

MID-YEAR EXAMINATION*[Study Guide p107; Ans Bk p137]*

Marks: 200

Time: 2 hours

QUESTION 1: CONCEPTS AND CASH JOURNALS**[40]****1.1 CONCEPTS****[5]**

- 1.1.1 The double entry principle✓
- 1.1.2 Fixed assets✓
- 1.1.3 Liabilities✓
- 1.1.4 Capital contribution✓
- 1.1.5 Petty cash✓

1.2 ROSE TRADERS**[35]****CASH RECEIPTS JOURNAL OF ROSE TRADERS – MARCH 20.8****CRJ8**

Doc	D	Details	F	Analysis of receipts	Bank	Sales	Cost of sales	Debtors control		Sundry accounts		
								Receipts	Discount allowed	Amount	F	Details
B/S	2	Namibia Bank			✓✓90 000					90 000	✓	Loan: Torque Bank
CRT	4	Sales		✓12 800		✓12 800	✓✓8 000					
B/S		R Ridge		✓7 200	✓20 000					7 200	✓	Rent income
B/S	12	B. Raman		✓4 585	✓4 585			✓4 585	✓✓115			
✓												

(16)**CASH PAYMENTS JOURNAL OF ROSE TRADERS – MARCH 20.8****CPJ8**

Doc	D	Details	F	Bank	Creditors control		Equipment	Trading stock	Sundry accounts		
					Payments	Discount received			Amount	F	Details
B/S	2	Telmix		✓2 282					2 282	✓	Telephone
B/S	6	Milo Stores		✓18 300				✓18 300			
B/S	7	Star Transport		✓1 520				✓1 520			
B/S	10	Transkei Cash & Carry		✓17 900			✓9 500	✓8 400			
B/S	15	Samsung Stores		✓8 200	✓8 200	✓✓410					
B/S	29	Rehmin Bank		✓671					315	✓	Bank charges
									356	✓	Interest on o/d
		South West Insurers		✓1 350					1 350	✓	Insurance
✓											

Note: Can use EFT instead of B/S**(19)**

QUESTION 2: GENERAL JOURNAL AND SUBSIDIARY LEDGERS

[45]

2.1 GENERAL JOURNAL OF SINGH TRADERS – SEPTEMBER 20.8

GJ

Doc No	D	Details	F	Dr	Cr	Debtors control		Creditors control	
						Dr	Cr	Dr	Cr
	(i)	S. Rugbar		✓✓210		☑210			
		Discount allowed			☑210				
		Discount cancelled							
	(ii)	S. Rugbar		✓✓25		☑25			
		Interest income			☑25				
		Interest charged on overdue a/c							
	(iii)	Hoose Traders		✓2 280				✓2 280	
		Hoosain Suppliers			✓2 280				2 280
		Correction of error							
	(iv)	Bad debts		✓✓630					
		B. Mylie			☑630		☑630		
		Account written off							

[-1 up for no/incorrect narration (max -2)]

(15)

2.2 DEBTORS LEDGER OF SINGH TRADERS

S. RUGBAR

DL3

Date		Details	Fol	Debit	Credit	Balance
20.8						
Sept	1	Balance /Account rendered	b/d			7 200
	4	Receipt No. XX ✓	CRJ		4 200	3 000
		Discount allowed ✓	CRJ		✓✓210	2 790
	12	Invoice No. 122	DJ	✓2 640		5 430
	15	Credit Note XX ✓	DAJ		✓132	5 298
	18	Cheque dishonoured	CPJ	✓4 200		9 498
		Discount cancelled ✓	GJ	☑210		9 708
		Interest on overdue account ✓	GJ	☑25		☑9 733

[-1 of no folio references inserted]

(13)

CREDITORS LEDGER OF SINGH TRADERS

HOOSAIN SUPPLIERS

DL3

Date		Details	Fol	Debit	Credit	Balance
20.8						
Sept	1	Balance /Account rendered	b/d			18 450
	5	Cheque No. 431	CPJ	✓5 250		13 200
	15	Invoice No. 629	CJ		✓3 960	17 160
	17	Debit note XX ✓	CAJ	✓540		16 620
	24	Correction of error ✓	GJ		☑2 280	☑18 900

(7)

2.3	Provide THREE points and a reason in each case.	(6)
Information		Reason
<ul style="list-style-type: none"> Address and telephone number. ✓ Place of employment. ✓ Salary scale/monthly salary. ✓ Credit references. ID document/number. 		<ul style="list-style-type: none"> To contact when account is overdue. ✓ If earning an income to be able to pay. ✓ Amount of credit to grant. ✓ Is he/she paying on time/not a problem. In case legal action needs to be taken.
2.4	State TWO internal control measures that Joyce can use to ensure that debtors pay their accounts on time.	(4)
<i>TWO points ✓✓ ✓✓</i> <ul style="list-style-type: none"> Send regular statements or reminders. Charge interest on overdue accounts. Give discounts for debtors complying with credit terms. Control credit limits of defaulting debtors. 		

