**Basics of accounting**

**J13/12**

**2**(a) State the accounting equation.

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………….[1]

 (b) Explain the difference between book-keeping and accounting.

……………………………………………………………………………………………………………………………………………………………… ……………………………………………………………………………………………………………………………………………………………… ……………………………………………………………………………………………………………………………………………………………… ………………………………………………………………………………………………………………………………………………………….[4]

**N13/13**

**2**(a) Complete the following sentences, using the following terms

*accounting assets Statement of Financial Position*

*book-keeping liabilities income statement*

The recording of financial transactions is known as …………………………………………………………………………

The production of financial statements from the records is called ………………………………………………….

When a business needs to show its financial position it produces the ……………………………………………

This shows the items a business owns, known as …………………………………………………………………………..

and the items it owes, called ………………………………………………………………………………………………………….

To show the profit earned, the business prepares the ………………………………………………………………….. [6]

**J14/12 & N18/12 Q.2 (f)**

**2** (a) Explain the meaning of the following terms.

1 asset …………………………………………………………………………………………………………………………………….

 …………………………………………………………………………………………………………………………………………………………..

2 liability ……………………………………………………………………………………………………………………………………

 …………………………………………………………………………………………………………………………………………………………..

3 owner’s capital …………………………………………………………………………………………………………………….

 ………………………………………………………………………………………………………………………………………………………[3]

(b) Complete the table below using a tick (**✓**) to indicate if each item is an asset or a liability. The first has been completed as an example.

|  |  |  |
| --- | --- | --- |
|  | Asset | Liability |
| Inventory | **✓** |  |
| Motor vehicle |  |  |
| Trade receivables |  |  |
| Trade payables |  |  |
| Bank loan |  |  |
| Cash |  |  |

 [5]

**J14/12**

**2** Archie is a trader with a year end of 31 December. During the year he made the following transactions.

1 On 1 January paid $10 000 of his own money into the business bank account.

2 On 1 January bought plant and equipment, $6 000, paying half by cheque and paying half with a loan from ABC Finance.

3 On 30 June took $500 in cash as drawings.

4 On 31 December paid by bank transfer $210 interest on the loan from ABC Finance.

5 On 31 December paid $1 000 by cheque as the first repayment of the loan.

6 On 31 December provided $600 depreciation on the plant and equipment.

REQUIRED

(c) Complete the table below, showing the double entry recording each of these transactions.

The first has been completed as an example.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Debit entry | $ | Credit entry | $ |  |
| 1 | *Bank account* | *10 000* | *Capital account* | *10 000* |  |
| 2 |  |  |  |  |  |
| 3 |  |  |  |  |  |
| 4 |  |  |  |  |  |
| 5 |  |  |  |  |  |
| 6 |  |  |  |  | [11] |

(d) Calculate the annual rate of interest Archie was paying on the loan.

 ……………………………………………………………………………………………………………………………………………………………..

 ……………………………………………………………………………………………………………………………………………………………..

 …………………………………………………………………………………………………………………………………………………………[2]

**J15/12**

**2** (a) State the accounting equation.

………………………………………………………………………………………………………………………………………………………[1]

 (b) State what is meant by an asset.

……………………………………………………………………………………………………………………………………………………..[1]

 (c) Name the financial statement in which an asset is recorded.

……………………………………………………………………………………………………………………………………………………..[1]

**J15/13**

**2** (a) Complete the following table. Indicate with a tick (**✓**) whether each item is an asset or a liability. The first item has been completed as an example.

|  |  |  |
| --- | --- | --- |
|  | Asset | Liability |
| Office equipment | **✓** |  |
| Prepaid rent |  |  |
| Accrued wages |  |  |
| Bank loan |  |  |
| Inventory of goods for resale |  |  |
| Inventory of stationery for office use |  |  |
| Amount due to creditor |  |  |

[6]

 (b) Complete the following sentences using the word ‘*debit*’ or ‘*credit*’.

An asset account has a …………………………………………………… balance.

A liability account has a …………………………………………………… balance.

An expense account has a …………………………………………………… balance.

An income account has a …………………………………………………… balance. [4]

 (c) Give one example of an expense account.

………………………………………………………………………………………………………………………………………………………[1]

 (d) Name the financial statement in which expenses are recorded.

………………………………………………………………………………………………………………………………………………………[1]

**J16/12**

**2 (a)** State the accounting equation.

...............................................................................................................................................[1]

Saeed is a trader. He took cash from the business for his own use.

**REQUIRED**

 **(b)** State how the taking of the cash was recorded in Saeed’s books of account.

|  |  |
| --- | --- |
| account debited | account credited |
|  |  |

[2]

 **(c)** State whether this transaction increased or decreased Saeed’s capital.

…………................................................................................................................................................[1]

 **(d)** Name **one** form (other than in cash or from the bank) in which a business owner might take drawings.

...........................................................................................................................................................[1]

**N16/12**

**3 (a)** State what is meant by an asset.

...................................................................................................................................................

...............................................................................................................................................[1]

**(b)** State the difference between a non-current asset and a current asset.

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...................................................................................................................................................

...................................................................................................................................................

...............................................................................................................................................[2]

**(c)** State what is meant by a liability.

...................................................................................................................................................

...............................................................................................................................................[1]

**(d)** State the difference between a non-current liability and a current liability.

...................................................................................................................................................

...................................................................................................................................................

...................................................................................................................................................

...............................................................................................................................................[2]

Malorie is in business as a baker.

**REQUIRED**

1. **(i)** Suggest **one** item Malorie would include in her non-current assets.

.......................................................................................................................................[1]

**(ii)** Suggest **one** item Malorie might include in her inventory.

.......................................................................................................................................[1]

**N17/11 & N18/13 Q.2 (a)**

**2 (a)** State the meaning of owner’s equity.

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...............................................................................................................................................[1]

N18/13

2(d)Complete the following table, indicating with a tick (**✓**) where **each** account would appear in a trial balance.

|  |  |  |
| --- | --- | --- |
|  | debitcolumn | creditcolumn |
| capital | **✓** |  |
| drawings |  |  |
| provision for depreciation |  |  |
| carriage inwards |  |  |
| carriage outwards |  |  |
| rent received |  |  |
| stationery |  |  |
| sales returns |  |  |

[4]

J19/13

**2(c)** Complete the table by placing a tick (**✓**) in the correct column to indicate where the balance of **each** of the accounts would appear in Nabil’s trial balance on 31 March 2019.

The first one has been completed as an example.

|  |  |  |
| --- | --- | --- |
|  | debitcolumn | creditcolumn |
| rent and rates | **✓** |  |
| capital |  |  |
| motor vehicle at cost |  |  |
| motor expenses |  |  |
| purchases returns |  |  |
| purchases returns |  |  |
| discount received |  |  |
| Tarek, a credit supplier |  |  |
| insurance |  |  |
| bank overdraft |  |  |
| operating expenses |  |  |
| 5-year bank loan |  |  |
| drawings |  |  |
| carriage outwards |  |  |

[6]