

KZN-DEPARTMENT OF EDUCATION
GREENBURY SECONDARY SCHOOL
ACCOUNTING – GRADE 11
JUNE EXAMINATION -2015

EXAMINER : A.RAJOO

MODERATOR: C.MAHARAJ

DURATION : 3 HOURS

MARKS : 300

INSTRUCTIONS AND INFORMATION:

1. You are provided with a question paper of 11 pages and an ANSWER BOOK.
2. This paper consists of **SIX** compulsory questions.
3. Answer all questions.
4. Use the format provided in the answer book in order to reflect your answer.
5. Where applicable – workings must be shown in brackets in order to earn part- marks.
6. You may use black/blue ink to answer the question.
7. Non-programmable calculators may be used.
8. You must attempt to comply with the suggested time guide.

QUESTION	TOPIC	MARKS	MINUTES
1.	Bank Reconciliation Statement	40	22
2.	Creditors Reconciliation Statement	24	14
3.	Tangible Assets	36	22
4.	Income Statement	130	80
5.	Balance Sheet	52	32
6.	Ethics and Internal Control	18	10
		300	180

QUESTION ONE: BANK RECONCILIATION STATEMENT

(40 Marks; 22 minutes)

REQUIRED:

1.1 Choose the correct answer from the list provided. Write the answer only next to the question number in the answer book. Match the concepts with the statements below.

Post dated , Debit Order , Stop Order , Stale Cheque , Dishonoured Cheque

- 1.1.1 A cheque that is older than six months.
- 1.1.2 A cheque that has been returned by the bank to the business and which is unpaid.
- 1.1.3 A cheque dated for the future.
- 1.1.4 Permission given to a third party to access money from the business bank account.
- 1.1.5 Permission given to the business bank to pay a third party. (5)

1.2 You are provide with information relating to Joy Jewellers.

REQUIRED:

- 1.2.1 Explain why it is important for a business to prepare a Bank Reconciliation Statement each month. (2)
- 1.2.2 Calculate the correct totals for the cash Receipts Journal and Cash payments Journal for May 2015. (Details not required) (12)
- 1.2.3 Calculate the Bank Balance on 31 May 2015. State whether this is a favourable or unfavourable balance. (5)
- 1.2.4 Prepare the Bank Reconciliation Statement on 31 May 2015. (10)
- 1.2.5 Refer to information 4 below:
 - 1.2.5.1 Explain why the internal auditor should be concerned about the outstanding deposit of R 20 295. (3)
 - 1.2.5.2 Explain how cheque No. 674 should be dealt with when preparing the financial statements on 31 May 2015. Give a reason for your answer. (3)

INFORMATION:

1. At the end of the previous month , 30 April 2015 , the following items were reflected in the Bank Reconciliation Statement:

- Favourable balance in the ledger of Joy Jewellers, R 6 325
- Favourable balance on the Bank Statement , R 12 545
- Outstanding deposit (dated 30 April 2015) , R 12 000
- Outstanding cheques:
 - No. 261 (dated 3 November 2014) , R 5 000
 - No. 519 (dated 14 April 2015) , R 8 920
 - No. 543 (dated 12 May 2015) , R 4 300

NOTE: Cheque No. 261 and 519 did not appear on the May Bank Statement either.

○ On 31 May 2015 , the provisional totals in the journals were:

- CRJ – R 70 600
- CPJ – R 105 320

3. The following items were reflected on the Bank Statement but not in the journals for May 2015.

- Direct deposit by a debtor S.Smith , R 2 400
- Bank charges , R 520
- Interest on fixed deposit for May , R 700
- Interest on overdraft for May , R 810
- Stop order in favour of Sun insurance Co. R 660
- Dishonoured cheque on 30 May 2015 , originally presented by a debtor, C.Crook , R 6 200.

