

ACCOUNTING

GRADE 10

JUNE 2014

TIME: 2 HOURS

MARKS: 200

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 11 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: 20 marks	
The topic of this question is:	Theory
QUESTION 2: 90 marks	
The topic of this question is:	Journals and ledger
QUESTION 3: 50 marks	
The topic of this question is:	Wages and Salaries
QUESTION 4: 16 marks	
The topic of this question is:	VAT
QUESTION 5: 24 marks	
The topic of this question is:	Accounting equation and Debtors Leger

QUESTION 1 - PART A THEORY (10 marks)

Match column A with column B – Only write down the number and the letter.

E.g. 1.1 – P

COLUMN A		COLUMN B	
1.1	The document used when goods are sold on credit to a debtor.	A	Current assets
1.2	The document used when the debt is settled with a creditor	B	Fixed assets
1.3	The document issued by the business when a debtor sends goods back	C	Creditors
1.4	These balances change continually and it can easily be converted into cash.	D	Cheque counterfoil
1.5	Money acquired from a commercial bank in order to buy property.	E	Discount allowed
1.6	Trust and integrity.	F	Duplicate receipt
1.7	Outsiders to whom the business owes money for goods purchased.	G	Debit note
1.8	Outsiders to whom the business owes money for goods sold to them.	H	Debtors
1.9	Document used in the general journal.	I	Original invoice
1.10	The discount debtors receive when they pay their account within 30 days.	J	Mortgage bond
		K	Credit note
		L	Journal voucher
		M	Duplicate invoice
		N	Ethical principle
PART B – (10 marks)			

Complete the table below. Indicate with an X whether the given account is a fixed asset, current asset, long term liability, current liability or owner's equity.

		FIXED ASSET	CURRENT ASSET	LONG TERM LIABILITY	CURRENT LIABILITY	OWNER'S EQUITY
A	Vehicles					
B	Petty Cash					
C	Loan					
D	Creditors Control					
E	Capital					
F	Trading stock					
G	Bank overdraft					
H	Drawings					

I	Premises					
J	Cash float					

QUESTION 2 – JOURNALS AND LEDGER – (90 marks)

The following balances and totals among others, appeared in the books of Rocky Traders on 1 March 2014.

Land and buildings	900 000
Equipment	48 000
Trading stock	28 000
Debtors control	36 000
Bank (dr)	34 000
Petty cash	1 000
Creditors control	14 000
Fixed deposit: FNB (10% p.a.)	20 000
Loan: ABSA (18% p.a.)	80 000
Sales	600 000
Cost of sales	300 000
Stationery	4 400
Interest on loan	8 000
Discount allowed	2 000

NOTE – The business makes use of a 100% mark up on cost price.

CASH RECEIPTS JOURNAL OF ROCKY TRADERS – MARCH 2014 – CRJ 3

Bank	Sales	Cost of sales	Debtors control	Discount allowed	Sundry accounts
?	100 000	?	20 000	200	1 500

The following transaction appeared in the sundry accounts column-

On 16 March Received a refund from creditor, Deli Suppliers for R1 500 for an amount overpaid during February 2014.

CASH PAYMENTS JOURNAL OF ROCKY TRADERS – MARCH 2014 CPJ 3

Bank	Trading stock	Creditors control	Discount received	Debtors Control	Sundry accounts
129 550	60 000	13 800	200	?	53 750

The following transactions appeared in the sundry accounts column –

10 Bought stationery from Themba Stores for R2 400

15 Purchased equipment from KL Distributors for R28 000 less a 10 % trade discount

16 Issued a cheque for R200 to the petty cashier

17 Issued a cheque to Absa for R24 800 in part payment of our loan plus interest for four months

30 Issued a cheque to restore the petty cash imprest amount.

PETTY CASH JOURNAL OF ROCKY TRADERS – MARCH 2014 PCJ 3

Petty cash	Trading stock	Stationery	Equipment	Sundry accounts
1 150	250	200	?	500

The R500 in sundry accounts is for repairs to the garage window on 15 March 2014.

