



**education**

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Department:  
Education  
**REPUBLIC OF SOUTH AFRICA**

**SENIOR CERTIFICATE EXAMINATION – 2008**

**ACCOUNTING**

**STANDARD GRADE**

**MAY/JUNE 2008**

**MARKS: 300**

**TIME: 3 hours**

**This question paper consists of 12 pages and an answer book of 16 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL the questions should be answered.
3. Show ALL the calculations in order for part marks to be allocated.
4. Candidates will forfeit marks for the following:
  - 4.1 Important dates which are omitted
  - 4.2 Use of non-standardised abbreviations
  - 4.3 Over-writing of figures
  - 4.4 Superfluous entries/foreign items/errors of principle
5. Non-programmable calculators may be used.
6. NO pages may be removed from the answer book. The answer book caters for alternative formats of financial statements.
7. Use the information given in the table below as a guide when answering this question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME GUIDE (MINUTES)
1	Close Corporation	47	28
2	Budget	39	23
3	Club	54	33
4	Partnership	60	36
5	Bank Reconciliation	40	24
6	Company	60	36
		<b>300</b>	<b>180 minutes</b>

**QUESTION 1****CLOSE CORPORATION****(47 marks; 28 minutes)**

R &amp; B Distributors is a close corporation owned by Rob and Busie.

**REQUIRED:**

1.1 Analyse the transactions according to the columns as indicated below:

No.	Account debited	Account credited	Amount

 (42)

1.2 Refer to 1.1.2: You are told that a week after Rob's personal computer was transferred to the business, it broke down and could not be repaired.

1.2.1 If you were Busie, what would you say to Rob? (1)

1.2.2 Provide Rob with TWO options to solve this problem. (2 x 2) (4)

**INFORMATION:****Balances at the end of the previous year**

Members' contribution		310 000
Loan to Busie		30 000
SARS (Income tax)	Cr	12 000
Distribution payable to members		98 000

**Transactions during the year**

1.1.1 Paid the amount owing to the SARS.

1.1.2 Rob transferred a personal computer valued at R20 000 to the business and requested that it should be regarded as an increase of his members' contribution. Busie agreed to this contribution.

1.1.3 Paid the distributions of the net profit owing to the members.

1.1.4 Busie requested that his members' contribution be decreased to settle his loan from the business in full.

1.1.5 Paid provisional tax to the SARS, R31 000.

**Adjustments and closing transfers on the last day of the financial year**

1.1.6 Closed the Profit and Loss Account with the net profit for the year, R380 000.

1.1.7 The total amount for the income tax for the year amounts to R95 000.

1.1.8 The members decided to distribute 70% of the **net profit after tax** amongst themselves.

**QUESTION 2****BUDGET****(39 marks; 23 minutes)**

The following information appears in the books of Cassim Traders.

**REQUIRED:**

- 2.1 Complete the Debtors Collection Schedule of Cassim Traders for April 2008. March figures have been provided for you. (4)
- 2.2 Prepare a Cash Budget for Cassim Traders for the period 1 March 2008 to 30 April 2008. (29)
- 2.3 Answer the following questions:
- 2.3.1 Explain why 'discount allowed' does not appear in the Cash Budget. (2)
- 2.3.2 The employees are very dissatisfied with their wages. Give TWO reasons for their dissatisfaction. (2 x 2) (4)

**INFORMATION:**

1. The bank account in the General Ledger reflects a credit balance of R1 560 on 28 February 2008.

2. Total sales are as follows:

**Actual**

- January R33 000
- February R40 000

**Budget**

- March R40 000
- April (It is expected that sales will increase by 10% on sales for March.)

60% of all sales are on credit. Collection from debtors is expected to be as follows:

- 30% within the same month of sales
- 50% after 30 days
- 20% after 60 days

3. All purchases are on credit:

**Actual purchases**

- January R24 000
- February R24 000

**Budgeted purchases**

- March R25 000
- April R27 500

Creditors are paid strictly after 30 days as the business receives 5% discount for prompt settlement.

4. Operating expenses for March amount to R13 500 and remain constant over the budgeted period.
5. Depreciation amounts to R1 200 per month.
6. The business rents a storeroom to T Singh for R2 500 per month. The rent will increase annually by 15% on 1 March.
7. The owner withdraws R10 000 cash from the business each month for his personal expenses.
8. The manager earns an annual salary of R96 000. He is paid monthly. His monthly salary will increase by R960 on 1 April 2008.
9. There are three part-time shop assistants in the business. They each earn R2 000 per month. They will each receive a wage increase of R50 per month from 1 April. One of the workers will resign with effect from 1 April 2008.
10. The business places advertisements in the local newspaper. Each advertisement costs R900. They intend to place four advertisements during March and three during April.

