QUESTION 1

There are 15 parts to Question 1.

For each of the parts (**a**) to (**o**) below there are four possible answers **A**, **B**, **C** and **D**.

Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

1. (a) Ts'epo sold goods to Hapiloe

   Which document would Hapiloe use to pay for the goods?

   A cheque

   B invoice

   C payslip

   D receipt

   (b) In which book of prime entry are original sales invoices recorded?

   A cash book

   B purchases journal

   C sales journal

   D sales returns journal

   (c) Which transactions were recorded correctly

	Transactions	Account debited	Account credited
1	Bought office furniture cash	Office furniture	Cash
2	A trade receivable (Tau) paid by cheque	Bank	Tau
3	Capital introduced by cheque	Capital	Bank
4	Paid a trade payable (Pulane) in cash	Pulane	Cash

   A 1, 2 and 3

   B 1, 2 and 4

   C 2 and 3 only

   D 2 and 4 only

   (d) On 1 January 2018, Mosala owed M400 for electricity. During the year, he paid M2000 for electricity. On 31 December 2018, M500 was prepaid for heating.

   How much was charged for heating in the income statement for 2018?

   A M1 100

B M1 900

C M2 100

D M2 900

(e) What is the purpose of a clock card?

A to calculate the net pay

B to record the hours worked

C to show the society security number

D to state the gross pay

(f) Kamohelo accepted M1500 from a trade receivable in full settlement of a debt of M2000.

How did this affect Kamohelo's capital?

A decrease of M500

B decrease of M1500

C increase of M500

D increase of M1500

(g) Which is a current asset?

A accrued wages

B bank loan

C motor vehicle

D prepaid general expenses

(h) Mothabeng was owed M4000. He decided to write off M500 as irrecoverable and created 5% provision (allowance) for doubtful debts on the outstanding balance.

What was the closing balance on Mothabeng's sales ledger control account?

A credit M3500

B credit M3325

C debit M3500

D debit M3325

(i) Thato sold goods with a list price of M5000 to a credit customer. The customer was allowed 5% trade discount and a further 2½% cash discount if payment is within 20 days of the invoice date.

Which amount should be credited to Thato's sales account?

A M4625

B M4750

C M4875

D M5000

(j) The totals of the discount column in Thabile's cash book were as follows:

M600 debit and M450 credit

What entry would Thabile make in the discount received account?

A M450 credit

B M600 credit

C M450 debit

D M600 debit

(k) Why would Moeketsi, a supplier be interested in Thabo's financial statements?

A to assess whether Thabo could repay a loan given by Moeketsi

B to assess whether Thabo had sufficient inventory to last a year

C to assess whether Thabo would be entitled to trade discount

D to assess whether Thabo would be able to pay for goods bought

(l) Mokhali made the following payments in August. What was the total of the capital expenditure?

	M
Repairs to ceiling	3000
Converting a disused building into an office	8000
Repairing walls in existing office	2000

What was the total of the capital expenditure?

A M3000

B M5000

C M8000

D M13000

(m) At close of business on 31 August 2019, Khabo's working capital was M12000. On 1 September 2019 inventory costing M2400 was sold for M2300 cash and a debt of M400 became irrecoverable and was written off.

What was Khabo's working capital at the close of business on 1 September?

A M9200

B M11500

C M11900

D M13900

(n) Goods, M702, purchased from Jobo were incorrectly entered in his account as M720.
Which journal entry corrects this error?

		Debit (M)	Credit (M)
A	Jobo Suspense	18	 18
B	Purchases Suspense	18	 18
C	Suspense Jobo	18	 18
D	Suspense Purchases	18	 18

(o) What is true about the cash book?

	It is a book of prime entry	It is a ledger account
A	No	No
B	No	Yes
C	Yes	No
D	Yes	Yes

[Total: 15]

QUESTION 2

(a) Tikoe is a trader who had a favourable bank balance and other assets and liabilities on 1 August 2019. He had the following transactions in August 2019.
Complete the table by stating the amount of the assets, liabilities and capital after each transaction. The first one has been completed as an example.

	Assets (M)	Capital (M)	Liabilities (M)
Totals on 1 August 2019	40 000	30 000	10 000
1. Tikoe withdrew M4 000 from the business bank per personal use	36 000	26 000	No effect
2. A motor vehicle worth M16 000 was purchased by cheque	………..	………….	…………
3. A bank loan, M2000 was repaid from the business bank account	………..	………….	………..
4. Machinery, M7000,was purchased by cheque	…………	………….	…………
5. Credit supplies were paid in cash, M 5000	…………	…………	…………
6. Equipment M3000, was purchased by cheque	…………	………….	…………
7. Tikoe introduced additional capital, M 6 000 in cash	…………	………….	…………

(b) Tikoe also had to enter the above transactions in the appropriate Ledger division. Name three divisions of the ledger

QUESTION 3

There are eleven members of A Y Club. The annual subscription for each member is M130. On 1 October 2018 subscriptions owing amounted to M260 and subscriptions prepaid were M130. On 30 September 2019 subscriptions owing amounted to M150 and there were no subscriptions prepaid.

(a) Prepare a subscriptions account showing clearly the total subscriptions received during the year and the amount transferred to the Income and Expenditure account for the year ended 30 September 2019.

(b) State the difference between a surplus and a deficit

(c) The AY Club has only 11 members and therefore does not need to use ICT (Information and Communications Technology). However, state one benefit of using ICT in keeping the record of a much larger club with significantly many members.

QUESTION 4

The totals of a trial balance prepared on 30 June 2019 did not agree and a suspense account was opened.
The following errors were later discovered

- A payment of M250 for the wages was credited in both the wages account and the cash book.
- The owner had taken inventory worth M200 for own use. No entry had been made in the books.

(a) Prepare the journal entries necessary to correct the errors. Narrative are **not** required.

(b) Selomo is a trader. He prepared the following statement of affairs at 31 October 2019.

Statement of affairs at 31 October 2019

Non-current assets	M	M
Furniture at cost	7 000	
Less depreciation	200	6 800
Current assets		
Inventory	4 211	
Trade receivables	3 000	
Other receivables – Rent	5 000	

	Insurance	280	
Bank		860	
Cash		<u>5 468</u>	
		18 819	
<u>Current liabilities</u>			
Trade payables		(8 219)	
Net assets			<u>10 600</u>
Capital			<u>17 400</u>

(b) Advise Selomo on the balance at bank and the balance left as cash.

(c) Selomo wants to expand his business. Suggest **three** ways in which he could increase his capital.