



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION - 2005

ACCOUNTING

STANDARD GRADE

OCTOBER/NOVEMBER 2005

Marks: 300

3 Hours

This question paper consists of 13 pages.



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:
 - Important dates which are omitted
 - Use of non-standardised abbreviations
 - Over-writing of figures
 - Superfluous entries/foreign items/errors of principle
6. Non-programmable calculators 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	Accounting equation	38	23 minutes
2	Close corporation	40	24 minutes
3	Budget	44	26 minutes
4	Bank reconciliation	48	29 minutes
5	Company	50	30 minutes
6	Partnership	30	18 minutes
7	Club	50	30 minutes
	TOTAL	300	180 minutes



QUESTION 1

ACCOUNTING EQUATION

(38 marks; 23 minutes)

You are provided with information relating to Petrie's Pool & Paddle Place Traders for the month ending 31 May 2005. The business uses a **control account system**, the **perpetual inventory system** and a **mark-up of 25%** on cost. Assume that the bank balance is favourable at all times.

REQUIRED:

On the answer sheet provided indicate the General Ledger Accounts to be debited and credited as well as the effect on the accounting equation. Where there is no effect, indicate this by means of '0'. Follow the example given. The net effect is not required.

EXAMPLE:

Sold goods to S. Thomson, R4 000.

No.	General Ledger Account debited	General Ledger Account credited	Effect on equation		
			A	O	L
e.g.	Debtors control	Sales	+4 000	+4 000	0
	Cost of sales	Trading stock	-3 200	-3 200	0

TRANSACTIONS:

- 1.1 Equipment was ordered on account from Jeffrey's Bay Traders for R2 500 less 10% trade discount. This was sent directly to MTR Children's Home as a donation.
- 1.2 Received H. Heyns' cheque, R830, back from the bank, marked R/D due to insufficient funds. The cheque had previously been received in settlement of her account of R850.
- 1.3 Issued a debit note to Balito Stores for stock returned. Balito Stores issued a credit note for R1 850.
- 1.4 It was noticed that interest was debited to the Loan: CB Bank last month. This must now be corrected. The full payment to CB Bank was R7 200, including the loan repayment of R6 000.
- 1.5 Paid creditor R. Schoeman R6 935 by cheque in settlement of the amount due after 5% discount had been taken into account.
- 1.6 R. van Schoor complained that the paddle pool he bought from us, was not the correct colour. Issued a credit note in his favour for R190 .
- 1.7 The bank statement reflected the following information:
 - Service fees, R130
 - Cheque book, R25



QUESTION 2**CLOSE CORPORATION****(40 marks; 24 minutes)**

M. Moss and S. Stewart are members of Datanet CC. Their financial year ends on 30 June each year.

REQUIRED:

Draw up the following Ledger Accounts, properly balanced or closed off on 30 June 2005:

2.1	Members' contributions	(6)
2.2	SARS (Income tax)	(11)
2.3	Distribution payable to members	(7)
2.4	Loan to S. Stewart	(6)
2.5	Appropriation Account	(10)

INFORMATION:**Balances on 1 July 2004:**

Members' contributions	R168 000
Retained income/Unappropriated profit	63 750
SARS (Income tax)	22 200 (Cr)
Distribution payable to members	46 050

Transactions for the period July 2004 to June 2005:**July 2004**

- 28 Paid the amount due to members for profit distribution.
31 Paid the SARS the amount for tax.

September 2004

- 3 M. Moss purchased trading stock, R28 050, while on a private visit to China. On his return he requested that the amount be regarded as part of his members' contribution.

October 2004

- 12 M. Moss gave his personal computer and printer valued at R16 200 to the close corporation for administration purposes. The amount will form part of his members contribution.



December 2004

29 Paid provisional tax to SARS, R60 300.

May 2005

30 S. Stewart borrowed R27 000 from the CC to buy a car for his son. The loan is interest free and an amount of R2 250 will be deducted from his salary on the 25th of every month in order to repay the loan. The first deduction will be on 25 June.

