



EMS: GRADE 8 SUMMARISED NOTES

Grouping of accounts

Accounting equation:

$$\text{Assets} = \text{Owners' Equity} + \text{Liabilities}$$

+ ASSETS -

FIXED ASSETS

- Property or land
- Vehicles
- Equipment / Machinery
- Furniture

OPERATING ASSETS

- Inventory / Merchandise
- Bank
- Petty Cash
- Change
- Debtors control

FINANCIAL ASSETS

- Fixed deposits / investments



Remember: The double entry principle requires that for every debit, there must be an equal and opposite credit in any transaction.

- OWNERS' EQUITY +

- Withdrawals (-) owner takes money from business for own use. (So the Bank also gets smaller.)
- Capital (+) owner pays money into business.
- An **expense** affects the owner's equity negatively.
- An **income** affects the owner's equity positively.

+ EXPENSES -

- Telephone
- Advertisements
- Fuel
- Stationery
- Cost of sales
- Rent expense
- Trade license
- Insurance
- Postage
- Salaries
- Wages
- Water and electricity
- Repairwork
- Packaging material
- Consumable stores
- Donations

- INCOME +

- Current income
- Sales
- Rent income
- Donations received
- Interest on current account
- Interest on a fixed deposit or investment

- LIABILITIES +

- Loans
- Creditors control
- Overdraft



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