QUESTION 1 – THE FINANCIAL POSITION

The following information relates to Peter Skhothane, a service entity:

PETER SKHOTHANE

TRIAL BALANCE AS AT 28 FEBRUARY 20.1

	R
Capital	?
Drawings	35 950
Vehicles	60 500
Land and buildings	100 000
Plant and equipment	31 500
Inventory	9 500
Trade receivables control	19 855
Trade payables control	17 160
Bank overdraft	25 000
Petty cash	640
Mortgage secured by land and buildings	37 500

Use the accounting equation to calculate the capital amount.

QUESTION 2 – ASSETS

What is the difference between the following two transactions with regard to the assets?

Vehicles bought for delivery purposes.
Vehicles bought for selling purposes.