QUESTION 3: POSTING TO THE GENERAL LEDGER

(30 marks; 20 minutes)

3.1 CONCEPTS

[5]

3.1.1	Creditor ✓
3.1.2	Bank statement ✓
3.1.3	Debit ✓
3.1.4	Petty cash ✓
3.1.5	Nominal account ✓

3.2 TONY TRADERS

[25]

3.2.1

**GENERAL LEDGER OF TONY TRADERS
BALANCE SHEET ACCOUNTS SECTION**

Dr					B					Cr					
TRADING STOCK															
20.8					20.8										
Mar	1	Balance	b/d	✓43 210	Mar	31	Cost of sales	CRJ	✓✓18 500						
	31	Bank ^③	CPJ	✓✓28 400			Creditors control	CAJ	✓3 770						
		Creditors control	CJ	✓19 750			Cost of sales ^④	DJ	✓✓12 400						
		Cost of sales	DAJ	✓1 180			Balance	c/d	☑57 870						
				92 540											92 540
Apr	1	Balance	b/d	☑57 870											

(12)

3.2.2

DEBTORS CONTROL

B

20.8					20.8										
Mar	1	Balance	b/d	✓23 280	Mar	31	Debtors allowances	DAJ	✓3 630						
	31	Sales	DJ	✓19 840			Bank ^②	CRJ	✓✓9 500						
		Bank (r/d)	CPJ	✓3 120			Discount allowed	CRJ	✓640						

(7)

3.2.3

CREDITORS CONTROL

B

20.8					20.8										
Mar	31	Total allowances ^① *	CAJ	✓4 810	Mar	1	Balance	b/d	✓32 170						
		Bank	CPJ	✓12 640		31	Total purchases ^① *	CJ	✓✓30 080						
		Discount received	CPJ	✓2 100											

(6)

① or Sundry accounts

② 62 050 – 29 600 - 22 950 = 9 500

③ $52\,980 - 3\,120 - 12\,640 - 8\,820 = 28\,400$

④ $19\,840 \times \frac{100}{160} = 12\,400$

QUESTION 4: SALARIES

(30 marks; 15 minutes)

4.1 SALARY SCALE

[11]

4.1.1	Calculate Shange's monthly salary in her first year of employment.	(2)
135 000 ÷ 12 = <u>R11 250</u> ✓✓		
4.1.2	What will her annual salary be in her fourth year of employment?	(3)
135 000 + (14 640 + 14 640 + 14 640) 135 000✓ + 43 920✓ = <u>R178 920</u> ✓		
4.1.3	What will her monthly increase be in her 6th year of employment?	(2)
16 920 ✓ ÷ 12 = <u>R1 410</u> ✓		
4.1.4	How many years would she work before she reaches R229 680 p.a.?	(4)
1 st year: R135 000 2 nd year: R149 640 3 rd year: R164 280 4 th year: R178 920✓ 5 th year: R195 840✓ 6 th year: R212 760✓ 7 th year: <u>R229 680</u> ✓ (award 4 marks for after 6 years)		

4.2 SALARY ADVICE: CALCULATIONS

[19]

4.2.1 Salary Advice

(12)

BERG STREET TRADERS	
SALARY ADVICE	Date: 31 October 20.7
Employee: Piet Mashanga	Job Title: Junior Clerk
BASIC SALARY ①	✓ 14 430,00
Bonuses & allowances ②	✓✓ 4 329,00
GROSS SALARY	✓ 18 759,00
TOTAL DEDUCTIONS :	✓ (5 375,73)
Pension fund ③	✓✓ 1 154,40
PAYE ④	✓✓ 3 189,03
UIF ⑤	✓ 144,30
Medical aid	✓ 888,00
NET SALARY DUE TO EMPLOYEE	✓ 13 383,27

① $173\,160 \div 12$

② $30\% \times 14\,430$

③ $8\% \times 14\,430$ (Basic salary)

④ $17\% \times 18\,759$

⑤ $1\% \text{ of } 14\,430$ (Basic salary)

[Do not show calculations on the Salary advice.]

