



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION - 2006

ACCOUNTING

STANDARD GRADE

FEBRUARY/MARCH 2006

401-2/0 E

Marks: 300

3 Hours

This question paper consists of 16 pages.

ACCOUNTING SG
Question Paper & Answer Book



401 2 0E

SG

X05



THIS PAGE MUST BE LEFT BLANK

INSTRUCTIONS

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL workings for part-marks to be allocated.
4. Read the instructions carefully and follow them precisely.
5. Candidates will forfeit marks for:
 - 5.1 Important dates which are omitted
 - 5.2 Use of non-standardised abbreviations
 - 5.3 Over-writing on figures
 - 5.4 Superfluous entries/foreign items/errors of principle
6. Non-programmable computers may be used.
7. No pages must be removed from the answer book. The answer book caters for alternative formats of financial statements.
8. Use the information given in the table below as a time guide when answering the question paper and try not to deviate from it.

QUESTION	TOPIC	MARKS	TIME GUIDE
1	Bank Reconciliation	49	29 minutes
2	Partnership	69	41 minutes
3	Club	39	24 minutes
4	Company	52	31 minutes
5	Close Corporation	30	18 minutes
6	Cash Budget	44	27 minutes
7	Trading Stock	17	10 minutes
TOTAL		300	180 minutes

QUESTION 1**BANK RECONCILIATION****(49 marks; 29 minutes)**

The information below was taken from the records of Marula Traders. The business has a current banking account with Chesa Bank.

REQUIRED:

- 1.1 Complete the Cash Receipts Journal and the Cash Payments Journal for September 2005. (27)
- 1.2 Post to the Bank account in the General Ledger and balance the account. (7)
- 1.3 Prepare the Bank Reconciliation Statement on 30 September 2005. (15)

INFORMATION:**1. Summary of the Bank Reconciliation Statement on 31 August 2005**

Favourable balance as per Bank Statement	6 230
Outstanding deposit	4 320
Outstanding cheques:	
No. 288	540
No. 334	860
No. 442	900
Balance as per bank account (Dr)	8 250

2. Provisional totals of the Cash Journals

	CRJ	CPJ
Bank	70 960	65 440
Sundry accounts	50 760	42 620

3. A comparison of the Bank Statement for September 2005 with the Bank Reconciliation Statement on 31 August 2005 and the Cash Journals for September 2005 showed the following differences:

- 3.1 The outstanding deposit on 31 August 2005 of R4 320 was credited by the bank.
- 3.2 Cheque No. 288 for R540 was honoured by the bank, but cheque No. 334 for R860 is still outstanding.
- 3.3 Cheque No. 442 for R900 was issued to Young Lions Academy (YLA) as a donation. The cheque was lost in the post. The cheque must be cancelled. A new cheque No. 602 for R1 200 was issued to YLA on 30 September 2005 but has not yet been deposited by YLA. No entries have been made for these transactions.
- 3.4 A tenant, All Seasons Flora, deposited his monthly rent R590, directly into the business bank account.
- 3.5 An unpaid cheque for R670 received from a debtor, W. Ndlovu, was returned by the bank, marked 'Insufficient funds'.
- 3.6 The bank recorded a stop order in favour of Multi-surance, R2 000, for the insurance of the business.
- 3.7 The bank debited the business' account with the following:
- Cash handling fees R108,00
 - Service fee R 77,50
 - Cost of cheque book and deposit book R 64,50
- 3.8 The bank has not yet recorded the deposit of R7 920 made on 30 September 2005.
- 3.9 Apart from the outstanding cheques referred to above, there are two other cheques which have also not been presented for payment at the end of September:
- | | |
|----------------|--------|
| Cheque No. 551 | R1 500 |
| Cheque No. 592 | R3 000 |
- 3.10 The business had a favourable balance of R9 780 according to the bank statement on 30 September 2005.

