

INSTRUCTIONS AND INFORMATION

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of **9 pages**.
2. A special **ANSWER BOOK** consisting of **5 pages** is provided in which to answer all the questions.
3. Answer **ALL** the questions.
4. **Workings must be shown in brackets in order to earn part marks.**
5. Non-programmable calculators may be used.
6. You may use dark pencil or black / blue pen to answer the questions.
7. Marks will be deducted for missing details and foreign entries.
8. Use the information in the table below as a guide when answering the question paper:

Question 1: 15 Marks, 9 Minutes	
The topic of this question is:	Content:
Creditors Reconciliation	<ul style="list-style-type: none"> • Reconciliation of Statement from Creditor and Creditors Ledger • Problem Solving / Ethics
Question 2: 41 Marks, 25 Minutes	
The topic of this question is:	Content:
Partnerships	<ul style="list-style-type: none"> • Partnership concept • Calculation of Net Profit • Current Account • Appropriation Account
Question 3: 23 Marks, 14 Minutes	
The topic of this question is:	Content:
Tangible Assets	<ul style="list-style-type: none"> • General Ledger • Calculations • Problem Solving
Question 4: 21 Marks, 12 Minutes	
The topic of this question is:	Content:
Bank Reconciliation	<ul style="list-style-type: none"> • Calculation of Cash Journals • Bank Reconciliation Statement • Internal Controls

QUESTION 1 (15 Marks, 9 Minutes)**CREDITORS' RECONCILIATION**

Cebo's Cell Phone Shop sells various makes of cell phones and cell phone accessories. A Statement received on 31 January 2018, from Susmang, reflects a different amount owed by Cebo's Cell Phone Shop than the amount that was calculated in their Creditors Ledger for January 2018.

REQUIRED:

- 1.1 Reconcile the January 2018 Statement received from Susmang with the Creditors Ledger of Cebo's Cell Phone Shop. Write amounts in the appropriate column with a plus (+) or a minus (-) sign to indicate an increase or decrease in the balance. (12)
- 1.2 Sizwe is employed at Cebo's Cell Phone Shop. During February 2018, he accidentally dropped a brand new cell phone, valued at R3 000. This caused screen to crack. Cebo instructed Sizwe to return the phone to Susmang and to claim that the screen was **already cracked** when the phone's box was opened in the shop. (3)
- Was this the ethical way for Cebo to react in this situation? Give a reason for your answer.**

INFORMATION:

The following balances are provided on 31 January 2018:

Creditors Ledger of Cebo's Cell Phone Shop	R132 700
Statement from Susmang.	R144 550

Additional Information:

The following errors and omissions were noted:

- A. Susmang rejected the discount of R2 500 claimed by Cebo's Cell Phone Shop on 10 January 2018, as payment was received too late to qualify for the discount.
- B. Credit note 1141 for R4 200 received from Susmang was incorrectly recorded as Invoice 1141 in the Cebo's Cell Phone Shop Creditors' Ledger.
- C. Invoice 1810 was correctly recorded by Cebo's Cell Phone Shop as R35 490 and not as R53 490 as recorded by Susmang on their Statement.

- D.** The goods returned to Susmang by Cebo's Cell Phone Shop as per DN 102 was incorrectly recorded as R9 500 instead of R5 900 as per CN 1178 for R5 900.
- E.** Susmang have reflected Invoice 1242 for R23 900 on 15 January 2018. This, however, relates to another customer, Cebee's Cell Phone Shop, and not to Cebo's Cell Phone Shop.
- F.** Cebo's Cell Phone Shop did not record the trade discount of R1 500 received from Susmang on 25 January 2018.
- G.** Invoice no. 2056, dated 30 January 2018, for R26 250 was not recorded on the Statement received from Susmang.

QUESTION 2 (41 Marks, 25 Minutes)**PARTNERSHIPS**

The following information was extracted from the records of Tozo Traders, which is owned by T. Thomas and Z. Zondi, on 28 February 2018, the financial year-end. The business maintains a profit mark-up of 60% on cost.

REQUIRED:

- 2.1 Calculate the correct Net Profit (after adjustments) for the year ended 28 February 2018. (14)
- 2.2 Complete the following accounts in the General Ledger for the year ended 28 February 2018:
- 2.2.1 Current Account: T Thomas (10)
- 2.2.2 Appropriation Account. (15)
- 2.3 Are both partners satisfied about their actions? Comment on shareholders transactions in the business during the financial year (Quote relevant figures). (2)

INFORMATION:

- The Net Profit, before adjustments, for the year ended 28 February 2018, is calculated to be R632 090.
- General Ledger balances:

	28 February 2018	28 February 2017
Capital: T Thomas	260 000	200 000
Capital: Z. Zondi	200 000	200 000
Current Account: T.Thomas	?	6 200 (Dr)
Current Account: Z. Zondi	?	2 400 (Cr)
Drawings: T. Thomas	314 000	?
Drawings: Z. Zondi	263 000	?

Additional Information

- A.** R 2 000 was received from a debtor whose account was previously written off. This has not been recorded.
- B.** Trading Stock on hand as per the physical stock take was calculated to be R38 250. The balance according to the Trading Stock account in General Ledger was R37 700.
- C.** Consumable stores purchased for the year amounted to R4 760 and was included in the calculation of the Net Profit. Of this, R4 360 was used by the business.
- D.** The provision for Bad Debts needs to be increased by R540.
- E.** The telephone account for February, R850 still needs to be paid.
- F.** Insurance includes an annual premium of R5 400 paid for up to 31 July 2018. The figure was used to calculate the Net Profit.
- G.** The interest on loan must still be paid for the last three months of the financial year. R22 500 interest has been paid to BB Bank so far this year and was accounted for.
- H.** The rent for March 2018 has already been received and is included in the amount of R79 800 recorded on the General Ledger and used to calculate Net Profit. The tenant has been renting since 1 June 2017. The rent has increased by R600 per month from 1 January 2018.
- I.** Interest on capital is to be paid at 8% per annum. Capital increased on 1 September 2017.