June 2005

25 The first deduction from S. Stewart's salary was made (see 30 May).

28 Made a second provisional tax payment of R55 200.

30 Net income for the year, R342 000. The tax liability for the year was calculated by the accounting officer as R119 700. The members decided to distribute R72 000 of the profit.



QUESTION 3

BUDGET

(44 marks; 26 minutes)

The following information was extracted from the books of Jordaan Antiques:

REQUIRED:

- 3.1 Complete the Debtors' Collection Schedule which shows the amount the antique dealers will receive from debtors from 1 December 2005 to 28 February 2006. Some of the figures have already been calculated for you on the answer sheet. (10)

- 3.2 Prepare the Cash Budget of Jordaan Antiques for the three months to 28 February 2006. (34)

INFORMATION:

1. Actual information:

	2005 Sept.	2005 Oct.	2005 Nov.
Cash sales	31 500	28 050	38 400
Credit sales	24 600	21 900	33 600
Cash purchases	7 800	16 200	43 500
Credit purchases	21 900	27 000	68 100
Bank overdraft			19 000

2. Information for budgeting purposes:

	2005 Dec.	2006 Jan.	2006 Feb.
Cash sales	83 700	16 200	33 300
Credit sales	102 600	14 400	23 400
Cash purchases	8 100	5 400	6 600
Credit purchases	9 900	7 350	9 000
Salaries (before bonus and increase)	24 000	?	?
Depreciation		1 200	18 900
Estimated cash proceeds from disposal of asset		6 000	
Estimated cash purchase of equipment			39 000
Other expenses (excluding salaries and interest on loan)	7 761	6 399	8 031



3. Additional information:

- 3.1 It is estimated that debtors will pay their accounts as follows:
- 30% in the month of sales subject to a 5% discount for early payment
 - 50% in the following month
 - 15% in the second month after sales took place
 - 5% is unlikely to be collected
- 3.2 It is estimated that creditors will be paid as follows:
- R38 040 in December 2005
 - R16 620 in January 2006
 - R 7 860 in February 2006
- 3.3 In January 2006 the employees will be paid a bonus of 80% of their monthly salary and their salaries will increase by 12% from 1 February 2006.
- 3.4 The interest rate on the loan is 12% p.a. It has been agreed that the loan is to be increased from R180 000 to R210 000 on 31 January 2006. The interest is paid at the end of each month.



QUESTION 4**BANK RECONCILIATION****(48 marks; 29 minutes)**

Use the given information of Tony's Tree Felling Services.

REQUIRED:

- 4.1 Complete the Cash Receipts Journal and the Cash Payments Journal for October 2005. The provisional total of the bank column in the CRJ is R9 168, and in the CPJ is R11 655. Total only the bank columns. (29)
- 4.2 Draw up the Bank account and balance the account on 31 October 2005. (5)
- 4.3 Prepare the Bank Reconciliation Statement on 31 October 2005. (14)

INFORMATION:

Information from the Bank Reconciliation Statement of Tony's Tree Felling Services on 30 September 2005.

Debit balance according to the Bank Statement	R1 893
Cheques not yet presented for payment:	
No. 107	300
No. 921	2 268
No. 948	696
No. 1 084	1 533
Amount incorrectly credited by bank	900
Deposit not credited by bank	6 726
Credit balance according to bank account	864

NOTE:

- Cheque No. 107 was drawn on 17 April 2004 in favour of Uitenhage Senior Secondary School as a donation. The cheque is now stale and must be cancelled.
- Cheque No. 921 was drawn on 30 September 2005, in favour of Wooddock Traders in settlement of our account. The cheque was lost and a new cheque was issued to them. No entries in this regard were done. (The number of the last cheque issued was 1298). The new cheque has been collected by Wooddock Traders but has not yet been deposited.
- The bank statement for 31 October 2005 was received and showed an overdraft of R1 224.



