

2.1. GAAP PRINCIPLES	
2.1.1	Historical Cost Concept
2.1.2	Matching Concept
2.1.3	Materiality Concept
2.1.4	Business Entity Rule

GENERAL LEDGER OF AMABHELE TRADERS ON 29 FEBRUARY 2020									
TRADING ACCOUNT									
2020		Cost of sales(500 000			2020	Sales (875 000 -			
Feb	28	+ 3 000)		503 000	Feb	28	12 600 + 5 000)		867 400
		Profit and loss		364 400					
				867 400					867 400
PROFIT AND LOSS ACCOUNT									
2020		Salaries and wages			2020				
Feb	28	(96 750 -14 400)	GJ	82 350	Feb	28	Trading Account	GJ	364 400
		Discount allowed	GJ	800			Fee income	GJ	12 400
		(8 400+4 000)					(8 400+4 000)		
		Insurance	GJ	8 180			Rent income	GJ	37 800
		(9 800-1 620)					(41 100-3 300)		

	Bank charges	GJ	1 210		Discount received	GJ	880
	Bad debts (5 200+720)	GJ	5 920		Stock surplus (16300- 3 000-15 500)	GJ	2 200
	Telephone (12 560+450)	GJ	13 010		Interest on fixed deposit	GJ	2 200
	Water and electricity	GJ	14 200				
	Stationery (10 800-460)	GJ	10 340				
	Interest on loan (13 500+4 500)	GJ	18 000				
	Sundry expense	GJ	5 400				
	Depreciation	GJ	17 600				
	Capital Account	GJ	242 870				
			419 880				419 880

ACTIVITY B3

3.1. Calculate the Capital balance at the end 2020		(7)
Balance at the beginning of the year		435 875
Add: Net profit as per profit and loss account	see 3.3	257 452
Less: Drawings (17 685+500)	must be in brackets or subtracted	(18 185)
Balance at the end of the year		675 142

GENERAL LEDGER OF PONGOLA TRADERS ON 29 FEBRUARY 2020

3.2.

TRADING ACCOUNT

2020		Cost of sales		2020		Sales	
Feb	28	(346 350-2 000)	344 350	Feb	28	(679 200-1 875-2 400)	674 925
		Profit and Loss	330 575				
			674 925				674 925

3.3.

PROFIT AND LOSS ACCOUNT

2020		Salaries and wage (54 000+18 000			2020			
Feb	28	+720+180)	72 900		Feb	28	Trading account see 3.2	344 350
		Bad debts (975+1 350)	2 325				Rent (40 000-3 200)	36 800
		Stationery (8 400-270- 540)	7 630				Bad debts recovered (16 335+1 500)	17 835
		Water and electricity (4 395+465)	4 860				Interest on fixed deposit	12 300
		Discount allowed	675				Discount received	270
		Trading stock deficit (34 600+2 000-33 600) see 3.2	3 050				Commission income	12 000
		Interest on overdraft (2 250+2 750)	5 000					
		Depreciation (16 020 - 10 680+14 460+13 200) 5 340	33 000					
		Bank charges	5 40					
		Interest on loan (103 500+25 000- 125 340)	3 160					
		Insurance (10 128-3 675)	6 453					
		Capital account	257 452					
			394 995					394 995

ACTIVITY B4

4.1 INCOME STATEMENT OF AMABHELE TRADERS FOR THE YEAR ENDED 28 FEBRUARY

2020

Sales (6 500 000 - 13 000+ 9 000)			6 496 000
Cost of sales (2 263 000+ 6 000)			(2 269 000)
Gross profit	operation	8	4 227 000

Other operating income	one part correct		316 000
Discount received			30 000
Commission income			42 000
Rent income(288 000–44 000) or (-40 000 – 4 000) one mark each			<input checked="" type="checkbox"/> 244 000
Gross operating income		5	4 543 000
Operating expenses	operation		<input checked="" type="checkbox"/> (1 984 000)
Salaries and wages			980 000
Bad debts			17 000
Discount allowed			20 000
Bank charges			55 000
Telephone			165 000
Packing materials (45 000 – 10 000)			35 000
Insurance (98 000– 15 000)	one part correct		83 000
Water and electricity (180 000 + 1 000)			181 000
Sundry expenses(240 000 + 50 000)			290 000
Trading stock deficit (284 000 – 6 000 – 272 500)	one part correct		5 500
Depreciation (60 000 + 80 000 + 12 500) or 92 500 2 Marks one part correct			152 500
Operating profit	operation	22	2 559 000
Interest income (18 000 + 3 600)			21 600
Profit before interest expense			2 580 600
Interest expense (28 000+ 50 000)	operation		(78 000)
Net profit for the year	operation	8	2 502 600

Foreign items -1 max 2

	Land & buildings	Vehicles	Equipment
4.2. FIXED/TANGIBLE ASSETS			
Carrying value at beginning of year	4 580 000	400 000	450 000
Cost	4 580 000	650 000	600 000
Accumulated depreciation	0	(250 000)	(150 000)

Movements			
Additions at cost	420 000	250 000	0
Disposals at carrying value	0	0	0
Depreciation	0	(92 500) See 1.1	(60 000)
Carrying value at end of year			
Operation	5 000 000#	557 500#	390 000#
Cost	5 000 000	900 000	600 000
Accumulated depreciation	0	(342 500) operation	(210 000) operation

