G.	Money is the cash register to give as change.
8.	Financial result	D.	H.	The order in which transactions are recorded in the accounting records.
9.	Non-current assets	C.	I.	Suppliers money is owed too.
10.	Current assets	A.	J.	All the income and expenses are recorded to determine the profit for the year.
11.	Non-current liabilities	Q.	K.	EFT
12.	Current liabilities	E.	L.	People who owe money to the business.
13.	Cash float	G.	M.	Indicate how the financial statements must be prepared.
14.	Petty cash	F.	N.	Income increases the profit.
15.	Debtors	L.	O.	The balances in the asset, liability and equity accounts are used on the last day of the year to determine whether $A = E + L$ .
16.	Creditors	I	P.	Expenses decrease the profits.
17.	Accounting cycle	H.	Q.	Part of the mortgage loan or loan not paid within the next 12 months.
18.	Electronic fund transfer	K	R.	Debit entry in one account for every credit entry in another account.

**QUESTION 5 (CHOOSE THE CORRECT CONCEPT)**

1.	Receipt	Source document used as proof of payment.
2.	Cash register roll	Used for cash sales or services rendered for cash.
3.	Electronic fund transfer	Money is transferred electronically to pay expenses or debts, purchase fixed assets, etc.
4.	Bank statement	All the transactions in the bank account of business appear on the bank statement.
5.	Bank deposit slip	Completed when money is deposited in the bank.
6.	Cash invoice	Used for cash sales or services rendered for cash for a business without a cash register.
7.	Cash receipts journal	All money received and deposited in the bank account is recorded in the CRJ.
8.	Cash payments journal	Money paid out of the bank account is recorded in the CPJ.
9.	Expenses	Expenses decrease the profit of a business.
10.	Income	Income increases the profit of a business.
11.	Petty cash	Cash in the safe to pay small expenses.
12.	Cash float	Money in the cash register to use as change for clients.
13.	Credit invoice issued	Used when goods are sold on credit.
14.	Credit invoice received	Used when goods are purchased on credit.
15.	Credit note	Sent with the goods when goods are returned to the supplier.

**QUESTION 6 (MATCHING)**

KOLOM A		ANTWOORD	KOLOM B	
1.	Receipt	K.	A.	Is used for cash sales as proof that the goods were paid.
2.	Cash register roll	L.	B.	Is used when money is deposited as proof that the money was deposited in the bank.
3.	Electronic fund transfer	I.	C.	Money received is recorded in this journal.
4.	Bank statement	J.	D.	Money paid out is recorded in this journal.
5.	Bank deposit slip	B.	E.	Money in business to pay for certain small expenses.
6.	Cash invoice	A.	F.	Money paid for services received and reduces the profit.
7.	Cash receipts journal	C.	G.	Money received for services rendered or sales will increase the profit.
8.	Cash payments journal	D.	H.	Cash in the cash register to have enough cash to give change.

9.	Expenses	F.	I.	Used to pay people or other businesses electronically.
10.	Income	G.	J.	Summary of all the transactions of the business in the books of the bank.
11.	Petty cash	E.	K.	Used as proof that the account was paid.
12.	Cash float	H.	L.	Used for cash sales or services rendered for cash.

### QUESTION 7 (MATCHING)

Match Column B with Column A. Write the correct letter of the alphabet.

DESCRIPTION	ANSWER		CONCEPT
1. Expenses decrease the profit of the business. It has a negative effect on the .....	H	A.	Service undertaking
2. Summary of the bank transactions that the bank sent to you.	K	B.	Cash receipts journal
3. Money the bank pays to the client because the client invested money at the bank. Money paid to the bank on the money borrowed from the bank.	M	C.	Double entry principle. For each debit entry there must be a credit entry.
4. Used to pay for goods and services (plastic) card. The money is taken immediately from the bank account of the client.	I	D.	Profit mark-up
5. These accounts increase on the debit side.	G	E.	Drawings
6. Money taken to the bank for safe-keeping and convenience.	J	F.	Mortgage loan
7. Money withdrawn from the business to pay the school fees of the owner's children.	E	G.	Asset and expenses accounts
8. The client withdrew more money from the bank account than was in the bank account.	L	H.	Equity

The client owes money to the bank.			
9. The percentage that is added to the cost price of the goods sold by the business to make a profit.	D	I.	Debit card
10. A business that renders a service to his clients.	A	J.	Deposit
11. All cash receipts are recorded in the .....	B	K.	Bank statement
12. Each transaction is recorded in such a way that the accounting equation is in balance.	C	L.	Bank overdraft
13. The business obtains a loan to purchase property.	F	M.	Interest