**QUESTION 3****CLUB****(54 marks; 33 minutes)**

The following information was extracted from the books of LADUMA Soccer Club. The accounting period of the club ends annually on 31 December.

**REQUIRED:**

- 3.1 Membership Fees Account (16)
- 3.2 Income and Expenditure Statement for the year ended 31 December 2007. NOTE: Calculations must be shown in brackets in order to earn part marks. Some of the figures have been entered for you. (31)
- 3.3 The club expects to earn a profit of R1 000 on the sale of club badges. Some of the badges have apparently been stolen. Calculate the cost of the badges stolen. (3)
- 3.4 Name TWO methods whereby the club can improve the security of the club badges. (2 x 2) (4)

**INFORMATION:**

**LADUMA SOCCER CLUB  
BALANCES ON 1 JANUARY 2007**

	Debit	Credit
Income received in advance (Membership fees)		720
Accrued income/receivable (Membership fees)	2 400	
Equipment	150 000	
Accumulated depreciation on equipment		28 500

**SUMMARY OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

RECEIPTS	R	PAYMENTS	R
Entrance fees (R600 each)	6 000	Water and electricity	2 940
Membership fees	23 040	Club badges purchased	2 400
Sale of club badges	1 500	Stationery	460
Interest income (ASA Bank)	600	Membership fees refunded	240
Donations	24 700	Bank charges	810
		Equipment	12 000
		Sundry expenses	3 500
		Interest on loan	6 000

**ADJUSTMENTS AND ADDITIONAL INFORMATION**

1. Membership fees are R240 per member per year.
2. Entrance fees: 50% must be treated as current income; 50% is capitalised.
3. R960 of the membership fees due on 31 December 2006 was received. The difference must be written off and the membership of the members in arrears was terminated with effect from 1 January 2007.
4. Seven members paid their membership fees for 2008 in advance, while eight members were still owing the membership fees for 2007.
5. Stationery on hand on 31 December 2007 amounts to R255.
6. Bank charges levied by the bank for December amount to R95. This transaction has not been entered in the books of the club yet.
7. The interest on the savings account, R40, was directly reinvested in the savings account. This transaction has not been recorded yet.
8. An amount of R500 was voted by the members as an honorarium for the secretary, but this has not been paid yet.
9. According to a physical stock count on 31 December 2007, club badges to the value of R300 were on hand.
10. The Water and Electricity Account for December 2007, R390, was owing on 31 December 2007.
11. Depreciation on equipment must be brought into account at 10% per annum according to the diminishing balance method. New equipment costing R12 000 was purchased for cash on 1 December 2007 and was properly recorded.
12. The surplus for the year has been correctly calculated after taking the above information into account. The figures are:

Surplus from general activities before interest	R30 770
Net surplus for the year after interest	R25 410

**QUESTION 4****PARTNERSHIP****(60 marks; 36 minutes)**

Robbie and Pradip are partners in ROBDIB Traders. The financial year ends on 28 February 2007.

**REQUIRED:**

- 4.1 Complete the following accounts in the General Ledger:
- 4.1.1 Current Account: Pradip (14)
- 4.1.2 Appropriation Account (13)
- 4.2 Prepare the note to the financial statements on 28 February 2007 for:  
Capital provided by the partners (9)
- 4.3 Complete the Balance Sheet on 28 February 2007. Some of the information has been entered for you. Show workings in brackets where necessary. (20)
- 4.4 Partner Pradip received another offer of employment and he wants to sell his share in the partnership to you for R500 000 subject to the approval of his partner (Robbie). Give TWO reasons why you would not consider this offer from Pradip. (4)

**INFORMATION:****BALANCES ON 1 MARCH 2006**

	R
Capital: Robbie	450 000
Capital: Pradip	250 000
Current account: Robbie	15 750
Current account: Pradip (Dr)	12 388

**ADJUSTMENTS AND ADDITIONAL INFORMATION:**

- The net income according to the Profit and Loss Account amounts to R264 000. Partner Robbie increased his capital on 1 September 2006 by R50 000.
- Partner Pradip withdrew R40 000 of his capital on 28 February 2007.
- Interest on capital is calculated at 10% per year.
- The partners are entitled to the following salaries:
  - Robbie – R84 000 per annum
  - Pradip – R72 000 per annum
- The partners Robbie and Pradip share the remaining profits/losses in the ratio 3:2 respectively.
- Drawings by the partners:
  - Robbie – R42 050 cash and R15 000 trading stock
  - Pradip – R87 500 cash and R12 000 stationery

The following figures/totals appeared in the Notes to the Balance Sheet on 28 February 2007:

	R
Capital	?
Current account: Robbie	111 500
Current account: Pradip	?
Loan from Protea Lenders	400 000
Fixed assets – at book value	953 812
Fixed deposit (matures in 2009)	70 000
Savings account at the bank	23 000
Trading stock	210 000
Bank overdraft	24 000
Trade and other receivables	92 000
Trade and other payables	104 000

**QUESTION 5****BANK RECONCILIATION****(40 marks; 24 minutes)**

Footprint Stationers have a current banking account with Progress Bank.