QUESTION 2**PARTNERSHIP****(69 marks; 41 minutes)**

You are provided with information relating to Wami-na-Wakho Stores with partners, S. Wami and P. Wakho. The financial year ended on 28 February 2005.

REQUIRED:

- 2.1 Income Statement for the year ended 28 February 2005 (42)
- 2.2 Current accounts of the partners as a note to the Balance Sheet on 28 February 2005 (24)
- 2.3 Wami feels that they should investigate the trading stock deficit. Wakho disagrees. What is your opinion? Give a reason to support your opinion. (3)

INFORMATION:**1. PRE-ADJUSTMENT TRIAL BALANCE ON 28 FEBRUARY 2005**

Balance Sheet accounts section	Debits	Credits
Capital: S. Wami		180 000
Capital: P. Wakho		90 000
Current account: S. Wami (1 March 2004)	5 400	
Current account: P. Wakho (1 March 2004)		7 600
Drawings: S. Wami	53 000	
Drawings: P. Wakho	56 000	
Loan: Star Bank (12% p.a.)		80 000
Land and buildings	259 750	
Equipment	72 000	
Accumululated depreciation on equipment		24 600
Trading stock	54 500	
Debtors control	27 000	
Provision for bad debts		900
Creditors control		17 270
Fixed deposit: Fortune Bank	18 000	
Bank		12 460
Cash float	500	

Nominal accounts section		
Sales		680 000
Debtors allowances	8 000	
Cost of sales	340 000	
Rent income		10 450
Insurance	4 270	
Interest on loan	8 800	
Packing materials	3 500	
Salaries and wages	149 600	
Commission income		2 450
Interest on investments		1 650
Bad debts	2 000	
Sundry expenses	45 060	
	1 107 380	1 107 380

ADJUSTMENTS AND ADDITIONAL INFORMATION:

1. Wakho took goods at cost price for personal use, R1 500. No entry has been made.
2. The year-end physical stocktaking revealed the following:
Trading stock – R52 400
Packing material – R720
3. Rent has been received for 11 months only.
4. Commission of R200 has been received in advance for March 2005.
5. The interest on loan must be adjusted to 12% p.a. on R80 000 for the year.
6. One employee's wage of R750 has been left out of the Wages Journal for the week ending 26 February 2005.
7. Insurance premium amounting to R850 has not been paid for the period.
8. Provision for bad debts must be adjusted to 5% of the debtors.
9. Depreciation on equipment for the year amounts to R14 400.
10. The partnership agreement stipulates the following:
 - 10.1 Interest on capital for the partners is:
 - S. Wami - R27 000
 - P. Wakho - R13 500
 - 10.2 Annual salaries to partners are:
 - S. Wami - R24 000
 - P. Wakho - R30 000
 - 10.3 Remaining profits are to be shared between Wami and Wakho in the ratio 2:1 respectively.

QUESTION 3**CLUB****(39 marks; 24 minutes)**

You are provided with the information relating to Dipitsi Athletics Club.

REQUIRED:

Complete the Statement of Receipts and Payments for the year ended 31 December 2004

INFORMATION:**1. Balances on 1 January 2004**

Bank (Debit)	8 500
Fixed Deposit: Wonder Bank	20 000
Membership fees account:	
Income received in advance	600
Accrued income	450

2. Summary of transactions and other information for the year ended 31 December 2004

- 2.1 Membership fees of R9 900 were received during the year. A sum of R300 in respect of 2005 was included in the amount. All the arrear membership fees for 2003 have been paid, while R750 is still owed for 2004.
- 2.2 Twenty new members joined the club during the year. The entrance fee amounts to R80 per member per year and was paid by all new members.
- 2.3 Purchase of athletics equipment:
By cheque - R950
On credit - R2 440
- 2.4 Sale of old athletics equipment for cash, R600.
- 2.5 Registration fee received from the athletes for the Platinum Marathon, R20 000.
- 2.6 Costs paid for the organising of the Platinum Marathon amounts to R45 000. R30 000 was received from local businesses as sponsorship towards the cost of this event.

