CANDIDATE NAME						
CENTRE NUMBER					CANDIDATE NUMBER	

BOOKKEEPING AND ACCOUNTS **520/02**

Paper 2 **October/November 2020**

2 hours

READ THESE INSTRUCTIONS FIRST

1. Write your name, Centre number and candidate number in the spaces provided.
2. Answer **all** questions.
3. Write your answers using a **dark blue** or **black** pen in the spaces provided.
4. Marks are given in [ ] at the end of each question or part question.
5. Special attention must be paid to **legibility** and **neatness**.
6. Name(s) of businesses/persons used in this paper are fictitious.
7. You may use a calculator.

For Examiner's use	
1.	
2.	
3.	
4.	
5.	
TOTAL	

This document consists of **13** printed pages and **3** blank pages.

For Examiners Use

QUESTION 1

BBS Supplies, a trader, issues statements of accounts to customers at the end of each month.

REQUIRED

(a) (i) Explain what is meant by the term 'statement of account'.

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………… **[2]**

(ii) Give **two** reasons why BBS Supplies issue statements of accounts to customers.

1 ……………………………………………………………………………………

……………………………………………………………………………………

2 ……………………………………………………………………………………

…………………………………………………………………………………… **[2]**

On 10 July 2020, BBS Supplies sent the following statement of account to Lwazi Stationers.

Statement of Account				
BBS Supplies 14 Downtown Mngeni				Tel: 83211782
(ii) …………………… P.O. Box 727 Lowtown				Date: (i) ……………………
2020	References	Dr E	Cr E	Balance E
May 1	Brought Forward			1 240.00
May 3	Invoice No.7184	2 360.50		3 600.50
May 15	Cheque No.211		2740.00	860.50
May 20	Credit note No. C332		60.50	(iii)…………….
May 26	Invoice No.7192	1 750.00		(iv)…………….

For Examiners Use

REQUIRED

(b) (i) Fill in the missing information on the statement of account sent by BBS on 10 July 2020. **[4]**

(ii) Explain the entries on Lwazi's Stationers statement of account on the following dates.

May 1

………………………………………………………………………………………………

………………………………………………………………………………………………

May 3

………………………………………………………………………………………………

………………………………………………………………………………………………

May15

………………………………………………………………………………………………

………………………………………………………………………………………………

May 20

………………………………………………………………………………………………

………………………………………………………………………………………………

May 26

………………………………………………………………………………………………

……………………………………………………………………………………………… **[10]**

[Total: 18 marks]

For Examiners Use

QUESTION 2

(a) Explain the following terms:

Turnover

……………………………………………………………………………………………….

……………………………………………………………………………………………….

……………………………………………………………………………………………….

Fixed assets

……………………………………………………………………………………………….

……………………………………………………………………………………………….

……………………………………………………………………………………………….

Subscriptions

……………………………………………………………………………………………….

……………………………………………………………………………………………….

……………………………………………………………………………………………….

Revenue

……………………………………………………………………………………………….

……………………………………………………………………………………………….

………………………………………………………………………………………………. **[8]**

(b) Distinguish between current liabilities and non-current liabilities. Give **one** example of each type of liability

Current liability ……………………………………………………………………………….

……………………………………………………………………………………………….

Example……………………………………………………………………………………….

Non-current liability………………………………………………………………………….

……………………………………………………………………………………………….

Example: ………………………………………………………………………………… **[4]**

For Examiners Use

(c) State the effect of recording the following transactions on assets, profit and liabilities. State increased, decreased or no effect.

The first one has been done as an example.

Transaction	Effect on assets	Effect on capital	Effect on liabilities
Received a loan from Med Bank, E20 000	*Increased*	*No Effect*	*Increased*
Paid rent, E1500 cash	………………	………………	………………
Bought goods on credit from V. Vee, E2000	………………	………………	………………
Personal computer given to business, E5000	………………	………………	………………

[9]

[Total: 21 marks]

QUESTION 3

Mimi is a sole trader who runs a grocery shop at Mafutseni. She provided the following transactions for the month of May 2020.