**REQUIRED:**

- 5.1 Draw up the Cash Receipts Journal and Cash Payments Journal for June 2007. Total the bank columns only. (22)
- 5.2 Draw up the Bank Reconciliation Statement on 30 June 2007. (18)

**INFORMATION:****1. Items that appeared in the Bank Reconciliation Statement on 31 May 2007:**

Bank Statement showed a favourable balance		7 800
Cheques not yet presented for payment:		
	No. 320	1 200
	No. 346	700
	No. 377	2 000
Outstanding deposit		6 650
Bank account showed a debit balance		10 550

**2. Items that appeared in the Cash Journals for June 2007, but not in the Bank Statement for June 2007:**

- Pencil totals of CRJ – R34 780 and CPJ – R29 960
- Cheque No. 401 for R3 100
- Cheque No. 422 for R450
- Cheque No. 433 for R700
- A deposit of R7 500

**3. Items that appeared in the Bank Statement for June 2007, but not in the Cash Journals for June 2007:**

- Cheque No. 320 for R1 200 and cheque No. 346 for R700
- A deposit of R6 650
- A stop order to Budget Insurers, R3 000, for the trading stock insurance
- Monthly rent deposited directly by our tenant, Linda's Florists, R800
- The following debit entries:
  - Service fees, R200
  - Cash handling costs, R122
  - Cheque book, R21
- Credit balance of R11 577 on 30 June

**4. ADDITIONAL INFORMATION:**

Cheque No. 377 was issued as a donation to Philani Orphanage on 30 December 2006. The cheque was lost and should be cancelled. A new cheque No. 501 for R2 500 was issued and hand-delivered on 30 June 2007. No entries have been made so far.

**QUESTION 6****COMPANY****(60 marks; 36 minutes)**

Eyakho Limited has an authorised share capital of 50 000 shares of R5 each. The financial year ends on the last day of February.

**REQUIRED:**

Complete the following notes to the financial statements for the year ended 28 February 2007:

- Fixed assets (20)
- Inventories (5)
- Trade and other receivables (8)
- Cash and cash equivalents (5)
- Trade and other payables (11)
- Retained income (11)

**NOTE: Some of the details and amounts have already been filled in for you in the ANSWER BOOK.**

**INFORMATION:****1. POST-CLOSING TRIAL BALANCE ON 28 FEBRUARY 2007**

	DEBIT	CREDIT
<b>Balance Sheet Accounts</b>		
Ordinary share capital		225 000
Share premium		31 500
Retained income/Accumulated profit		66 260
Land and buildings	278 300	
Other fixed assets at carrying value	209 600	
Trading stock	43 800	
Debtors' control	39 500	
Provision for bad debts		790
Bank	7 600	
Cash float	400	
SA Revenue Services (Income tax)		23 500
Creditors' control		48 010
Loan from Bahumi Bank		150 000
Fixed deposit: Ultimate Bank	20 000	
Consumable stores on hand	2 650	
Income received in advance		1 700
Accrued expenses		1 850
Prepaid expenses	760	
Shareholders for dividends (Final dividend)		54 000
	<b>602 610</b>	<b>602 610</b>

**2. ADDITIONAL INFORMATION:**

2.1 The fixed assets on 1 March 2006 were as follows:

	<b>Cost</b>	<b>Accumulated depreciation</b>
Land and buildings	278 300	0
Vehicles	160 000	99 600
Equipment	68 000	13 600

2.2 The business had one vehicle that was sold on 1 March 2006 for R65 500 cash. The disposal of the vehicle was properly and correctly recorded.

2.3 Another vehicle was bought from Speedy Motors for R180 000 cash on 1 September 2006. This transaction was recorded in the books of the business.

2.4 No additional land and buildings or equipment were purchased or sold during the year.

2.5 Depreciation on equipment is calculated at 10% p.a. on cost and on vehicles at 20% p.a. on the diminishing balance method.

2.6 The **net profit after tax** for the year amounted to R101 060.

2.7 Dividends were as follows:

- Interim – 50 cents per share
- Final – 120 cents per share

60
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**TOTAL: 300**