- 2.7 Wages paid to the caretaker for the period January to November amounted to R7 700. The amount for December 2005 has not yet been paid.
- 2.8 Refreshments bought:
On credit - R1 860
For cash - R2 620
- 2.9 Refreshments donated to the club by members during the year, R430.
- 2.10 Refreshments sold to the members during the year for cash, R4 740.
- 2.11 Refreshments on hand at the end of the year, R550.
- 2.12 Honorarium owed to the secretary, R250.
- 2.13 Affiliation fees paid, R200.
- 2.14 Sundry expenses paid for the year, R9 850.
- 2.15 A further R5 000 was invested in the Fixed Deposit on 1 January 2004.
- 2.16 Interest of R3 000 on fixed deposit has been received from Wonder Bank for the whole year.
- 2.17 Interest earned on the bank account for the whole year amounts to R450.

QUESTION 4**COMPANY****(52 marks; 31 minutes)**

Sedibeng Limited is a company with an authorised share capital of 300 000 ordinary shares of R2 each.

REQUIRED:

- 4.1 Complete the following accounts in the General Ledger. Close off the accounts on the 28 February 2005.
- 4.1.1 Asset Disposal account (11)
- 4.1.2 Accumulated depreciation on vehicles account (8)
- 4.2 Complete the following notes to the Balance Sheet on 28 February 2005
- 4.2.1 Tangible/Fixed Assets (17)
- 4.2.2 Trade and other receivables (9)
- 4.2.3 Retained Income (7)

INFORMATION:**1. Extracts from the General Ledger on 1 March 2004**

Ordinary Share Capital	400 000
Share Premium	40 000
Retained Income	25 000
Land and Buildings	240 000
Vehicles	300 000
Equipment	150 000
Accumulated depreciation on vehicles	92 000
Accumulated depreciation on equipment	70 000

2. Extracts from the Post-Closing Trial Balance on 28 February 2005

	Debit	Credit
Ordinary Share Capital		500 000
Share Premium		50 000
Retained Income		?
Land and Buildings	240 000	
Debtors Control	38 000	
Provision for bad debts		760
Accrued expenses		2 300
SARS – Income tax		24 400
Creditors Control		29 500
Prepaid expenses	780	
Income received in advance		420
Shareholders for dividends		?

3. Additional Information

- 3.1 During the year some shares were issued at a premium.
- 3.2 On 28 February 2005, one of the vehicles was sold for cash at a profit of R6 000. The cost price of the vehicle was R90 000 and the accumulated depreciation on 1 March 2004 was R45 000.
- 3.3 Depreciation is calculated on vehicles at 20% p.a. on the cost price and on equipment at 15% p.a. on the diminishing balance.
- 3.4 Additional equipment worth R50 000 was purchased on credit on 28 February 2005.
- 3.5 An interim dividend of R30 000 was declared and paid on 31 August 2004, and a final dividend of 17 cents per share was recommended by the directors on 28 February 2005.
- 3.6 After taking all the above adjustments and additional information into account, the **net profit after tax** has been calculated at R85 000 for the year.

QUESTION 5**CLOSE CORPORATION****(30 marks; 18 minutes)**

Capricorn Traders CC is a Close Corporation with A. Capri and B. Corn as members. The accounting year ended on 28 February 2005.

REQUIRED:

- 5.1 Prepare the following accounts in the general ledger and close/balance them off on 28 February 2005:
- 5.1.1 Members' Contributions (5)
 - 5.1.2 South African Revenue Services (Income Tax) (11)
 - 5.1.3 Distribution to members (4)
- 5.2 Calculate the amount of the **net profit before tax** for the year ended 28 February 2005. (10)

(Hint: You may draft an Appropriation account to assist you).

