

Time: 1 ½ Hours

Marks: 170

Instructions

1. This paper consists of 5 pages. Please check that your question paper is complete.
2. Read the questions carefully.
3. All answers should be written on the answer booklet provided.
4. Please answer in **pencil**.
5. It is in your own interest to write legible.
6. The allocation of marks and the appropriate time to be taken for each question are as follows:

Question	Topic	LO: AS	Marks	Time
1.	General Ledger	LO 1 – AS 1, 2 LO 3 – AS 3	55	29 min
2.	Debtors & Creditors Ledger	LO 1 – AS 1, 2	30	16 min
3.	VAT	LO 1 – AS 5	40	21 min
4.	Accounting Equation	LO 1 – AS 3	45	24 min
			170	90 min

QUESTION 1**(55 Marks)****INSTRUCTION:**

Use the given information to complete the following accounts in the General ledger of Bosch Stores.

Trading stock

Debtors Control

Creditors Control

Stationery

1.

Balances on	1-Apr-09	30-Apr-09
Trading Stock	R15 500	?
Stationery	5 600	?
Debtors Control	3 000	5 000
Creditors Control	12 300	10 900

2. Profit mark-up

On cash sales, 25%

On credit sales, 60%

3. Total Sales for April amounted to R30 500. Sales are made up as follows:

30% of total sales are on credit

10% of total sales are for credit card sales

60% of total sales are for cash

3. Purchases for the month ended 30 April 2009

	For Cash	On Credit
Goods	R5 200	R8 000
Stationery	200	300
Sundry Accounts	2 000	100

4. Petty Cash payments for April 2009:

Merchandise, R300

Stationery, R340

Sundry Accounts, R340

5. A cheque for R120 was received from a creditor as a refund on an overpayment made to them during March 2009.

6. Returns and allowances:

Credit customers, R600. The amount includes R35 as an allowance received from one of the debtors for goods not being according to sample.

7. Returns and allowances to creditors:
 Trading stock, R450 (includes R100 for trade discount omitted from an invoice received from a creditor for goods purchased.)
 Stationery, R120
 Sundry accounts, R200
8. Cash received and discount allowed to debtors, R?. (to be calculated)
9. Cheques paid to creditors and discount received, R?. (to be calculated)

QUESTION 2

(30 Marks)

REQUIRED

Prepare the account of Spiro Vassis, a debtor, in the Debtors ledger, and Daniel Kennedy, a creditor, in Creditors ledger of Dawie's Traders.

Information

On 1 June 2009, Spiro Vassis owed Dawie's Traders, R1 350 and Dawie's Traders owed Daniel Kennedy, R5 600.

Transactions for June 2009

- 01 Issued cheque 456 in favour of Daniel Kennedy for R3 800 after 5% discount had been deducted for prompt payment.
- 04 Received a cheque from Spiro Vassis on account R880. Receipt 35 was issued to Spiro Vassis.
- 11 Bought the following from Daniel Kennedy and received credit (renumbered 223).
 - * Merchandise, R2300 (less 10% trade discount)
 - * Equipment, R3 000 (R1 500 for the personal use of the owner)
 - * Stationery, R455
- 16 Sold goods costing R1 340 to Spiro Vassis for R4 350. Issued invoice 223.
- 17 Paid R37 from petty cash for the transportation of goods sold to Spiro Vassis. This amount is to be charged to Spiro Vassis's account. Voucher 13 was issued.
- 19 The bank returned Spiro Vassis's cheque marked r/d. The reason for the dishonouring is because the words and figures did not correspond.
- 20 Returned the following to Daniel Kennedy as they were not according to sample. Debit note 23 issued. ***(see 11 June)***
 - * Goods, R250 (less 10% trade discount)
 - * Stationery, R50
 - * Equipment, R310
- 22 Spiro Vassis returned goods, which were damaged in transit, R210 (cost price, R130). Credit note 121 was issued to Spiro Vassis.
- 25 Bought stationery from Daniel Kennedy and paid by cheque, R400.
- 29 Received a cheque from Spiro Vassis in full settlement of his account and allowed him R212 discount. Receipt 122 was issued to Spiro Vassis.

QUESTION 3

This question consist out of 2 parts

PART A

(20 Marks)

REQUIRED:

Complete the table below.

Vendor		VAT Returns	
Sales to manufacturer	R5 000	Tax on Sales (output tax)	
VAT (14%)		Tax on Purchases (input tax)	
		VAT payable	
Sales to wholesaler	R7 500	Tax on Sales (output tax)	
VAT (14%)		Tax on Purchases (input tax)	
		VAT payable	
Sales to retailer	R10 000	Tax on Sales (output tax)	
VAT (14%)		Tax on Purchases (input tax)	
		VAT payable	
Sales to consumer	R11 800	Tax on Sales (output tax)	
VAT (14%)		Tax on Purchases (input tax)	
		VAT payable	

Part B

(20 Marks)

Imagine that you are a financial advisor who replies to questions sent to a popular magazine by its readers. This is one of the letters to which you need to reply.

Dear Financial Adviser

Last year, I started a business where I bought moisturizing foam bath in bulk. I then repackaged it into small containers, which I sold to retailers. My sales for the year were R285 000 (including VAT). I bought foam bath and packing material, which cost R120 000 plus R16 800 VAT. I also paid R40 000 plus R5 600 VAT for other business expenses, like stationery, advertising, telephone and rent.

I need to know the answers to the following questions:

Do I have to register as a VAT vendor?

If I do not have to register, can I register if I choose to do so?

What benefit, if any, would I receive by registering as a VAT vendor?

What is the difference between Zero-rated products and VAT-exempt products and services?

Yours sincerely

David Michaels

Required:

1. How much input VAT did Michael Pay? (3)
2. How much output VAT did Michael charge at the present VAT rate? (4)
3. Calculate the amount of VAT that Michael is required to pay to SARS. (3)
4. Write a letter to Michael answering his questions. (10)

Marking rubric

Assessment Criteria	Level 1 Marks: 0	Level 2 Marks: 1-2	Level 3 Marks: 3-4	Level 4 Marks: 5	Learner's level
Use of language	Language is inappropriate and confusing	Language is not always clear	Language is simple and clear	Language is creative, clear and understandable	
Information supplied	Irrelevant and incorrect information given	Significant part of information presented is incorrect and irrelevant	Most of the information presented is correct and relevant	Information all correct and relevant	

QUESTION 4

(45 Marks)

REQUIRED

Record the following transactions in the Accounting Equation

1. Purchased a second hand delivery vehicle on credit, R60 000.
2. Paid R3 000 to Fiat SA. R2 500 for repairs to the vehicles and R500 for repairs to the owner's car.
3. A debtor return unsatisfactory goods R300 (profit mark-up 50% on cost)
4. Invested R10 000 on a Fixed deposit with ASBA at an interest rate of 12%.
5. Paid interest on the Loan with Standard Bank, for three months. The loan is for R60 000 at an interest rate of 18%.
6. Purchased merchandise of credit from AA Suppliers, R5 000 less 5% trade discount.
7. Paid Vredebent for the delivery of the merchandise purchased, R300.
8. Returned goods not according to sample, R450 to AA Suppliers (see transaction 6)