4. The following differences were noticed:

-
- Cheque No. 565 for repairs was shown in the CPJ as R 1570, but on the May Bank Statement as R 1 750. The bank statement is correct.
 - A deposit of R 12 000 appeared on the Bank Statement on 1 May 2105, but did not appear in the May CRJ
 - A deposit of R 20 295, dated 20 May 2015 , appeared in the May CRJ, but not on the May Bank Statement.
 - The following cheques appeared in the May CPJ , but not on the Bank Statement:
 - No.654 (dated 23 May 2015) , R 2 800
 - No.674 (dated 29 August 2015) , R 2 520

QUESTION TWO: CREDITORS RECONCILIATION STATEMENT (24 marks, 10 minutes)

Senzo Stores buys all their goods from Macky Wholesalers on credit. They keep a record of transactions with Macky Wholesalers in the creditors ledger. Once a month Macky Wholesalers sends them a statement of account and the bookkeeper reconciles the records.

REQUIRED:

2.1 Prepare the correct account of Macky Wholesalers in the creditors ledger on 30 June 2015. (10)

2.2 Prepare the Creditors Reconciliation Statement on 30 June 2015. (10)

2.3 The owner of Senzo Stores is concerned that the bookkeeper could be defrauding the business through the creditors system. List TWO internal control measures that must be applied to maintain control over creditors. (4)

INFORMATION:

Statement of account received from Macky Wholesalers

		Macky Wholesalers Statement of account			
101 Old Main Road Pinetown 2655				Tel : 031- 578 5011 Fax: 086 005 5600 Account no. Sen 985	
Date		Details	Debit	Credit	Balance
June	1	Balance			14 550
	5	Invoice no. 345	4 290		18 840
	7	Credit note no. 109		340	18 500
	13	Receipt no. 211		9 495	9 005
	23	Invoice no. 377	2 995		12 000
	27	Invoice no. 396	4 090		16 090
	29	Interest on overdue account	12		16 102

**Creditors Ledger of Senzo Stores
Macky Wholesalers**

Date		Details	Fol	Debit	Credit	Balance
June	1	Account rendered	b/d			14 550
	5	Invoice no. 345			4 920	19 470
	7	Debit note no. 86		340		19 470
	13	Cheque no. 211		9 495		9 635
		Discount		1 055		8 580
	14	Invoice no. 134			2 887	11 467
	23	Invoice no. 377			2 995	14 462
	27	Invoice no. 396			3 681	18 143
	30	Invoice no. 401			1 886	20 029

On comparing the statement received from Macky Wholesalers with their account in the creditors ledger the following were discovered:

1. Invoice no. 345 on 5 June 2015 was incorrectly recorded as R 4 920 in the Creditors Ledger. Correct the error.
 2. Senzo Stores qualified for a 10% discount on the payment made on the 13 June 2015, as the paid within 30 days. Macky Wholesalers appologised and will deduct R 1 055 discount which will appear on the statement for July 2015.
 3. Invoice no. 134 for R 2 887 was entered into the account of Macky Wholesalers by mistake. It was discovered that the purchase was made from Midland Stores. Correct the error.
 4. A trade discount of 10% was approved on invoice no. 396. The discount was omitted on the statement of account.
5. Invoice no. 401 does not appear on the statement as it was issued to Senzo stores after the statement was sent. It will appear on the statement for July.

QUESTION THREE: TANGIBLE ASSETS**(36 marks, 22 minutes)****REQUIRED:**

- 3.1 Prepare the Asset Disposal Account. (10)
- 3.2 Calculate the depreciation amount for vehicles that will be shown in the income statement for the year ended 28 February 2015. (5)
- 3.3 Calculate the rate of depreciation on equipment. (3)
- 3.4 Complete the Tangible Asset Note to the Balance Sheet of Top Class Traders for the year ended 28 February 2015. Some figures have been entered on the special answer sheet. (14)
- 3.5 List TWO reasons the business should implement to prevent the misuse of vehicles. (4)

INFORMATION:

1. The following incomplete Tangible Asset note was extracted from the Balance Sheet on 28 February 2015, the end of the financial year.