J. Partners Salaries for the year are calculated as follows:

T Thomas	R272 000 per annum
Z. Zondi	R20 000 per month

K. Profits and Losses are shared equally.

QUESTION 3 (23 Marks, 14 Minutes)

TANGIBLE ASSETS

The following information was extracted from the accounting records of Umlazi Stores. The businesses financial year ends on 31 May each year.

REQUIRED:

- 3.1 Calculate the missing amounts / details labelled A to G in the given General Ledger Accounts. Show full calculations (where necessary) so part marks can be awarded. (12)
- 3.2 Prepare the Asset Disposal Account in the General Ledger for the sale of Equipment on 1 November 2016. (9)
- 3.3 Provide **ONE** suitable reason for the equipment being sold so soon after it was purchased. (2)

INFORMATION:

**General Ledger of Umlazi Stores
Balance Sheet Section
Equipment**

2015 June	1	Bank	CPJ	240 000					
2015 Nov	1	A	CJ	120 000	2016 May	31	Balance	c/d	B
				360 000					360 000
2016 June	1	Balance	b/d	?	2016 Nov	1	C	GJ	120 000
2016 Dec	1	D	CPJ	180 000	2017 May	31	Balance	c/d	?
				540 000					540 000
2017 June	1	Balance	b/d	420 000					

Accumulated Depreciation on Equipment

2016 Nov	1	Asset Disposal	GJ	24 000	2016 June	1	Balance	b/d	65 500
2017 May	31	Balance	c/d	?	2016 Nov	1	Depreciation	GJ	E
					2017 May	31	Depreciation	GJ	F
				?					?
					2017 June	1	Balance	b/d	?

Loss on Sale of Asset

2016 Nov	1	Asset Disposal	GJ	9 500	2017 May	31	G	GJ	9 500
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Additional Information

- A. The equipment that was purchased on 1 November 2015 was sold for cash on 1 November 2016.
- B. Depreciation on Equipment is provided for at 20% per annum on cost.

QUESTION 4 (21 Marks, 12 Minutes)**BANK RECONCILIATION**

The following information has been extracted from the books of Pillay Stores on 28 February 2018.

REQUIRED:

- 4.1 Use the additional information provided to calculate the final totals for the Cash Receipts Journal and Cash Payments Journal for February 2018. (12)
- 4.2 Prepare the Bank Reconciliation Statement as at 28 February 2018. (7)
- 4.3 What can the business do to avoid what happened to **cheque no. 242 and 291**, in future. (2)

INFORMATION:**A. Bank Reconciliation Statement as at 31 January 2018:**

	DR	CR
CR Balance as per Bank Statement		14 200
DR Outstanding Deposit		30 000
CR Outstanding Cheques:		
No. 242	1 900	
No. 291	2 140	
No. 293	1 430	
No. 294	3 200	
No. 296	2 900	
DR Balance as per Bank Account	?	

B. Provisional totals for the Bank Column on 31 January 2018:

Cash Receipts Journal	R19 370
Cash Payments Journal	R15 960

C. On comparison of the above Bank Reconciliation Statement with the February 2018 Bank Statement received from ABC Bank, the following were differences noted:

- The outstanding deposit for R30 000 appeared on the February 2018 Bank Statement.
- Cheque no. 242, dated 21 July 2017, did not appear on the February 2018 Bank Statement. This cheque is now stale.
- Cheque no. 291, dated 29 December 2017, has been lost in the post. Cheque no. 298 was issued to replace the missing cheque on 28 February 2018. No entries were made for either the cancellation of Cheque no 291 or the issuing of cheque no 298. The new cheque did not appear on the Bank Statement.
- Cheque no. 293 appears on the February 2018 Bank Statement as R4 130. The Bank Statement figure is correct.
- Cheque no. 296 was issued to Bandile's Builders for repairs on 26 February 2018. Pillay Stores stopped payment on this cheque because the work was not completed. No entry in respect of the stop payment was made.

D. On comparing the February 2018 Cash Journals with the February 2018 Bank Statement the following differences were noted:

- A deposit for R2 100 received from a debtor, on 28 February 2018, did not appear on the February 2018 Bank Statement.
- Cheque 285 for R3 200 (dated 5 February 2018) was correctly reflected in the Bank Statement but had been written in the Cash Journals as R2 300.
- Cheque 301 for R450, dated 28 February 2018, did not appear in the February 2018 Bank Statement.
- Cheque 303 for R8 000, issued to Mega City Mall for rent on 25 February 2018, but dated 15 March 2018, had not been entered in the February 2018 Cash Journal because the bookkeeper was uncertain what to do regarding this cheque.
- A cheque for R1 000, received from a debtor, dated 5 March 2018 had not been deposited into the business Bank Account, nor entered in the Cash Journals.
- The Bank Statement reflected a direct deposit of R200 received from ABC Bank, being interest on fixed deposit. This was not recorded in the Cash Journals.
- A cheque received for R890, was dishonoured because of insufficient funds. No entry had been made to record this new development.
- The February 2018 Bank Statement on 28 February 2018 reflected a favourable balance of R40 240.

TOTAL MARKS: [100]