A comparison of the bank statement received from Branch Bank for October 2005 with the Bank Reconciliation Statement on 30 September 2005 and the Cash Journals for October 2005 revealed the following differences:

Entries on the Bank Statement which did not appear in the Cash Journals:

- Deposit R6 726
- Cheque No. 1084 for R1 533
- Debit entry, R900 (error corrected)
- Unpaid cheque, R705 (This cheque was received from P. Palm in settlement of his account of R750 and was deposited on 26 October 2005). The cheque was dishonoured because of insufficient funds.
- Debit order, R615 (This stop order is in favour of Deep Heat Insurers. The amount consists of a premium of R480 for the business and R135 premium for the owner's residence.)
- Deposit, R3 000 (This amount was deposited in the current account by the tenant, S. Shadow.)
- Cash handling fee, R57
- Service fee, R135
- Interest on overdraft, R54

Entries in the Cash Journals which did not appear on the Bank Statement:

- Cheque 1236, R1 266 (dated 24 October 2005)
- Cheque 1276, R1 080 (dated 10 November 2005)
- Deposit, R4 917

48

QUESTION 5

COMPANY

(50 marks; 30 minutes)

Sithole Traders Limited have an authorised share capital of R1 200 000, consisting of 2 400 000 ordinary shares of 50c each. The financial year end is 31 December.

REQUIRED:

Use the given information to prepare the Income Statement for the year ended 31 December 2004.



SITHOLE TRADERS LIMITED
PRE-ADJUSTMENT TRIAL BALANCE ON 31 DECEMBER 2004

	Debit	Credit
Balance sheet accounts section		
Ordinary share capital		640 000
Retained income		33 200
Land and buildings	600 000	
Vehicles	240 000	
Equipment	65 280	
Accumulated depreciation on vehicles		71 040
Accumulated depreciation on equipment		39 360
Mortgage Loan: Thabi Bank		48 000
Debtors control	19 912	
Provision for bad debts		1 120
Creditors control		12 120
Trading stock	20 960	
Bank	6 448	
Petty cash	160	
Cash float	800	
SARS (PAYE)		1 200
SARS (Income tax)	40 152	
Nominal accounts section		
Sales		834 664
Cost of sales	516 516	
Debtors allowances	8 240	
Bad debts recovered		120
Interest on mortgage loan	3 960	
Bank charges	7 832	
Directors fees	44 000	
Audit fees	10 944	
Salaries and wages (including contributions) *	86 940	
Rent income		52 224
Bad debts	600	
Stationery	2 472	
Rates on property	10 784	
Discount received		872
Insurance	9 520	
Dividends on ordinary shares	38 400	
	1 733 920	1 733 920

*** Salaries and wages include:**

Salaries and Wages	R82 800
Pension Fund contribution	3 000
UIF Contribution	1 140



ADJUSTMENTS AND ADDITIONAL INFORMATION:

1. A physical stock count was taken on 31 December 2004 and stock on hand was valued at R19 400.
2. Stationery on hand, R776.
3. Provide for outstanding interest on mortgage loan of R3 600.
4. Depreciation is provided on vehicles at 20% per annum on the diminishing balance and on equipment at 10% per annum on cost. (Take into consideration that a new vehicle costing R80 000 was bought on 1 October 2004. The bookkeeper made the correct entry for the purchase of the vehicle on the relevant date.)
5. The details of an employee who was employed on 1 December 2004 were omitted from the Salaries Journal for December by mistake. The following details are applicable:

Gross monthly salary, R5 000
PAYE deduction, R420
Pension fund deduction, R280
UIF deduction, R50

For every R1 the employee contributes to the pension fund, the employer contributes R1,50. UIF contributions by the employer are equal to the employee's deduction. No payments were made in this regard.

6. The account of B. Fatima who owes R520 is considered irrecoverable. This amount must be written off.
7. Provision for bad debts must be adjusted to R970.
8. Insurance of R3 744 is prepaid.
9. Rent of R4 224 was received in advance.
10. Income tax for the year is assessed at R47 000.



QUESTION 6

PARTNERSHIP

(30 marks; 18 minutes)

The following balances appeared in the Pre-adjustment Trial Balance of Ellis Brown Traders on 28 February 2005, the end of the accounting period. The two partners are E. Ellis and B. Brown.