Tangible Asset Note on 28 February 2015

	Land and buildings	Vehicles	Equipment
Cost	910 000	?	172 000
Accumulated depreciation	0	(146 000)	(83 000)
Carrying value (beg. Of year)	?	?	?
Movements			
Additions at cost	?	?	?
Disposals at CV	0	?	0
Depreciation	0	?	?
Carrying value (end of year)	?	?	?
Cost	1 300 00	390 000	208 000
Accumulated depreciation	0	?	(108 800)

2. New equipment was purchased on 28 February 2015 and is already recorded in the figure provided. No equipment was sold. Depreciation is provided using the fixed instalment method.
3. An old delivery vehicle which cost R 70 000 was traded in on 1 June 2014 for R 22 000. The accumulated depreciation on the old delivery vehicle was R 45 360 on 1 March 2014.
- The new delivery vehicle cost R 120 000. This was purchased on 1 June 2014.
 - Depreciation is provided at 20% p.a on carrying value.

QUESTION FOUR: PARTNERSHIPS**(130 marks, 70 minutes)**

The information presented below is from the records of SC TRADERS for the financial year ended 31 December 2015. SC Traders is a partnership with partners Sunny and Cher.

INSTRUCTIONS:**4.1 MATCHING ITEMS**

Choose a statement from column B that matches the GAAP principle listed in column A. Write only the letter next to the question number in the space provided in the answer book.

COLUMN A			COLUMN B
41.1	Matching	A	The market value of the building is R 1 000 000 , but it must be recorded at its original cost price of R 450 000
4.1.2	Going concern	B	“small” expenses are grouped together and classified as sundry expenses
4.1.3	Historical cost	C	Money lost due to theft of stock is written off, even though it may be recovered in the future.
4.1.4	Prudence	D	Insurance includes R 350 which relates to the next financial year
4.1.5	Materiality	E	Financial statements are prepared on the assumption that the business will continue operating in the future.

(10)**REQUIRED:**

- 4.2 Prepare the Income Statement for the year ended 31 December 2015. (52)**
- 4.3 Prepare the following notes to the financial statements:**
- 4.3.1 Trade and other Receivables (16)**
- 4.3.2 Trade and other Payables (16)**
- 4.3.3 Partners Current Account (26)**
- 4.4 Refer to adjustment no. 4 .
State the GAAP principle applicable . **(2)**
- 4.5 Complete the accounting equation for adjustment no. 6 **(4)**
- 4.6 Calculate the total earned by Sunny. **(4)**

INFORMATION:**Extract from the Pre-Adjustment Trial Balance on 31 December 2015**

Balance Sheet account section	Debit	Credit
Capital : Sunny		1 500 000
Capital : Cher		1 500 000
Current account : Sunny (1/1/2015)		150 000
Current account : Cher (1/1 2015)		50 000
Drawings: Sunny	110 000	
Drawings : Cher	90 000	
Loan : Strand Bank		360 000
Fixed Deposit : People Bank (8% p.a)	270 000	
Trading stock	284 000	
Debtors Control	180 000	
Provision for bad debts(1/1/2015)		20 000
Creditors control		320 000
SARS(PAYE)		2 260
Pension fund		1 280
Medical aid fund		958
Creditors for salaries		4390
Deposit for water and electricity	2 000	
Nominal account section		
Sales		6 500 000
Cost of sales	2 270 000	
Debtors allowances	13 000	
Salaries	980 000	
Bad debts	25 000	
Rent income		288 000
Discount received		30 000
Discount allowed	17 000	
Packing material	45 000	
Insurance	98 000	
Commission income		42 000
Sundry expenses	????	
Interest on overdraft	28 000	
Interest on fixed deposit		18 000

Adjustments and additional information:

1. A credit sale of R 9 000 on 27 December 2015 was not yet recorded. The mark-up on cost was 50%.
2. According to the physical stocktaking on 31 December 2015 the following were on hand:
 - * Trading stock – R 272 500
 - * Packing material – R 10 000

3. The loan statement received from Strand Bank revealed the following:

- Balance on 1 January 2015 – R 500 000
- Repayments for the financial year ending 31 December 2015 – R 140 000
- Balance on 31 December 2015 – R 410 000

Make provision for the interest on loan

4. The rent income includes the rent for February 2016.

NOTE: The rent was increased by 10% with effect from 1 November 2015.