CREDITORS JOURNAL OF ROCKY TRADERS – MARCH 2014 – CJ3

Creditors control	Trading stock	Stationery	Equipment	Sundry accounts
15 000	?	1 200	2 100	1 700

CREDITORS ALLOWANCES JOURNAL OF ROCKY TRADERS – MARCH 2014 – CAJ 3

Creditors control	Trading stock	Stationery	Equipment	Sundry accounts
1 000	200	?	180	520

The R1 700 in sundry accounts is for consumable stores bought on credit and the R520 in the sundry accounts in CAJ is for consumable stores returned to supplier.

DEBTORS JOURNAL OF ROCKY STORES – MARCH 2014 DJ 3

Debtors control	Sales	Cost of sales
?	?	22 000

DEBTORS ALLOWANCES OF ROCKY STORES – MARCH 2014 – DAJ 3

Debtors control	Debtors allowances	Cost of sales
6 000	6 000	?

REQUIRED:

A- Post to the following accounts in the general ledger. Balance or total at the end of the month.

Equipment
Trading Stock
Creditors Control
Sales
Cost of Sales
Discount received
Debtors Allowances

B - The bookkeeper fell ill and was unable to draw up the GENERAL JOURNAL AT THE END OF THE MONTH. THE OWNER HAS ASKED YOU TO DRAW IT UP.

TRANSACTIONS – March 2014

10	The owner, R Rock took goods for his own use. The cost price is R200 and the selling price is R400.
15	Debtors, G Staffie could not pay his debt. The owner R Rock decided to write off the debt of R200.
19	H Poodle did not pay his debt on time. He was charged 5% interest on his overdue account for 2 months. He owed us R600.
25	H Pitbull, a debtor had his cheque returned by the bank marked R/D. The discount previously allowed to him amounted to R50. This discount must be cancelled.
30	The owner had repairs done to the office. The bookkeeper posted the amount of R1 000 to Land and Buildings in error. Correct the error

C- Answer the following questions-

- Calculate the **debtors control figure** in the CPJ (1)
- Calculate the trade discount for the transaction in the CPJ on day 15 – (2)
- Calculate the imprest amount given to the petty cashier in the CPJ on day 30 – (2)

QUESTION 3 – WAGES AND SALARIES (50 marks)

Read the case study below and answer the questions that follow.

Sam Sithole runs a small business making and selling leather belts. His financial year ends on 31 March each year. He employs Ibrahim Docrat to assist him. Sam trusts Ibrahim, and has given him keys to the premises so that he can open and close the business alone. Sam considers this to be a wise decision as he can spend time with his family and the business can still be in operation.

The following terms form part of the employment contract that Sam and Ibrahim entered into:

Remuneration

- Ibrahim will work 40 hours per week at R25 per hour.
- Overtime will be paid at 1.5 times the rate of the normal time.

Deductions

The following will be deducted from Ibrahim's weekly wage.

- PAYE R98
- UIF – 1% of normal wage
- Pension – R70 per week

Contributions

The contract states that the following amounts will be considered by Sam on behalf of Ibrahim:

- Rand for Rand to the UIF
- R2,50 for every R1 contributed by the employee to the Pension Fund.

QUESTIONS

3.1.1	Explain why it is important for employees and employers to sign an employment contract.	(2)
3.1.2	Identify two methods that Sam can use to ensure that Ibrahim is actually working all the hours that he claims to be working.	(4)
3.1.3	According to law, all employees need to provide their employees with a Wage Advice Slip. Complete the Wage Advice Slip that would be given to Ibrahim to show his earnings for the week ending 23 March 2014. NOTE THAT IBRAHIM WORKED A TOTAL OF 50 HOURS THIS WEEK.	(15)
3.1.4	Calculate the total expense to Sam's business that must be paid to Ibrahim	(4)