ACTIVITY B5

ANDREWS TRADERS		
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2020		
Sales (1 280 000 – 12 400 – 3 000)		1 264 600
Cost of Sales (640 000 – 2 000)		(638 000)
GROSS PROFIT	6	626 600
OPERATING INCOME		145 600
Discount Received		3 100
Rent Income (154 900 – 13 300)		141 600
Bad Debts Recovered		900
GROSS OPERATING INCOME	7	772 200
OPERATING EXPENSES		(424 900)
Water and electricity		35 400
Advertising		30 000
Bad Debts (11 300 + 800)		12 100
Salaries and wages (184 000 +19 000 + 3 000)		206 000
Telephone (17 500 + 2 200)		19 700
Stationery (23 200 – 1 400)		21 800
Insurance (44 000 – 4 200)		39 800
Discount Allowed (3 800 – 300)		3 500
Bank charges (2 300 + 400)		2 700
Trading Stock Deficit (123 400+ 2 000– 119 000)		6 400
Depreciation	23	47 500
OPERATING PROFIT		347 300
Interest Income (4 200 + 1 400)		5 600
PROFIT BEFORE INTEREST EXPENSE		352 900
Interest Expense 12 600 + 10 500 or 14 000 + 9 100 Or 21 000 + 2 100		(23 100)
NET PROFIT	9	329 800

ACTIVITY B6

6.1 LINCON TRADERS			
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019			
Sales (1 398 608 - 9 550)			1 389 058
Cost of Sales			(978 590)
Gross Profit	One part correct	4	410 468
Other Operating Income	One part correct		77 200
Rent Income (81 600 – 6 900)	One part correct		74 700
Discount received			2 500
Gross Operating Income	Check operation	8	487 668
Operating Expenses	Check operation		(247 437)
Stationery (7 800– 3 250)			4 550
Sundry Expenses			4 800
Rates and Taxes			13 740
Discount Allowed			8 450
Insurance (12 500 - 1500)	One part correct		11 000
Bad debt (8 180 + 585)	One part correct		8 765
Trading Stock Deficit (120 485 – 119 025)			1 460
Water and Electricity (21 400 + 632)			22 032
Depreciation (16 200+ 9 000+ 4 750)	One part correct		29 950
Salaries (110 550 + 16 000)			126 550
Pension Contributions (8 800 + 760)			9 560
Packing material			6 580
Operating Profit	Check operation	29	240 231
Interest Income			2 545
Profit before Interest Expense	Check operation		242 776
Interest Expense (6 865 + 6 000)	One part correct		12 865
Net Profit for the year	Check operation	7	229 911

6.2	Owners' Equity	
	Balance [01/03/2018]	658 590
	Net Profit for the year	Check 1.1(I/S) 229 911
		Check operation 888 501
	Less: Drawings	(131 258)
	Balance [28 / 02 / 2019]	Check operation 757 243

6.3 BALANCE SHEET AS AT 28 FEBRUARY 2019			
	EQUITY and LIABILITIES	Notes	R
	EQUITY and LIABILITIES		
	Owners' Equity	7	757 243 See 1.2 above
	Non –Current Liabilities		78 000
	Long-term Loan (93 000 – 15 000) One part correct		78 000
	Current Liabilities		
	Trade and other Payables	8	47 722
	Short term loan Check amount deducted		15 000
	TOTAL EQUITY AND LIABILITIES	Check operation	897 965

ACTIVITY B7

7.1 MANCHESTER TRADERS

BALANCE SHEET AS AT 28 FEBRUARY 2018

ASSETS	Note	
Non – Current Assets		3 270 000
Fixed/Tangible assets (1 250 000+350 000+1 520 000) see 1.2		3 120 000
Financial assets (250 000 – 100 000)		150 000
Current Assets		455 700
Inventory (180 000-8 000 + 8 600)	4	180 600
Trade and other Receivables(142 500+20 000+9 000)	5	171 500
Cash and Cash Equivalents (2 000+1 600+100 000)	6	103 600
TOTAL ASSETS		3 725 700
EQUITY AND LIABILITIES		
Owners' Equity		2 110 700
(1 101 300+8 000) one mark each		
Capital (1 420 000+1 800 000-1 109 300)	7	2 110 700
Non - Current Liabilities		350 000
Loan (400 000 – 50 000)		350 000
Current Liabilities		1 265 000
Trade and other Payables (111 800+31 000+4 200+6 000+17 400)	8	170 400
Current portion		50 000
Bank overdraft		1 044 600
TOTAL EQUITY AND LIABILITIES		3 725 700

Foreign entries -1 Max 3 for \$ means check operation # means operation one part correct

No penalties for misplaced items i.e. Balance sheet items

Misplaced items mark workings in brackets and mark the final figure wrong

7.2. FIXED/TANGIBLE ASSETS

	Land & buildings	Equipment	Vehicles
Carrying value at beginning of year operation	750 000	370 000	1 384 000
Cost	750 000	535 000	1 466 000
Accumulated depreciation	0	(165 000) operation	(82 000) operation
Movements			
Additions at cost	500 000	15 000	184 000
Disposals at carrying value	0	0	0
Depreciation	0	(35 000)	(48 000)
Carrying value at end of year Operation	1 250 000	350 000	1 520 000
Cost	1 250 000	550 000	1 650 000
Accumulated depreciation	0	(200 000)	(130 000)

Cost – Acc Dep