5. Depreciation was calculated for the year as follows:

* Equipment – R 92 500

* Vehicles – R 13 800

6. Insurance includes a premium of R 36 000 for the period 1 June 2015 to 31 May 2016

7. Provide for outstanding interest on fixed deposit.

8. Commission income of R 15 000 is outstanding.

9. Write off an additional R 500 as bad debts and thereafter adjust the provision for bad debts to 5% of debtors.

10. The detail of an employee, R. Martin was left out of the salaries journal for December 2015.

His details are as follows:

Gross monthly salary	8 000
Deductions	
PAYE	920
Pension fund	540
Medical aid fund	620

The employer contributes on a rand for rand basis to the pension and medical aid funds.

11. According to the partnership agreement the following appropriation must be done:

* Provide for interest on capital at 10% p.a. Sunny increased his capital by R 300 000 while Cher decreased her capital by R 500 000 on 1 July 2015 to maintain equal capital balances.

These changes have been correctly recorded.

- Both partners are entitled to a bonus of R 20 000 at the end of the financial year.
- Partners are entitled to the following monthly salaries:
- Sunny – R 24 000
- Cher – R 36 000
- The remaining profits/losses must be shared in the ratio 3 : 2

QUESTION FIVE: BALANCE SHEET**(52 marks, 32 minutes)**

The following information was taken from the records of JL Traders with partners Jeff and Loyd. The financial year ends on 30 June 2015.

Required:

Use the information below and complete the Balance Sheet.

NOTE: No notes are required. Workings must be shown in brackets so that part marks are achieved.

INFORMATION:

1. Partners capital: Balances on 1 July 2014

Jeff – R 1 600 000

Loyd – R 800 000

On 1 January 2015 Jeff increased his capital by R 200 000.

2. Current accounts: On 30 June 2015 the current accounts reflected the following balances:

Jeff- R 84 000 Cr

Loyd – R 62 000 Dr

3. The fixed deposit at Union Bank amounts to 1 200 000

One third of the fixed deposit is to mature on 1 December 2015.

4. The mortgage loan from Allied Bank reflected the following:

Balance on 1 July 2014 - R 760 000

Interest capitalized for the year – R 40 000

Repayments for the year – R 160 000

The loan is expected to be repaid as follows : R 240 000 on 31 October 2015

R 400 000 on 1 December 2016

5. List of Post Closing Balances on 30 June 2015.

Land and buildings	1 800 000
Equipment	586 400
Accumulated depreciation on equipment	82 400
Trading stock	????
Debtors control	192 000
Provision for bad debts	14 000
Creditors control	216 000
Bank overdraft	320 000
Petty cash	1600
Cash float	1 400
Accrued income	10 400
Accrued expense	16 000
Prepaid expense	7 200
Deferred income	28 000
Consumable stores on hand	6 000

QUESTION SIX: ETHICS AND INTERNAL CONTROL (18 marks, 10 min)

Steve's Cartage owns three trucks that are used to deliver building sand to construction sites in Durban. They charge a flat rate of R 600 per load. The orders for the building sand are made to business's office but customers pay the driver directly when the deliveries are done.

INFORMATION:

The following information was extracted from the accounting records on 31 December 2014, the end of the financial year.

Details from the Fixed Assets register	Truck 1	Truck 2	Truck 3
Date purchased	30/06/2012	01/01/2009	30/09/2009
Cost price	600 000	800 000	500 000
Accumulated depreciation	254 400	160 000	499 999
Carrying value	345 600	640 000	1
Other information from the accounting records	Truck 1	Truck 2	Truck 3
Name of driver	Prem	Audrey	Shezi
Number of days worked	280	208	280
No. of truck loads of sand delivered	1 400	650	1680
Cash paid in by drivers	780 000	390 000	1 008 000
Drivers annual salary	108 000	108 000	108 000
Fuel and maintenance costs	154 000	68 250	403 200
Kilometres covered during deliveries	35 000 Km	19 500 Km	50 400 Km
Fuel and maintenance costs per Km	R 4.40	R 3.8	R 8,00

REQUIRED:

