



HILLCREST HIGH SCHOOL

ACCOUNTING EXAM

PAPER 1

JUNE 2019

GRADE 11

MARKS: 150

TIME: 2 HOURS

INSTRUCTIONS AND INFORMATION:

1. You are provided with a question paper and an **ANSWER BOOK**.
2. This question paper comprises of **3** compulsory questions. Answer ALL the questions.
3. **Calculations must be shown in order to achieve part-marks.**
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1: 13 marks; 10 minutes	
Topic of the question:	This question integrates:
<i>Analysis of transactions</i>	Financial Accounting Accounting Equation
QUESTION 2: 65marks; 55 minutes	
Topic of the question:	This question integrates:
<i>Financial Statements</i>	Financial Accounting <ul style="list-style-type: none"> ➤ Income Statement <ul style="list-style-type: none"> * GAAP * Trade and other payables
QUESTION 3: 72 marks; 55 minutes	
Topic of the question:	This question integrates:
<i>Financial Statement</i> <i>Tangible/Fixed Assets</i> <i>Partnerships</i>	Financial Accounting <ul style="list-style-type: none"> ➤ Balance Sheet <ul style="list-style-type: none"> * Tangible/Fixed Asset Note * Current Account Note * Trade and other receivables

QUESTION 1: ACCOUNTING EQUATION

(13 marks; 10 minutes)

JACK AND JILL TRADERS

Jack and Jill are partners of Jack and Jill Traders.

REQUIRED:

- 1.1 Use the example below to analyse the transactions that follow. Indicate an increase with +, a decrease with – and no change with 0. Assume that the bank account balance is always favourable. The mark-up is 80% on cost. (13)

Example: Paid water and electricity by cheque, R1 800.

No.	Assets	Equity	Liabilities
e.g.	– 1 800	– 1 800	0

Transactions :

- 1.1.1 Credit sales to a debtor amounts to R15 300.
- 1.1.2 Buy goods on credit for R18 000 and receive a 20% trade discount.
- 1.1.3 Salary of partner Jack amounts to R90 000.
- 1.1.4 Partner Jack withdrew R6 500 trading stock from the business for his personal use.
- 1.1.5 Partner Jill contributes R50 000 to the business to increase her contribution.

(13)

QUESTION 2: INCOME STATEMENT AND NOTE FOR TRADE AND OTHER PAYABLES
(65 marks; 55 minutes)

2.1 GAAP PRINCIPLES:

Give the correct GAAP principle in each of the following scenario's: Choose the correct principle.

Prudence Historical Cost Business Entity Materiality Ongoing Concern

2.1.1 The owner and the business affairs must be kept separate.

2.1.2 No matter what the market value of a fixed asset is, it must be recorded in the books at the original purchase price.

2.1.3 During a burglary at the business R10 000 stock was stolen. The insurance is not sure if they are going to pay out. The business writes the stock off.

2.1.4 The assumption is that a business will continue for the foreseeable future. (4)

2.2 JUBA TRADERS

You are provided with information taken from the books of Juba Traders. Their financial year ends on 28 February 2019. The business maintained a profit mark-up of 60% on cost.

REQUIRED:

2.2.1 Prepare the Income Statement (Statement on Comprehensive Income) for the year ended 28 February 2019. (50)

2.2.2 Prepare the Trade and other payables note for the year ended 28 February 2019. (11)

INFORMATION:

Extract of the Pre-adjustment Trial Balance on 28 February 2019

	Debit	Credit
Balance Sheet accounts section		
Trading stock	285 000	
Debtors control	88 700	
Provision for bad debts		4 690
Fixed deposit: South Bank	140 000	
Creditors control		78 450
XY Pension fund		19 800
Nominal account section		
Sales		3 600 000
Cost of sales	2 250 000	
Debtors allowances	45 800	
Depreciation	35 800	
Salaries and wages	485 300	
Employers contributions	25 800	
Interest on fixed deposit		10 500
Interest on loan	37 500	
Discount received		8 790
Bad debts recovered		9 600
Discount allowed	3 860	
Bank charges	5 200	
Packing material	17 800	
Bad debts	22 350	
Rent income		33 200
Advertising	25 200	
Insurance	34 500	
Sundry expenses	38 740	

Adjustments and additional information:

- A. An invoice for R26 880 issued to a debtor, dated 26 February 2019 for buying of goods, was not recorded.
- B. The business donated packing material, R4 750 to a local school before stock count. No entry was made of this transaction.