REQUIRED:

Use the given information and prepare the following notes to the financial statements for the year ended 28 February 2005.

- 6.1 Capital (8)
- 6.2 Current Accounts (22)

A total column is not required.

INFORMATION:

Extract from the Pre-adjustment Trial Balance of Ellis Brown Traders on 28 February 2005

Capital: E. Ellis	R 288 000	
Capital: B. Brown	R 144 000	
Drawings: E. Ellis	R 40 080	
Drawings: B. Brown	R 38 160	
Current account: E. Ellis (1/3/2004)	R 10 272	Cr
Current account: B. Brown (1/3/2004)	R 5 076	Dr

Some of the stipulations in the partnership agreement were:

1. B. Brown increased his capital contribution in the business by R24 000 cash during the year. This has been recorded.
2. E. Ellis and B. Brown are entitled to a monthly salary of R2 640 and R2 160 respectively.
3. Interest on capital invested must be brought into account:
 - E. Ellis, R36 000
 - B. Brown, R17 250
4. The rest of the income must be divided between the partners in the ratio Ellis: Brown = 2:1.
5. The net income as determined in the profit and loss account amounted to R164 850.



QUESTION 7

CLUB

(50 marks; 30 minutes)

You are provided with information taken from the books of Astro Netball Club.

REQUIRED:

- 7.1 Prepare the Membership fees account for the year ended 31 December 2004. Balance/Close the Ledger Account. (12)
- 7.2 The Balance Sheet as at 31 December 2004 (Notes are not required. Show your workings in brackets so that part marks may be awarded.) (34)
- 7.3 A profit of R1 080 has been made on the sale of refreshments. The club management is not satisfied with this profit. Suggest TWO ways in which the profit can be increased. (4)

INFORMATION:

BALANCES ON 1 JANUARY 2004:

Income received in advance (membership fees) R420
 Income accrued (membership fees) R1 260

MEMBERSHIP FEES: During the accounting period fees were received from members in respect of 2003 - R1 260; 2004 - R62 580; 2005 - R1 680. No members were in arrears at the end of 2004.

SURPLUS: After all the year-end adjustments have been taken into account, the correct net surplus for the year amounts to R26 082.

SOME BALANCES EXTRACTED FROM THE LEDGER OF THE ASTRO NETBALL CLUB AT THE END OF THE YEAR AFTER ADJUSTMENTS HAVE BEEN MADE:

Field and clubhouse	142 200
Accumulated (Capital) fund	35 040
Equipment	10 200
Mortgage loan: Rich Bank (10% p.a.)	98 000
Accumulated depreciation on equipment	4 944
Fixed deposit: Groovey Bank (14% p.a.)	18 000
Sundry debtors	630
Stock: Netball kit	4 620
Stock: Refreshments	1 200
Expenses prepaid	96
Bank (favourable)	6 480
Loan from club member (repayable in 2010)	10 000
Sundry creditors	2 280
Expenses payable	5 400
Income received in advance/Deferred	?

50

TOTAL: 300

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CENTRE NUMBER/SENTRUMNOMMER

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CANDIDATE'S EXAMINATION NUMBER/KANDIDAAT SE EKSAMENNOMMER

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SENIOR CERTIFICATE EXAMINATION
SENIORSERTIFIKAAT-EKSAMEN

OCTOBER/NOVEMBER 2005
OCTOBER/NOVEMBER 2005

DEPARTMENT OF EDUCATION
DEPARTEMENT VAN ONDERWYS

ACCOUNTING STANDARD GRADE
REKENINGKUNDE STANDAARDGRAAD

SPECIAL ANSWER BOOK /SPESIALE ANTWOORDEBOEK

This answer book consists of 13 pages.
Hierdie antwoordeboek bestaan uit 13 bladsye.