- 6.1 Identify one problem relating to each truck or its driver. Quote figures from the information given above to substantiate your answer . Also provide a valid solution to each problem identified. (18)

TOTAL : 300



Shezi



100

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 GREENBURY SECONDARY SCHOOL
 ACCOUNTING – GRADE 11
 JUNE EXAMINATION – 2015
 SPECIAL ANSWER BOOKLET

300

NAME: Memorandum GRADE: _____

QUESTION	MAX. MARK	PUPILS MARK
1	40	
2	24	
3	36	
4	130	
5	52	
6	18	
TOTAL	300	

MODERATOR: _____
 DATE: _____

GREENBURY SECONDARY SCHOOL



DEPARTMENT OF COMMERCE
 H.O.D. MRS C MAHARAJ

Chelby

QUESTION ONE:

1.1.1.	STALE CHEQUE ✓
1.1.2.	DISHONoured CHEQUE ✓
1.1.3.	POST - DATED ✓
1.1.4.	DEBIT ORDER ✓
1.1.5.	STOP ORDER ✓

5
5

1.2.1 1.2.1 Explain why it is important to prepare a bank reconciliation statement?

✓ VERIFY BANK BALANCE ✓
✓ CHECK FOR ERRORS/OMISSIONS ✓
✓ INTERNAL CONTROL PROCEDURE ✓
ANY 1 X 2

2
2

1.2.2. Calculate the correct CRJ and CPJ totals.

CRJ	BANK	CPJ	BANK
PROVISIONAL TOTALS	70 600	PROVISIONAL TOTALS	105 320
	5 000 ✓		520 ✓
	2 400 ✓		810 ✓
	700 ✓		660 ✓
			6 200 ✓
			180 ✓
	78 700 ✓		113 690 ✓

12
12

1.2.3. Calculate the bank balance on 31 May 2015 ✓

$6325 + 78700 - 113690$ $= 28665 \text{ CR } \textcircled{1}$ <p>State whether favourable/unfavourable: UNFAVOURABLE ✓</p>
--

5
5

1.2.4. Bank reconciliation statement

	DEBIT	CREDIT
DR BALANCE AS PER B/S	34 720 ✓	
✓ CR OUTSTANDING DEPOSIT		20 295 ✓
DR OUTSTANDING CHEQUES		
No. 519	8 920 ✓	
No. 654	2 800 ✓	
No. 674	2 520 ✓	
CR BALANCE AS PER BANK MC		28 665 ✓
	48 960	48 960

10
10

1.2.5.1. Explain why the auditor should be concerned with the outstanding deposit of R 20 295.

FRAUD COULD BE TAKING PLACE EG. ROLLING OF CASH. THE DEPOSIT SHOULD HAVE APPEARED ON THE 20TH OF MAY ON THE BANK STATEMENT
--

3
3

1.2.5.2. Explain how cheque no. 674 should be treated when preparing the financial statements. Give a reason.

DR BANK ✓ (SUBTRACT FROMA BANK UNFAVOURABLE
CR CREDITORS CONTROL (ADD TO C/C)
Reason: CREDITORS HAVE NOT BEEN PAID AND BANK HAS NOT DECREASED. ✓ CHEQUE IS POST-DATED

3
3

40

QUESTION TWO:

2.1.

CREDITORS LEDGER OF SENZO STORES
MACKY WHOLESALERS

DATE	DETAILS	FOL	DEBIT	CREDIT	BALANCE
JUNE 30	BALANCE	b/d			20 029 ✓
	INV. NO. 345	CJ	630 ✓		19 399 ✓
	INV. NO. 134		2887 ✓		16 512 ✓
	INTEREST			12 ✓	16 524 ✓

10
10

2.2.

CREDITORS RECONCILIATION STATEMENT

	DEBIT	CREDIT	BALANCE
DR BALANCE AS PER STATEMENT			16 102 ✓
DISCOUNT OMITTED		1055 ✓	15 047 ✓
DISCOUNT OMITTED		409 ✓	14 638 ✓
INV. NO. 401	1886 ✓		16 524 ✓

10
10

2.3.