- C. A physical stock count on 28 February 2019 revealed the following on hand:
- | | |
|------------------|----------|
| Trading Stock | R261 000 |
| Packing material | R 3 700 |
- D. An amount of R2 600 received from K. Motswela, a debtor whose debt was written off as irrecoverable the previous year, was credited to the Debtors control account. Correct the error.
- E. A debtor, P. Pieterse was declared insolvent. R560 as a final dividend of 40 cents to the rand was received and recorded. Write off the remaining debt as irrecoverable.
- F. The February 2019 Bank Statement was received. The following must be adjusted:
 Dishonoured cheque, R2 470. This was in settlement of debtor B. Ben's account of R2 600.
 Bank charges, R245.
- G. Adjust the provision for bad debts to R4 300.
- H. Rent income included rent for March and April 2019, the rent was increased on 01 September 2018 by R300.
- I. The advertising for March and April was paid in advance.
- J. One employee was omitted in the Salaries Journal for February 2019:

Gross Salary	Deductions	Employers Contribution		Net Salary
		Pension fund	UIF	
?	R4 600	R2 750	?	R15 400

The business contributes R2 to R1 for Pension fund and R1 to R1 for UIF.
 The difference in the deductions was for SARS – PAYE.

- K. Insurance of R875 was paid in advance for the next year.

QUESTION 3: TANGIBLE/FIXED ASSETS; PARTNERSHIPS AND BALANCE SHEET
(72 marks; 55 minutes)

The following information was taken from the records of TJ Traders, with partners Thomas and Jimmy. The financial year ended on 28 February 2019.

REQUIRED:

3.1 Complete the following notes to the Financial Statements:

- | | |
|--|------|
| 3.1.1 Fixed assets (Motor Vehicles and Equipment only) | (20) |
| 3.1.2 Partners' Current account | (25) |
| 3.1.3 Trade and other receivables | (7) |

3.2 Complete the Statement of Financial Position (Balance Sheet) on 28 February 2019. Where notes are not required, **show all workings.** (20)

INFORMATION:

List of balances on 28 February 2019 (amongst others):

Capital: Thomas	850 000
Capital: Jimmy	550 000
Current Account: Thomas (1 March 2018)	23 000
Current Account: Jimmy (1 March 2018)	7 500 (Dr)
Drawings: Thomas	45 250
Drawings: Jimmy	56 250
Land and buildings	1 103 550
Vehicles	700 000
Equipment	430 000
Accumulated depreciation on vehicles (1/3/2018)	280 000
Accumulated depreciation on equipment (1/3/2018)	193 500
Fixed deposit: BASSA Bank (8%p.a)	85 000
Trading stock	248 910
Debtors control	127 300
Creditors control	77 360
Bank (favourable balance)	95 635
Cash float	1 200
Loan: Unity Bank (9,5% p.a.)	320 000

B. The partnership agreement made provision for the following:

- Both partners are entitled to a salary allowance. Jimmy's salary is R1 000 per month more than Thomas's salary allowance. Thomas's salary allowance for the current financial year was R118 750.

- Both partners receive interest on their capital balance at 12% p.a. Note that Thomas decreased his capital balance by R50 000 on 1 December 2018.
 - It was agreed that Jimmy receive an incentive bonus of R15 000 for the extra hours spent finalising an advertising campaign.
 - Remaining profits (or losses) are shared in the ratio 3 : 2 between Thomas and Jimmy respectively.
- C. The net profit (after taking into account all the adjustments) was R462 000.
- D. The total primary distribution for the financial year amounted to R437 000.
- E. The following adjustments were taken into account in determining the net profit amount of R462 000:
- Unused consumable stores amounted to R3 290.
 - The business makes allowance for a provision for bad debts equal to 5% of the debtors control balance.
 - An insurance policy for R4 260 was entered into on 1 May 2018. The annual premium was paid in full.
 - The telephone account for February 2019, R1 840 was only settled on 5 March 2019.
 - The rent for March 2019 was received and deposited. The rent amount of R69 600 was closed off to the profit and loss account.
 - A commission fee of R3 225 was still receivable on 28 February 2019.
 - Depreciation on vehicles at 20% p.a. on carrying value and on equipment at 15% on cost. A new vehicle, costing R145 000 was purchased on 1 June 2018.
 - The profit of R320 on sale of an old office desk sold on 31 December 2018. The cost of the desk was R5 400. It was sold for R1 750 cash.
- F. R25 000 of the Fixed Deposit amount will mature on 30 July 2020.
- G. Interest on loan is capitalised. A fixed monthly instalment of R8 600 inclusive of interest was paid from the time the loan was received. This instalment is expected to remain constant for the next financial year.