

ECONOMIC AND MANAGEMENT SCIENCES
GRADE 8
JUNE EXAMINATION
MEMORANDUM



EXAMINER: C. BUCKLEY/G. BELL
MODERATOR: E. FOURIE
MARKS: 150

DATE: JUNE 2017
TIME: 1½ HOURS

INSTRUCTIONS:

1. Read all the instructions carefully.
2. Write neatly and legibly using a blue or black pen.
3. Write your name, grade and teacher on the space provided.
4. Answer all the questions.
5. Calculators may be used.
6. This paper consists of 9 pages.
7. **GOOD LUCK!**

QUESTION	TOPIC	MARKS	LEARNER'S MARKS
1	Accounting terminology	20	
2	Accounting equation and concepts	56	
3	Source documents and interpretation	20	
4	General Ledger	24	
5	Journals	30	
	TOTAL	150	

QUESTION 1

1.1 Choose the best option from the definitions in Column B to match the terminology in Column A. Write the letter of your choice next to the number. (10)

Column A		Column B	
1.1.1	Current account	A	Buys goods with the aim of reselling it at a profit.
1.1.2	Sales	B	A till slip.
1.1.3	Analysis of receipts	C	A direct payment where the source document is a Bank statement.
1.1.4	Tenant	D	Money invested by the business in the bank for a fixed period of time.
1.1.5	Receipt	E	Issued by the bank at the end of the month indicating the √movement of cash.
1.1.6	Trading business	F	Where deposits or withdrawals of cash, can be made.
1.1.7	CRR	G	Represents trading stock that is sold for cash or on credit.
1.1.8	EFT	H	Someone who pays the business rent.
1.1.9	Fixed deposit	I	Not totalled in the Cash Receipts Journal.
1.1.10	Bank statement	J	Document issued to indicate that money has been received.

1.1.1	F√	1.1.6	A√
1.1.2	G√	1.1.7	B√
1.1.3	I√	1.1.8	C√
1.1.4	H√	1.1.9	D√
1.1.5	J√	1.1.10	E√

1.2 Complete the following statements. Write only the correct word or term.

(10)

- 1.2.1 The right hand side of the ledger is the credit side.
- 1.2.2 When the owner invests capital in the business, the Owner's equity increases.
- 1.2.3 SARS is responsible for collecting tax from individuals and businesses on behalf of the Government.
- 1.2.4 Accounting is the process whereby a business records transactions in a systematic manner.
- 1.2.5 Assets are the long-term possessions that are used to generate money.
- 1.2.6 A deposit slip is completed when cash and/or cheques are deposited.
- 1.2.7 The Nominal section in the General Ledger consists of incomes and expenses.
- 1.2.8 Step 3 in the Accounting cycle is the journals.
- 1.2.9 Profit equals incomes minus expenses.
- 1.2.10 A partnership is where 2-20 owners start a business and share profits/losses.

QUESTION 2

2.1 Analyse the following transactions and indicate how they affect the Accounting equation. Use a + to indicate an increase, a – to indicate a decrease and 0 to indicate no effect. (46)

Eg. Purchased stationery for R450 and paid by cheque.

- 1 The owner of Miguel Stores started his business with a capital contribution of R250 000.
- 2 Cashed a cheque for R5 000. R3 000 is for wages and the rest is for cash float.
- 3 Cash received for services rendered, R1 100.
- 4 Paid R8 900 to Camden Dealers for computers bought.
- 5 The owner withdrew R600 out of the business, for personal use.
- 6 The owner increased the capital to R300 000.
- 7 Received a loan of R20 000 from Stanbank.
- 8 Rent out part of the building to Strand Stores at R1 800 per month. Received two months' rent.
- 9 Interest on loan is paid to Stanbank with an electronic fund transfer, R700.
- 10 Issued a cheque to pay the salary of the manager, R12 800.