List TWO control measures that must be applied to maintain control over creditors.

• SEPARATION OF DUTIES ✓
• REGULAR CHECKS ON INVOICE ✓
• INTERNAL AUDITS ✓
• CHECK CREDITORS LEDGER AGAINST CREDITORS STATEMENT ✓

4
4

ANY 2x2

24
24

QUESTION THREE:

3.1.		ASSET DISPOSAL					
JUNE	1	VEHICLES ✓	70 000	JUNE	1	ACC DEP ON VEHICLES ✓ (45360 + 1232)	46 592 ✓
						CREDITORS CONTROL ✓	22 000 ✓
						LOSS ON SALE OF ASSET ✓	1 408 ✓
			<u>70 000</u>				<u>70 000</u>

10
10

3.2. Calculate the depreciation to be shown in the income statement.

SOLD: $(70\ 000 - 46\ 592) \times \frac{20}{100} \times \frac{3}{12}$	1232 ✓
NEW: $120\ 000 \times \frac{20}{100} \times \frac{9}{12}$	18 000 ✓
REMAINING: $(270\ 000 - 100\ 640) \times \frac{20}{100}$	33 872 ✓
TOTAL:	53 104 ⊕

5
5

3.3. Calculate the rate of depreciation on equipment?

$$172\ 000 \times \frac{20}{100} = 25\ 800$$

$$20 = \frac{25\ 800 \times 100}{172\ 000} = 15\% \oplus$$

3
3

3.4. 3.4 TANGIBLE ASSETS

	LAND AND BUILDINGS	VEHICLES	EQUIPMENT
COST	910 000	340 000	172 000
ACCUMULATED DEPRECIATION	0	(146 000)	(83 000)
CARRYING VALUE	910 000	194 000	89 000
MOVEMENTS			
Additions at cost	390 000	120 000	36 000
Disposals at CV	0	(23 408)	0
Depreciation	0	(53 104)	(25 800)
Carrying Value	1 300 000	237 488	99 200
COST	1300 000	390 000	208 000
ACCUMULATED DEPRECIATION	0	(152 512)	(108 000)

14
14

3.5. List two reasons business should implement to prevent misuse of vehicles.

• AUTHORITY FOR USE OF VEHICLES
• VEHICLE PARKED AT BUSINESS - END OF EACH DAY
• MAINTAINING A LOG BOOK FOR EACH VEHICLE
• TRACKER ETC.

4
4

36
36

QUESTION FOUR:

4.1.

4.1.1	D	✓✓
4.1.2	E	✓✓
4.1.3	A	✓✓
4.1.4	C	✓✓
4.1.5	B	✓✓

10
10

4.2. INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2015

Sales (6500 000 + 9000 - 13 000)	6 496 000
Cost of Sales (2270 000 + 6 000)	(2 276 000)
Gross Profit	4 220 000
Other operating incomes	341 575
RENT INCOME (288 000 - 44 000)	244 000
DISCOUNT RECEIVED	30 000
COMMISSION INCOME (42 000 + 15 000)	57 000
PROV. FOR BAD DEBTS ADJUSTMENT A/c	10 575
Gross Income	4 561 575
Operating Expenses	(2 005 175)
TRADING STOCK DEFICIT (278 000 - 272 500)	5 500
PACKING MATERIAL (45 000 - 10 000)	35 000
DEPRECIATION (92 500 + 13 800)	106 300
INSURANCE (98 000 - 15 000)	83 000
BAD DEBTS (25 000 + 500)	25 500
SALARIES (980 000 + 8 000)	988 000
PENSION CONTRIBUTION	540
MEDICAL AID CONTRIBUTION	620
DISCOUNT ALLOWED	17 000
SUNDRY EXPENSES	743 715
Operating Profit	2 556 400
Interest Income (18 000 + 3600)	21 600
Profit before interest expense // //	2 578 000
Interest expense (50 000 + 28 000)	(78 000)
NET PROFIT	2 500 000

