

QUESTION 1 (84 marks; 50 minutes)

Example

Bought equipment on credit, R5 000.

No.	Account debited	Account credited	Subsidiary book	A	OE	L	Amount
E.g.	Equipment	Creditors control	CJ	+		+	5 000
1	Bank✓	Sales✓	CRJ✓	+✓	+✓		2 016✓
	Cost of sales✓	Trading inventory✓	CRJ✓	-✓	-✓		1 120✓✓
2	Drawings✓	Trading inventory✓	GJ✓	-✓	-✓		700✓
3	Trading inventory ✓	Creditors control✓	CJ✓	+✓		+✓	11 000
4	Trading inventory ✓	Bank✓	CPJ✓	±✓✓			180✓
5	Stationery✓	Trading inventory✓	GJ✓	-✓	-✓		650✓
6	Debtors control✓	Sales✓	DJ✓	+✓	+✓		3 060✓
	Cost of sales✓	Trading inventory✓	DJ✓	-✓	-✓		1 700✓
7	Debtors Control✓	Creditors control✓	GJ✓	+✓		+✓	60✓
8	Debtors control✓	Bank✓	CPJ✓	±✓✓			475✓
	Debtors control✓	Discount allowed✓	GJ✓	+✓	+✓		25✓✓
9	Bank✓	Rent Income✓	CRJ✓	+✓	+✓		600✓
	Bank✓	Interest on current account✓	CRJ✓	+✓	+✓		40✓
10	Insurance✓	Bank✓	CPJ✓	-✓	-✓		250
	14	14	14	16	10	2	14

84

QUESTION 2 (55 marks; 59 minutes)

Trading account

Feb	28	Cost of sales✓	GJ	✓500 000	Feb	28	Sales (822450✓)		
		Profit and loss✓	GJ	✓300 000			- 22 450✓)	GJ	✓800 000
				800 000					800 000

8

Profit and Loss

Feb	28	Bad debts (1 270✓ + 800✓)	GJ	✓2 070	Feb	28	Trading account✓	GJ	✓300 000
		Trading inventory					Bad debts recovered	GJ	✓✓300
		Deficit (*)	GJ	✓1 150			Rent Income		
		Stationery (11260✓ - 540✓)	GJ	✓10 720			(27 225✓ - 6 050✓)	GJ	✓21 175
		Repairs (5 500✓ + 3 000✓)	GJ	✓8 500			OR (3 025 x 7)		
		Insurance (6 410✓ - 1 200✓)	GJ	✓5 210			Interest on fixed deposit (750✓ + 500✓)	GJ	✓1 250
		Bank charges (1 680✓ + 140✓)	GJ	✓1 820			Interest on current account	GJ	✓15
		Telephone (3 300✓ + 300✓)	GJ	✓3 600					
		Water & electricity	GJ	✓15 170					
		Interest on mortgage	GJ	✓7 500					
		Salaries	GJ	✓90 000					
		Capital✓	GJ	✓✓177 000					
				322 740					322 740

39

2.2.1

Generally accepted accounting practice✓✓

2.2.2

Going concern: The business will continue to operate in the foreseeable future. ✓✓

Historical cost: All assets are recorded at the price paid for the asset and not the assets market Value. ✓✓

2.2.3

Prudence✓

2.2.4

Matching✓✓

8

* - Calculation of trading inventory deficit:

Balance according to accounting records:	48 500✓	
Less stock taken by owner (adjustment 3):	(250) ✓	
Less stock determined in stock take:	(47 100) ✓	= R1 150

QUESTION 3 (28 marks; 17 minutes)

3.1

PUMA TRADERS

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2009

Sales (815 000✓ – 7 000✓)	808 000✓
Cost of Sales	(505 000) ✓
Gross profit	303 000 ✓
Other operating income	128 457
Rent income	48 000✓
Fee income	78 060✓
Discount received	2 172✓
Bad debts recovered	225✓
Gross operating profit	431 457 ✓
Operating expenses	(268 387)
Municipal charges and rates	7 250✓
Salaries and wages	186 000✓
Discount allowed	1 301✓
Telephone	15 395✓
Insurance	10 800✓
Bad debts	1 024✓
Sundry expenses	44 817✓
Trading inventory deficit	1 800✓
Net operating profit before interest income	163 070 ✓
Interest income	1 459✓
Profit before interest expense	164 529
Interest expense (12 452✓ + 77✓)	(12 529) ✓
Net profit for the year	152 000 ✓

25

3.2

- Theft of stock✓
- Damaged stock not counted or revalued✓
- Stock obsolete✓

3

QUESTION 4 (33 marks; 20 minutes)

TRICOLOR STORES

3. BALANCE SHEET AT 31 OCTOBER 2009

ASSETS	NOTES	
Non-current assets		✓1 755 000
Tangible assets (1200'✓ + 365'✓ + 190'✓)	1	✓1 755 000
Current Assets		✓93 581
Inventory (70 773'✓ + 574'✓)		✓71 347
Trade and other receivables(debtors)	2	✓7 542
Cash and Cash equivalents	3	✓14 692
Total Assets		✓1 848 581
EQUITIES AND LIABILITIES		
Owner' Equity	4	✓1 162 589
Non-current liabilities		✓600 000
Loan: ABSA		✓600 000
Current liabilities		✓85 992
Trade and other payables(creditors)	5	✓85 992
Total equity and liabilities		✓1 848 581

18

4. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2009

2. TRADE & OTHER RECEIVABLES	
Trade debtors	✓6 816
Accrued income	✓325
Prepaid expenses	✓401
	7 542

3. CASH & CASH EQUIVALENTS	
Bank	✓13 192
Petty cash	✓500
Cash float	✓1000
	14 692

4. OWNERS EQUITY	
Capital @ beginning of year✓✓	1 037 198
Plus: Net profit for the year✓	375 391
	1 412 589
Less: Drawings✓✓	(250 000)
Capital @ end of year	1 162 589

5. TRADE & OTHER PAYABLES	
Trade Creditors	✓9 983
Short term portion of loan	✓75 000
Accrued expenses	✓483
Income received in advance	✓526
	85 992

18