QUESTION VRAAG	MARKS PUNTE	INITIAL PARAFEER	MOD. MOD.
1.			
2.			
3.			
4.			
5.			
6.			
7.			
TOTAL TOTAAL			



QUESTION 1/VRAAG 1

No. Nr.	General Ledger Account debited/ Algemene Grootboek Rekening gedebiteer	General Ledger Account credited/ Algemene Grootboek Rekening gekrediteer	Effect on the equation/Invloed op die rekeningkundige vergelyking		
			Assets Bates	Owners’ equity Eienaars- belang	Liabilities Laste

TOTAL MARKS TOTALE PUNTE
38



QUESTION 2/VRAAG 2

2.1

MEMBERS' CONTRIBUTION/LEDEBYDRAES

Marks
Punte

6

2.2

SARS (Income tax) / SAID (Inkomstebelasting)

Marks
Punte

11



2.3

**DISTRIBUTION PAYABLE TO MEMBERS
VERDELING BETAALBAAR AAN LEDE**

Marks
Punte

7

2.4

LOAN TO S. STEWART/LENING AAN S. STEWART

Marks
Punte

6



2.5

APPROPRIATION ACCOUNT/VERDELINGSREKENING

Marks
Punte

10

TOTAL MARKS TOTALE PUNTE
40



QUESTION 3/VRAAG 3

3.1

**JORDAAN ANTIQUES/JORDAAN OUDHEDE
DEBTORS COLLECTION SCHEDULE
INVORDERINGSKEDULE**

DEBITEURE-

	CREDIT SALES/ KREDIET- VERKOPE	2005 DECEMBER/ DESEMBER	2006 JANUARY/ JANUARIE	2006 FEBRUARY/ FEBRUARIE
October 2005/ Oktober 2005	21 900	3 285	---	---
November 2005/ November 2005	33 600	16 800	5 040	---
December 2005/ Desember 2005	102 600	29 241		
January 2006/ Januarie 2006	14 400			7 200
February 2006/ Februarie 2006	23 400			6 669
		49 326		

Marks/
Punte

10



3.2 JORDAAN ANTIQUES/JORDAAN OUDHEDE
CASH BUDGET FOR THE PERIOD 1 DECEMBER 2005 TO 28 FEBRUARY 2006/
KONTANTBEGROTING VIR DIE TYDPERK 1 DESEMBER 2005 TOT 28 FEBRUARIE 2006

	DEC./DES.	JAN.	FEB.
CASH RECEIPTS/KONTANTONTVANGSTE			
Cash sales/Kontantverkope	83 700		
Cash receipts from debtors/ Kontant ontvang van debiteure	49 326		
Asset disposal/Bateverkope			
Loan received/Lening ontvang			
TOTAL RECEIPTS/TOTALE ONTVANGSTE	133 026		
CASH PAYMENTS/KONTANTBETALINGS			
Cash purchases of stock/ Kontantaankope van voorraad	8 100		
Payments to creditors/ Betalinge aan krediteure	38 040		
Salaries/Salarisse	24 000		
Equipment/Toerusting			
Other expenses/Ander uitgawes	7 761		
Interest on loan/Rente op lening	1 800		
TOTAL PAYMENTS/TOTALE BETALINGS	79 701		
CASH SURPLUS (DEFICIT)/ KONTANTSURPLUS (TEKORT)	53 325		
CASH AT BEGINNING OF PERIOD/ KONTANT AAN BEGIN VAN TYDPERK	(19 000)		
CASH AT END OF PERIOD/ KONTANT AAN EINDE VAN TYDPERK	34 325		

TOTAL MARKS/ TOTALE PUNTE
44

Marks/
Punte

34



QUESTION 4/VRAAG 4

4.1 CASH RECEIPTS JOURNAL OF TONY'S TREE FELLING SERVICES - OCT. 2005

KONTANTONTVANGSTEJOERNAAL VAN TONY SE BOOMAFKAPPI NGSDIENS – OKT. 2005

DOC/ DOK	DAY/ DAG	DETAILS/ BESONDERHEDE	BANK	SUNDRY ACCOUNTS/ DIVERSE REKENINGE	
				AMOUNT/ BEDRAG	DETAILS/ BESONDERHEDE
	31	Totals/Totale	9 168	9 168	