52

52

4.3.1. TRADE AND OTHER RECEIVABLES ✓

TRADE DEBTORS (180 000 + 9000 - 500) ✓ ✓	188 500	⓪
LESS: PROVISION FOR BAD DEBTS (20 000 - 10575)	(9 425)	✓
NET TRADE DEBTORS	179 075	⓪
ACCRUED INCOME (15 000 + 3600) ✓ ✓	18 600	✓
PREPAID EXPENSE	15 000	✓
DEPOSIT: WATER & ELECTRICITY	2 000	✓
	<u>214 675</u>	⓪

16
16

4.3.2. TRADE AND OTHER PAYABLES

TRADE CREDITORS	320 000	✓
DEFERRED INCOME	44 000	✓
SARS (PAYE) (2260 + 920) ✓ ✓	3 180	✓
PENSION FUND (1280 + 540 + 540) ✓ ✓	2 360	✓
MEDICAL AID FUND (958 + 620 + 620) ✓ ✓	2 198	✓
CREDITORS FOR SALARIES (4390 + 5920) ✓ ✓	10 310	✓
	<u>382 048</u>	⓪

16
16

4.3.

CURRENT ACCOUNT	SUNNY	CHER
SALARY	288 000	432 000
INTEREST ON CAPITAL	135 000	175 000
BONUS	20 000	20 000
Primary division of profits	443 000	627 000
Final division of profits	858 000	572 000
Profit per income statement	1301 000	1199 000
DRAWINGS	(110 000)	(90 000)
Retained Income	1191 000	1109 000
BALANCE (BEG)	150 000	50 000
Balance (end)	<u>1341 000</u>	<u>1159 000</u>

26
26

4.4. State the GAAP principle applicable.

MATCHING ✓

2
2

4.5. Complete the accounting equation.

Account Debit	Account Credit	A	O	L
PREPAID EXPENSE ✓	INSURANCE ✓	+ ✓	+ ✓	0

4

4.6. 4.4 Calculate the total earned by Sunny ✓ ✓ ✓

$$288\ 000 + 135\ 000 + 20\ 000 + 858\ 000 = 1301\ 000$$

4
4

130
130

QUESTION FIVE:
BALANCE SHEET AS AT 30 JUNE 2015

Non Current Asset	3104 000
TANGIBLE ASSETS (1800 000 + 586 400 - 82 400)	2304 000
Financial Asset	800 000
FIXED DEPOSIT: UNION BANK (1200 000 - 400 000)	800 000
Current Asset (3842 000 - 3104 000)	738 000
INVENTORIES (6000 + 133 400)	139 400
RECEIVABLES (192 000 - 14 000 + 10 400 + 7200)	195 600
CASH (400 000 + 1600 + 1400)	403 000
Total Assets	3842 000
Equity and Liabilities	
Partners Equity	2622 000
CAPITAL (1600 000 + 800 000 + 200 000)	2600 000
CURRENT ACCOUNT (84 000 - 62 000)	22 000
Non - Current Liability	400 000
LOAN: ALLIED BANK (760 000 + 40 000 - 160 000 - 240 000)	400 000
Current Liability	820 000
PAYABLES (240 000 + 216 000 + 16 000 + 28 000)	500 000
BANK OVERDRAFT	320 000
Total Equity and Liability	3842 000

52

52

QUESTION SIX:

6.1

TRUCK	PROBLEM	VALID SOLUTION
1	CASH PAID IN BY DRIVER - SHORTFALL OF R60 000 ✓ (840 000 - 780 000) ✓	INVESTIGATE AND DISMISS IF THEFT IS DISCOVERED. ✓
2	DRIVER WORKED LEAST NUMBER OF DAYS - 208 DAYS BUT WAS PAID THE SAME SALARY AS THE OTHER ✓ DRIVERS ✓	ONLY PAY FOR THE DAYS WORKED IF REASON FOR ABSENCE IS NOT VALID. ✓
3	OLDEST VEHICLE HAS THE MOST DELIVERIES - 1680 AND HIGHEST FUEL AND MAINTENANCE COST - ✓ R 403 200 ✓	REPLACE VEHICLE OR SWOP WITH AUDREYS VEHICLE ✓

18
18