	for this week. (This will include the salary and all the contributions)							
	<u>PART B – General Ledger</u>							
	The following information was extracted from the books of Tommy Traders for the month ending 31 March 2014							
	<u>TOTALS FOR THE SALARIES JOURNAL OF TOMMY TRADERS – FOR THE MONTH OF MARCH 2014</u>							
Gross salary	DEDUCTIONS				CONTRIBUTIONS			
	MEDICAL AID	PENSION	UIF	PAYE	MEDICAL	PENSION	UIF	
75 000	3 200	6 750	750	4 000	3 200	10 125	750	
	<ul style="list-style-type: none"> Tommy Traders deals with the Get Well medical aid fund and the OLD pension fund. All amounts owing are paid on the last day of each months. 							
2.2.1	<u>REQUIRED</u> Complete the Medical Aid fund account in the General Ledger of Tommy Traders for the month of March 2014.							
2.2.2	Complete the Cash Payments Journal for Tommy Traders to show the payment of ALL the amounts owing on 31 March 2014. Cheques numbering from 65 were issued. DO NOT ADD THE JOURNAL UP.							

PART C

Read the extract below and then answer the questions that follow.

Joe Great is very cross this morning. The past weekend, he had to quickly dash into the office to get something on his table and found that his employees who were suppose to work on a Saturday (and had to be paid overtime) were sitting under the trees enjoying the summer sun. He is now ordering a full enquiry into all aspects of salaries and wages in his business.

QUESTIONS

2.3.1	.Explain the difference between wages and salaries.	
2.3.2	Joe has noticed he is paying salaries to ghost workers in his business. What is a ghost worker?	
2.3.3	Identify how the risk of fraud can play a role in the salaries and wages of a business	

QUESTION 4 – VAT (16 marks)

The National Government of South Africa requires income to cover its costs and to give services to the people. This income is received through different forms of tax, one of which is VAT.

Answer the following questions.

4.1	What does the abbreviation VAT and SARS stand for?	(2)
4.2	State the current VAT rate in South Africa.	(1)
4.3	Explain why VAT is considered to be the fairest system of taxation.	(1)
4.4	Businesses need to take both input Vat and output Vat into consideration when determining the amount of Vat to be paid to SARS. What is the difference between input vat and output vat ?	(4)
4.5	Identify whether the following goods/services are liable for 14%Vat, zero rated or Vat exempt. <ul style="list-style-type: none">• Cellphone• Rent• Stationery• Fresh fruit and vegetables• School fees• Milk	(6)
4.6	If a person is caught evading tax, he can be criminally charged. However, it is possible to avoid paying VAT . Explain what a person can legally do , to pay as little VAT as possible.	(2)

QUESTION 5 (24 marks)

ACCOUNTING EQUATION PART A

The following information appeared in the accounting records of Nick Nack Traders for April 2014.

REQUIRED

Use the information below to complete the table provided in your answer booklet.

EXAMPLE

Purchased trading stock on credit from Smith traders for R4 500.

	GENERAL LEDGER					
	ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT	A=	0+	L
Example	Trading stock	Creditors control	4 500	+	0	+

TRANSACTIONS

5.1	The owner took cash for his own use, R500.
5.2	Bought stationery from CC Suppliers for cash, R500.
5.3	Cash sales, selling price, R600 and cost price R300.
5.4	The owner deposited capital into his current bank account, R50 000.
5.5	We returned damaged trading stock to our supplier, R6 000.

PART B

Study the incomplete Debtor's Ledger account of C Magaqa and answer the questions that follow.

Debtors Ledger of Sabelo Traders
C Magaqa DL 5

date	d	details	f	DR	CR	BALANCE
2014 May	1	Balance	b/d	2 000		2 000
	5	Receipt 12 Discount allowed	CRJ		<u>A</u> 100	100 0
	15	<u>B</u>	DJ	435		435
	20	C/N23	<u>C</u>		16	419
	27	Receipt 13	CRJ		350	<u>D</u>
	28	R/D cheque	CPJ	<u>E</u>		419

-Complete the missing words/amounts labelled **A to E**. (5)

-Give **two** reasons why a Debtors cheque may be returned R/D (refer to drawer). (4)