



EMS- Mock Exam

Grade 8

Paper 1- Memorandum

Instructions:

1. This paper consists of 6 pages
2. This paper consists of 3 questions
3. Answer all the questions.
4. Number your answers as per the question paper.
5. Skip a line between answers.
6. Do NOT answer on the question paper.
7. Answer all questions on lined paper.
8. Show calculations where possible.



Section A: Question	Possible Marks	Student's Marks
1		
2		
3		
Total	50	

Section A: Financial literacy

Question 1: Short Questions

1.1 Match the term from column A to the definition in column B and write your answers in the blocks provided.

Column A: Terms	Column B: Definitions
1.1 An entry found on the left side of the General Ledger	A. Overdraft
1.2 Money kept in a box to pay for minor expenses	B. Posting
1.3 Anything taken from the business for the owner's personal use	C. Debit
1.4 When money is withdrawn from a bank account and the balance goes below zero	D. Drawings
1.5 Information from the journals transferred to the general ledger	E. Petty cash

1.1 C	1.2 E	1.3 D	1.4 A	1.5 B
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1.2 True or false: Answer true or false to the following questions **and** provide an explanation for your choice. (5)

1.2.1 Income and expenses are recorded in the nominal section in the general ledger.

True, they are recorded in the nominal section, not the balance sheet section.

1.2.2 For every debit, there is another debit entry.

False, for every debit, there is a credit entry (double entry rule)

1.2.3 Cash float have a short lifespan; therefore, it's classified as a non-current asset.

False, cash float is a current asset, as it has a short lifespan.

1.2.4 Consumables are referred to as an expense.

True, as consumables are quickly consumed, they don't hold enough value to be considered an asset.

1.2.5 A transaction is an agreement between a consumer and a producer to exchange something of value.

True, when a buyer and a seller make a financial agreement, it is referred to as a transaction.

Total for Question 1: 10

Question 2: Longer questions

2.1 Do you think that its necessary to have an analysis of receipts and bank column in the Cash Receipts Journal?

Give reasons for your answer.

(2)

It is necessary to have both columns- the bank amount is the total for the day, as well direct payments into the bank. (The bank column represents all the debits, because with every transaction that causes an increase in the balance of the bank account, we will debit the bank account, and credit one or more other accounts.) The analysis column can be thought of as the "till" or "cash register" column. (The purpose of this column is to show that various forms of cash (i.e. hard cash and cheques) are collected in the cash register first, before these funds are periodically (sometimes daily) deposited into the bank account.)

2.2 Audrey started her own mobile beauty business in December 2019. She's contracted by large firms to make weekly "pamper" visits for all their staff. Audrey has two therapist that she employs on a part time basis for one call out per week. Use the information provided below to analyse the transactions according to the accounting equation. (8)

Transactions for December 2019

4 Paid for petrol for the month , R1 000.

10 Received R 1 200 for her services at Board Attorneys.

22 Paid wages for the week. Each therapist earns R 500 a week.

28 Bought consumables (exfoliator, soap and cream) to use while rendering the service, R384.

EFFECT ON ACCOUNTING EQUATION					
NO	JOURNAL	ASSETS		OWNER'S EQUITY	
		EFFECT	REASON	EFFECT	REASON
4	CPJ	Bank is credited	Assets decrease (Money out of bank)	Owner's equity is debited	Petrol is an expense, expenses decrease OE
10	CRJ	Bank is Debited	Assets increase (Money into bank)	Owner's equity is credited	Money received is an income, income increases OE
22	CPJ	Bank is credited	Assets decrease (Money out of bank)	Owner's equity is debited	Wages is an expense, expenses decrease OE
28	CPJ	Bank is credited	Assets decrease (Money out of bank)	Owner's equity is debited	consumables are an expense, expenses decrease OE

Total for Question 2: 10

Question 3: Case studies

3.1 Use the transactions shown below to complete the cash receipts journal of Dr. Tracey Brandt for June 2019. (10)

Transactions for June 2019

- 2 Treated a family of four and received R900. Issued receipt 86.
- 6 Received R150 interest from Firm Bank on a fixed deposit held by the business.
- 14 Provided private check-ups at the Phillips' family home. Received R1200
- 19 Tracey increased her capital contribution by R15 000. She made a direct deposit into the business' bank account.

Cash Receipts Journal of Dr Tracey Brandt for June 2019 (CRJ 1)

Doc no.	Day	Details	Analysis of receipts	Bank	Income	Sundry Accounts	
						Amount	Details
86	2	Services rendered	900	900	900		
87	6	Firm bank	150	150		150	Interest earned (1)
89	14	Services rendered	1 200	1 200	1200		
90	19	Dr. Tracey Brandt	15 000	15 000		15000	Capital (1)
				17 250	2 100	15 150	
			(1)	(1)	(3)	(3)	

3.2 Post the Cash receipts and Cash payments journal of Brown's Plumbing to the General ledger on 31 July 2019. Total or balance the necessary accounts. (20)

Cash Receipts Journal of Brown's plumbing for July 2019

D o c	D A Y	Details	Analysis of receipts	Bank	Current Income	Sundry accounts		
						Amount	Fol	Details
R20	1	Mr. D Brown	50 000	50 000		50 000		Capital
CRR	5	Service Rendered	12 500	12 500	12 500			
CRR		Service Rendered	6 000	6 000	6 000			
				68 500	18 500	50 000		

Cash Payments Journal of Brown's plumbing for July 2019

D o c	D A y	Name of Payee	Bank	Wages	Sundry accounts		
					Amount	Fol	Details
002		Plunger and Taps	750		750		Consumable goods
003	5	Cash	280	280			
004	10	Mr D Brown	300		300		Drawings
006	12	Cash	548	548			
			1 878	828	1 050		

Use the provided layout of the General Ledger as a guideline

General Ledger of Brown's Plumbing

Balance sheet section

Capital

					July 1 2019	1	Bank	CRJ	50 000
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Drawings

July 2019	10	Bank	CPJ	300					
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Bank

July 2019	31	Total receipts	CRJ	68 500	July 2019	31	Total Payments	CPJ	1 878
							Balance	c/d	66 622
				68 500					68 500
Aug 2019	1	Balance	b/d	66 622					

Nominal account section

Current income

					July 2019	31	Bank	CRJ	18 500
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Wages

July 2019	31	Bank	CPJ	828					
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Consumable goods

July 2019	31	Bank	CPJ	750					
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Total for Question 3: 30
Grand Total for Paper 1: 50