	Account debit	Account credit	Accounting equation		
			Assets	Owner's equity	Liabilities
<i>Eg.</i>	<i>Stationery</i>	<i>Bank</i>	<i>-450</i>	<i>-450</i>	<i>0</i>
1	Bank√	Capital√	+250 000√	+250 000√	0
2	Wages√ Cash float√	Bank√	-5 000√ +2 000√	-3 000√	0
3	Bank√	Current income√	+1 100√	+1 100√	0
4	Equipment√	Bank√	+8 900√ -8 900√	0	0
5	Drawings√	Bank√	-600√	-600√	0
6	Bank√	Capital√	+50 000√√	+50 000√√	0
7	Bank√	Loan: Stanbank√	+20 000√	0	+20 000√
8	Bank√	Rent income√	+3 600√√	+3 600√√	0
9	Interest on loan√	Bank√	-700√	-700√	0
10	Salary√	Bank√	-12 800√	-12 800√	0

2.2 Answer the following questions.

(10)

- 2.2.1 Name any two parties interested in a business's financial statements.
- 2.2.2 Name any two forms of payment.
- 2.2.3 Name any two source documents.
- 2.2.4 Name any two expenses.
- 2.2.5 Name any two non-current assets.

2.2.1	Bank; Creditors; SARS; Auditors; Prospective investors√√
2.2.2	Cheque; EFT√√
2.2.3	Receipt; Cheque; CRR; Deposit slip; Bank statement√√
2.2.4	Insurance; Water and electricity; Telephone; Salaries; etc.√√
2.2.5	Land and buildings; Vehicles; Equipment√√

QUESTION 3

3.1 Complete the following source documents.

3.1.1 Write a cash cheque of R2 000 to the owner (Ben Bell), who needs the money for personal use, on 20 March 2017. (8)

Date: <u>20 March 2017</u> To: <u>Cash√</u> For: <u>Drawings√</u> Balance: _____ This cheque: <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 5px 0;">R2 000.00√</div> Balance: R _____ <div style="text-align: right; margin-top: 10px;">032</div>	<div style="text-align: right; margin-bottom: 10px;">76-91-90-28</div> <p>ABB Bank of Africa Randburg</p> <p style="text-align: right;">Date: <u>20 March 2017√</u></p> <p>Pay <u>Cash√</u> or bearer</p> <p>The sum of <u>Two thousand rand only√</u></p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto; text-align: center;">R2 000.00√</div> <p style="text-align: right; margin-top: 10px;"><u>C. Buckley√</u></p> <p style="text-align: right; margin-top: 5px;">Bell Traders</p>
032	032 44-79-68 120 06788 0921

3.1.2 Use the bank statement given to answer the following questions:

- (a) Who issued the Bank statement? First Bank√ (1)
- (b) Who is the statement issued to? Pule's Service Centre√ (1)
- (c) What is the opening balance? R80 000√ (1)
- (d) How many cheques were issued during the month, and what is the total value of the cheques? Show your answer with a calculation. (4)
- 5 cheques√
- $9\ 200 + 1\ 500 + 18\ 750 + 2\ 876.98 + 326.27 = R32\ 653.25√√√$
- (e) What is the total bank charges for the month? Show your answer with a calculation. (4)
- $27.50√ + 92.12√ + 29.13√ = R148.75√$
- (f) How many ATM withdrawals took place during the month? 4√ (1)

Pule's Service Centre 28 Howe Street Observatory 8000		1 Main Street Rosebank 8100		FIRST BANK	
For period: 01/06/2019-28/06/2019					
Bank Statement					
Current Account			Account Number 03 5469545 3		
Details	Debit	Credit	Date	Balance	
Deposit		80 000,00	01/06	80 000,00	
Cheque book fee	27,50		01/06	79 972,50	
Cheque 02	9 200,00		04/06	70 772,50	
Cheque 01	1 500,00		04/06	69 272,50	
ATM 6250	750,00		06/06	68 522,50	
Deposit		3 437,12	07/06	71 959,62	
Cheque 03	18 750,00		08/06	53 209,62	
ATM 9650	1 000,00		08/06	52 209,62	
ATM 3126	680,00		14/06	51 529,62	
Deposit		6 184,88	14/06	57 714,50	
Cheque 04	2 876,98		15/06	54 837,52	
Cheque 05	326,27		17/06	54 511,25	
Dishonoured cheque - T Moise	129,62		18/06	54 381,63	
Deposit		3 085,62	21/06	57 467,25	
ATM 6250	1 200,00		22/06	56 267,25	
Debit order - to AM Garage for rent for June	1 900,00		27/06	54 367,25	
Service fees	92,12		28/06	54 275,13	
Cash handling fee	29,13		28/06	54 246,00	
Interest		265,00	28/06	54 511,00	