INFORMATION:**1. List of balances extracted from the ledger on 1 March 2004**

Members' Contributions	R210 000
Retained Income/Accumulated Income	23 400
SARS (Income Tax)	5 700 (Credit)
Distribution payable to members	44 500

2. Additional Information

- 2.1 The amounts owed to the Receiver of Revenue and the members were paid in full on 30 March 2004.
- 2.2 The business moved to new premises owned by B. Corn on 1 July 2004. He requested that the property worth R120 000, be regarded as an increase to his business contributions.

- 2.3 Provisional tax payments were made as follows:
1 September 2004 - R27 000
20 February 2005 - R30 000
- 2.4 The income tax payable for the accounting period amounts to R54 200.
- 2.5 An amount of R78 000 was made available for distribution between A. Capri and B. Corn in the ratio of 2:1 respectively.
- 2.6 The Retained Income account showed a balance of R47 000 on 28 February 2005.

QUESTION 6**CASH BUDGET****(44 marks; 27 minutes)**

Sipho and Lindani are two students who started as co-owners of Zenzele Car-Wash, which they operate over the weekends.

REQUIRED:

6.1 Cash Budget for the two months ending 31 December 2005 (41)

6.2 Sipho and Lindani want to increase their fees from services rendered to R10 000 by employing Zee as from January 2006. In your opinion, (3)
will this be a good idea? Briefly explain.

INFORMATION:

1. Actual services rendered

	for cash
September	3 500
October	4 000

2. Budgeted services to be rendered

	for cash
November	6 000
December	8 500

3. Actual consumables bought

	for cash	on credit
September	250	300
October	350	400

4. Budgeted consumables to be bought

	for cash	on credit
November	450	500
December	650	750

5. Consumables bought on credit are paid 30 days after purchase has been made.
6. A loan from Utility Bank for R5 700 has been secured and will be received in November 2005. Repayment of the loan will be made in six equal instalments starting from December 2005.
7. Sipho and Lindani pay themselves a monthly salary of R1 500 each. This will be increased by R200 each in December.
8. The business has rented a cleaning machine from Equipco CC with a monthly rental of R550. The contract expires on 30 June 2006.
9. Sipho and Lindani need a second cleaning machine to expand their services. They have planned to purchase a second-hand cleaning machine costing R5 000 in November. A deposit of R1 300 is payable in November and thereafter a monthly instalment of R600 from December.
10. Water and electricity cost R300 per month and will increase by R40 in December.
11. Stationery to be bought for cash on a monthly basis is:

November	-	R100
December	-	R120
12. The bank account of Zenzele Car-Wash showed an unfavourable balance of R3 500 on 31 October 2005.

QUESTION 7**TRADING STOCK****(17 marks; 10 minutes)**

The following account was extracted from the General Ledger of Ekhaya Traders:

REQUIRED:

Study the account and then answer the questions that follow:

Trading Stock Account							
2004 Mar 1	Balance	b/d	74 800	2004 Mar 31	?	CAJ	3 000
31	Bank	CPJ	40 080		Sundry accounts	GJ	2 600
	Creditors control	?	20 620		Cost of sales	CRJ	36 400
	Cost of sales	DAJ	4 320		?	DJ	32 200
	?	PCJ	440		Balance	b/d	66 060
			140 260				140 260
2004 April 1	Balance	b/d	66 060				

QUESTIONS:

1. Give an explanation for the entry of R40 080 on the debit side of the account. (2)
2. Give ONE reason why the account has been debited with R4 320. (2)
3. Does the business sell more goods for cash than it does on credit? Support your answer with the amounts taken from the account. (3)
4. The amount of R20 620 was posted from which Journal? (2)
5. The business returned some goods to the suppliers to the value of R3 000. Name the source document used for this type of transaction. (2)
6. Provide the contra accounts for the following amounts:
 - 6.1 R440 (2)
 - 6.2 R32 200 (2)
7. Goods were donated to a local charity. In which figure in the account above are these donations included? (2)

17

TOTAL: 300