4.2.2	Calculate the total salary expense of the business with regards to Piet Mashanga, inclusive of all benefits, for October 20.7.	(7)
Gross salary + Contributions (UIF + Medical aid + Skills levy) $(14\,430 + 4\,329) + [(1\,154,40 \times 1,5) + 144,30 + 888 + 144,30]$ $18\,759 + 1\,731,60 + 144,30 + 888 + 144,30 = \underline{R21\,667,20}$		

QUESTION 5: DEPRECIATION & SHORT QUESTIONS

(55 marks; 35 minutes)

5.1 GAAP

[5]

5.1.1	C ✓
5.1.2	D ✓
5.1.3	A ✓
5.1.4	E ✓
5.1.5	B ✓

5.2 BONGI'S DELIVERY SERVICES

[24]

5.2.1	Briefly explain why fixed assets are depreciated.	(2)
<i>Explanation</i> ✓✓ They experience wear and tear. They are being used (second-hand). It would not be worth the price paid after it is used. Becomes old.		
5.2.2	Calculate the depreciation on vehicles and on equipment for the financial year ended 28 February 20.8.	(10)
Vehicles: $(552\,000 - 384\,000) \times 15\% \times \frac{4}{12}$ $168\,000 \times 15\% \times \frac{4}{12} = 8\,400$ $384\,000 \times 15\% = 57\,600$ ✓✓ Total = <u>R66 000</u> ✓		
Equipment: $(288\,000 - 135\,750) \times 20\%$ $152\,250 \times 20\% = \underline{R30\,450}$ ✓		

5.2.3

GENERAL LEDGER OF MDU'S DELIVERY SERVICES

Dr

Vehicles

B6

(5)

Cr

20.7					20.8				
Mar	1	Balance	b/d	✓384 000	Feb	28	Balance	c/d	✓552 000
Nov	1	Creditors control ✓	CJ	168 000					
				552 000					552 000
20.8									
Feb	1	Balance	b/d	552 000					

				Depreciation		N12 (3)	
20.8							
Feb	28	Accumulated depreciation vehicles✓	on GJ	<input checked="" type="checkbox"/> 66 000			
		Accumulated depreciation equipment	on GJ	<input checked="" type="checkbox"/> 30 450			

5.2.4	Provide TWO internal control measures that she can use to determine if she is correct or not.	(4)
<p><i>TWO valid points ✓✓ ✓✓</i></p> <ul style="list-style-type: none"> • Install tracking devices on vehicles. • Get drivers to keep a log book (mileage). • Drivers must park vehicles in business premises by a certain time daily. • Rotate vehicles (not the same driver) per vehicle. • Inspect vehicles at a certain time each day. 		

5.3 SHORT QUESTIONS [26]

5.3.1 FINAL ACCOUNTS (13)

(i) GENERAL JOURNAL OF PLAYVIN TRADERS – 30 APRIL 20.8 (9)
(narrations are not necessary)

Doc	D	Details	Fol	Debit	Credit
(i)		Sales		✓17 970	
		Debtors allowances			✓17 970
(ii)		Sales (1 413 720 – 17 970)		✓✓1 395 750	
		Trading account			<input checked="" type="checkbox"/> 1 395 750
(iii)		Trading account		✓1 020 750	
		Cost of sales			✓1 020 750
(iv)		Trading account		<input checked="" type="checkbox"/> 375 000	
		Profit & loss account			<input checked="" type="checkbox"/> 375 000
		(1 395 750 – 1 020 750)			

[Mark for details and amount]

(ii) TRADING ACCOUNT

20.8					20.8				
Apr	30	Cost of sales		✓1 020 750	Apr	30	Sales		<input checked="" type="checkbox"/> 1 395 750
		Profit and loss		<input checked="" type="checkbox"/> 375 000					
				1 395 750					<input checked="" type="checkbox"/>1 395 750

[Amount and detail for 1 mark]

(4)

5.3.2 VAT

(13)

(i)	(a) False✓				
	(b) True✓				
	(c) False✓				(3)
(ii)	(a) Indirect✓				
	(b) Output VAT✓				(2)
(iii)		Amount excluding VAT	VAT amount	Amount including VAT	
	Cash and credit purchases of stock	R88 450	✓ 13 267,50		
	Cash received from customers		✓✓✓ 11 400	R87 400	
	Damaged goods returned by customers		R15 480	✓✓✓ 118 680	
	VAT on expenses.	R66 540	✓ 9 981	R76 521	(8)