QUESTION 4

Use the following information to complete the necessary accounts in the General Ledger of Yesh Traders. Balance the Bank account (only) at the end of the month and total all other necessary accounts. (24)

Transactions for Yesh Traders for March 2017:

- 1 Cash received for services rendered, R730.
- 4 Purchased two office chairs for R650 each.
Paid the telephone account for last month, R840.
- 9 Bought cleaning materials from SPAR and paid R320.
- 13 Received R2 500 from H. Hlope for rent for two months.
- 17 Cash received for services rendered, R904.
- 19 Yesh, the owner, increased her capital contribution in the business, R26 000.
Purchased files and paper from PNA for R610.
- 28 Paid the weekly paid workers, R800.

GENERAL LEDGER OF Yesh Traders[✓]
BALANCE SHEET SECTION

CAPITAL

Date	Details		Fol	Amount	Date	Details		Fol	Amount
					Mar	19	Bank		26 000 [✓]

BANK

Date	Details		Fol	Amount	Date	Details		Fol	Amount
Mar	1	Current income		730 [✓]	Mar	4	Equipment		1 300 [✓]
	13	Rent income		2 500 [✓]			Telephone		840 [✓]
	17	Current income		904 [✓]		9	Consumables		320 [✓]
	19	Capital		26 000 [✓]		19	Stationery		610 [✓]
						28	Wages		800 [✓]
						31	Balance	c/d	26 264 [✓]
				30 134 [✓]					30 134 [✓]
Apr	1	Balance	b/d	26 264 [✓]					

EQUIPMENT

Date	Details		Fol	Amount	Date	Details		Fol	Amount
Mar	4	Bank		1 300 [✓]					

NOMINAL SECTION

RENT INCOME

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				Mar	13	Bank	2 500√

TELEPHONE

Date	Details	Fol	Amount	Date	Details	Fol	Amount
Mar	4	Bank	840√				

STATIONERY

Date	Details	Fol	Amount	Date	Details	Fol	Amount
Mar	19	Bank	610√				

WAGES

Date	Details	Fol	Amount	Date	Details	Fol	Amount
Mar	28	Bank	800√				

CONSUMABLES

Date	Details	Fol	Amount	Date	Details	Fol	Amount
Mar	9	Bank	320√				

CURRENT INCOME

Date	Details	Fol	Amount	Date	Details	Fol	Amount
				Mar	1	Bank	730√
					17	Bank	904√
							1 634√

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QUESTION 5

Mr I. Newman started a business, Newman Renovators, on 1 March 2017 by depositing R90 000 directly into the current account of the business.

Record the following transactions in the Cash Receipts Journal for March 2017.

Calculate totals at the end of the month.

Transactions:

- 3 Cash received for services rendered, R640 as per cash register roll.
- 7 Received a cheque for R1 330 from Tala Ltd for commission income. Issued receipt no. 26.
- 10 Kev Khumalo deposited an amount of R2 200 directly into the current account of the business for services rendered.
- 18 Income received according to cash register roll, R1 800. Mr I. Newman increased his capital by 10%.
- 29 Received the investment that **matured** from ABSA. The amount received is R32 400 which includes interest of R2 400. ABSA deposited the full amount directly into the bank account of the business.
- 31 Received R6 600 rent from the tenant, Bloom and Co.

Cash Receipts Journal of Newman Renovators✓ for March 2017✓ CRJ 3✓

Doc	Day	Details	Analysis of receipts	Bank	Current income	Sundry accounts	
						Amount	Details
B/S	1	I. Newman		90 000✓		90 000✓	Capital✓
CRR	3	Services rendered	640	640✓	640✓		
26	7	Tala Ltd	1 330	1 330✓		1 330✓	Commission income✓
B/S	10	Kev Khumalo		2 200✓	2 200✓		
CRR	18	Services rendered	1 800		1 800✓		
27		I. Newman	9 000	10 800✓✓		9 000✓	Capital✓
B/S	29	ABSA		32 400✓		30 000✓	Fixed deposit: ABSA✓
						2 400✓	Interest on fixed deposit✓
28	31	Bloom and Co.	6 600	6 600✓		6 600✓	Rent income✓
		✓✓(B/S, CRR, 26-28)		143 970✓	4 640	139 330	

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