Marks/
Punte

10

CASH PAYMENTS JOURNAL OF TONY'S TREE FELLING SERVICES - OCT. 2005
KONTANTBETALINGSJOERNAAL VAN TONY SE BOOMAFKAPPI NGSDIENSTE – OKT. 2005

DOC/ DOK	DAY/ DAG	DETAILS/ BESONDERHEDE	BANK	SUNDRY ACCOUNTS/ DIVERSE REKENINGS	
				AMOUNT/ BEDRAG	DETAILS/ BESONDERHEDE
	31	Totals/Totale	11 655	11 655	

Marks/
Punte

19



4.2 BANK ACCOUNT/BANKREKENING

5

**4.3 BANK RECONCILIATION STATEMENT ON 31 OCTOBER 2005/
BANKVERSOENINGSTAAT OP 31 OKTOBER 2005**

14

TOTAL MARKS TOTALE PUNTE
48



QUESTION 5/VRAAG 5

**SITHOLE TRADERS LIMITED/SITHOLE HANDELAARS BEPERK
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004/
INKOMSTESTAAT VIR DIE JAAR GEËINDIG 31 DESEMBER 2004**

Sales/Verkope		
Cost of sales/Koste van verkope		
Gross profit/Bruto wins		
Other operating income/ Ander bedryfsinkomste		
Operating expenses/ Bedryfsuitgawes		
Operating profit/Bedryfswins		
Interest income/Rente-inkomste		
Profit before interest expense/ Wins voor rente-uitgawes		
Interest expense/Rente-uitgawes		
Profit before tax/Wins voor belasting		
Income tax/Inkomstebelasting		
Net profit for the year/ Netto wins vir die jaar		

TOTAL MARKS TOTALE PUNTE
50



QUESTION 6/VRAAG 6

**NOTES TO THE FINANCIAL STATEMENTS/
NOTAS TOT DIE FINANSIËLE STATE**

6.1 CAPITAL/KAPITAAL	E. ELLIS	B. BROWN

Marks/ Punte
8

6.2 CURRENT ACCOUNTS PRIVAATREKENINGS	E. ELLIS	B. BROWN
Partners' salaries/ Vennote se salarisse		
Interest on capital/ Rente op kapitaal		
Final distribution of profit/ Finale verdeling van wins		18 000

Marks/ Punte
22

TOTAL MARKS TOTALE PUNTE
30



QUESTION 7/VRAAG 7

7.1

MEMBERSHIP FEES/LEDEGELD

Marks/
Punte

12

7.2 **BALANCE SHEET – SEE NEXT PAGE/
BALANSSTAAT – SIEN VOLGENDE BLADSY**

7.3 **TWO WAYS IN WHICH THE PROFIT ON SALE OF REFRESHMENTS CAN BE IMPROVED
TWEË MANIERE OM DIE WINS MET DIE VERKOOP VAN VERVERSINGS TE VERBETER**

Marks/
Punte

4



**7.2 BALANCE SHEET OF ASTRO NETBALL CLUB ON 31 DECEMBER 2004/
BALANSSTAAT VAN ASTRO NETBALKLUB OP 31 DESEMBER 2004**

ASSETS/BATES		
Non-current assets/Niebedryfsbates		
Tangible assets/Tasbare bates		
Financial assets – Investments/ Finansiële bates – Beleggings		
Current assets/Bedryfsbates		
Inventory/Voorraad		
Receivables/Ontvangbares		
Cash and cash equivalents/ Kontant en kontantekwivalente		
TOTAL ASSETS/TOTALE BATES		
FUNDS AND LIABILITIES/FONDSE EN LASTE		
Accumulated fund/Opgehoopte fonds		
Non-current liabilities/Niebedryfslaste		
?		
?		
Current liabilities/Bedryfslaste		
Payables/Betaalbare bedrae		
TOTAL FUNDS AND LIABILITIES/ TOTALE FONDSE EN LASTE		

TOTAL MARKS TOTALE PUNTE
50

Marks/
Punte

34

TOTAL/TOTAAL: 300