2020

May	1	Mimi business had E2 800 cash in hand and E6000 in the bank.
	3	Paid rent by cheque E600.
	4	Goods bought by cheque E1300
	5	Paid cash E80 for transport
	6	Sold goods for cash E750
	12	Purchased machinery by cheque E2 500
	14	Paid cash E500 for repairs of Mimi's personal car
	17	Cash sales immediately banked E1430
	18	Paid S Makhubu in cash, a debt of E1200 less 5% discount
	22	Paid cash for insurance premium, E180
	25	Received a cheque of E1 290 from D Jele in full settlement of his E1 320
	28	A donation of E200 cash was made to a charity organization
	29	Cash withdrawn, E150 from the bank for office use.

REQUIRED

Prepare Mimi's grocery shop cash book for the month of May 2020. Balance the cashbook and bring down the balance at 1 June 2020.

Mimi

Cashbook for the month of May 2020

[18]

[Total: 18 marks]

QUESTION 4

Sizo and Menzi are in partnership sharing profits in the ratio 2:1 respectively. They charge 2% interest on drawings. They earn 4% interest on capital. Sizo is paid a salary of E1300. The net profit at 31 August 2020 was E6000.

Current accounts (1 September 2019):	Sizo	E150 Cr
	Menzi	E180 Dr

Capital:	Sizo	E3000
	Menzi	E2000
Drawings:	Sizo	E1500

REQUIRED

(a) **(i)** Explain what is meant by a partnership business.

……………………………………………………………………………………………

……………………………………………………………………………………………… **[2]**

(ii) Explain **two** advantages of a partnership business.

Advantage 1

……………………………………………………………………………………………

……………………………………………………………………………………………

Advantage 2

……………………………………………………………………………………………

…………………………………………………………………………………………… **[4]**

(b) Prepare Sizo and Menzi's profit and loss appropriation account for the year ended 31 August 2020.

Sizo and Menzi
Profit and Loss Appropriation Account for the year ended 31 August 2020

[8]

For Examiners Use

(c) Prepare Sizo's current account. Balance the account and bring down the balance at 1 September 2020.

[6]

[Total: 20 marks]

QUESTION 5

Maluju sells goods for both cash and credit basis. His financial year ends 30 June. Maluju has been writing off bad debts in the previous years.

REQUIRED

(a) **(i)** Explain what is meant by the term 'bad debts'.

………………………………………………………………………………………………

………………………………………………………………………………………………

……………………………………………………………………………………………… **[2]**

(ii) State **two** possible reasons why Maluju write off bad debts.

1 ………………………………………………………………………………………

2 ………………………………………………………………………………………

3 ……………………………………………………………………………………… **[2]**

(b) List **three** items that makes a ledger account entry complete.

1 ………………………………………………………………………………………

2 ………………………………………………………………………………………

3 ……………………………………………………………………………………… **[3]**

(c) From the following table fill in the name of the final account where each of the listed accounts will be shown when preparing Maluju's final accounts.

The first one has been done as an example.

Accounts	Final account
Motor van	*Balance sheet*
Bad debts	
Drawings	
Purchases	
Zitha Motors	
Interest received	

[5]

Maluju’s inexperienced bookkeeper incorrectly prepared an opening statement calculating capital at 1 July 2019.

Maluju
Opening Statement as at 1 July 2019

	E	E
Machinery	13 000	
Bank overdraft	7 000	
Expenses prepaid		1 200
Creditors	14 000	
Fixture and fittings		9 000
Expenses owing		2 300
Debtors		22 000
Buildings	110 000	
Cash in hand	1 800	
Inventory		3 700
Capital		

REQUIRED

(d) Prepare Maluju’s corrected opening statement as at 1 July 2019.

Use the correct format.

For Examiners Use

Maluju
Corrected Opening Statement as at 1 July 2019

[11]

[Total: 23 marks]

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