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# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## NATIONAL SENIOR CERTIFICATE

**GRADE 12**

**ACCOUNTING**

**FEBRUARY/MARCH 2013**

**MARKS: 300**

**TIME: 3 hours**

**This question paper consists of 18 pages and an 18-page answer book.**

## INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Workings must be shown in order to achieve part-marks.
4. Non-programmable calculators may be used.
5. You may use a dark pencil or blue/black ink to answer the questions.



6. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

<b>QUESTION 1: 35 marks; 20 minutes</b>	
<b>Topic of the question:</b>	<b>Learning outcomes covered:</b>
Manufacturing and internal control	LO2 <b>Managerial accounting</b>
	AS2 Production cost statement
	AS2 Unit costs and break-even point
	LO3 <b>Managing resources</b>
	AS6 Apply internal control and audit processes

<b>QUESTION 2: 35 marks; 20 minutes</b>	
<b>Topic of the question:</b>	<b>Learning outcomes covered:</b>
Bank reconciliation	LO1 <b>Financial accounting</b>
	AS4 Bank reconciliation
	LO3 <b>Managing resources</b>
	AS6 Apply internal control and audit processes

<b>QUESTION 3: 80 marks; 50 minutes</b>	
<b>Topic of the question:</b>	<b>Learning outcomes covered:</b>
Company concepts, fixed assets and financial statements	LO1 <b>Financial accounting</b>
	AS1 Concepts
	AS5 Financial statements
	LO3 <b>Managing resources</b>
	AS3 Asset disposal

<b>QUESTION 4: 65 marks; 40 minutes</b>	
<b>Topic of the question:</b>	<b>Learning outcomes covered:</b>
Interpretation of company information and audit report	LO1 <b>Financial accounting</b>
	AS1 Concepts
	AS5 Final accounts, financial statements, and analysis and interpretation of financial statements
	AS6 Audit reports

<b>QUESTION 5: 35 marks; 20 minutes</b>	
<b>Topic of the question:</b>	<b>Learning outcomes covered:</b>
Inventory valuation, internal control and ethics	LO3 <b>Managing resources</b>
	AS4 Calculate and validate inventories
	AS5 Ethics
	AS6 Apply internal control and audit processes

<b>QUESTION 6: 50 marks; 30 minutes</b>	
<b>Topic of the question:</b>	<b>Learning outcomes covered:</b>
Cash budgets	LO2 <b>Managerial accounting</b>
	AS3 Analyse and interpret a cash budget
	LO3 <b>Managing resources</b>
	AS6 Apply internal control and audit processes

**QUESTION 1: MANUFACTURING AND INTERNAL CONTROL****(35 marks; 20 minutes)**

Charley has a business which manufactures school dresses. He obtains fabric from local suppliers. You are provided with information for the year ended 31 December 2012.

**REQUIRED:**

- 1.1 Indicate in which cost account each of the items (1.1.1–1.1.4) will be classified by choosing the answer from the options below.

direct labour cost; direct/raw materials cost; factory overheads cost;  
administration cost; selling and distribution cost

- 1.1.1 Depreciation of factory equipment
- 1.1.2 Wages paid to the workers manufacturing the dresses
- 1.1.3 Rent paid for the office building
- 1.1.4 Carriage on purchases of raw materials (8)
- 1.2 Calculate the following:
- 1.2.1 Total selling and distribution costs (2)
- 1.2.2 Administration cost per unit (2)
- 1.2.3 Total cost of production for 2012 (4)
- 1.3 Break-even point:
- 1.3.1 Calculate the break-even point for 2012. (6)
- 1.3.2 Will Charley be satisfied with the number of units produced? Explain quoting figures to support your answer. (3)
- 1.4 The current inflation rate is 6%. Salary and wage increases were also 6%. Charley is concerned about the control over certain costs. Refer to Information 3 below for a comparison of this year's costs with the costs of last year.
- 1.4.1 **Direct materials cost:** Explain why Charley should not be too concerned about the direct materials cost. Provide figures to support your answer. (2)
- 1.4.2 **Direct labour cost and factory overhead cost:** Provide figures to explain why direct labour and factory overhead cost should be of major concern to him. In each case, name a possible problem which led to an increase in each of these costs. Provide practical advice to solve each of the problems you have suggested. (8)

**INFORMATION:**1. **Work-in-process**

There was no work-in-process stock or finished goods stock at the beginning or end of the year.

2. **Production and sales**

	<b>2012</b>	<b>2011</b>
Dresses produced and sold	5 500	6 300
Selling price	R250	R200
Break-even point	<b>see QUESTION 1.3.1</b>	3 310

3. **Unit costs**

The following costs were extracted from the financial records of Charley Traders.

	<b>2012 Total</b>	<b>2012 Per unit</b>	<b>2011 Per unit</b>
<i>Variable costs:</i>	?	R160	R141
Direct labour	R275 000	R50	R32
Direct materials	R522 500	R95	R94
Selling and distribution	<b>see QUESTION 1.2.1</b>	R15	R15
<i>Fixed costs:</i>	R231 000	?	R31
Factory overheads	R165 000	R30	R21
Administration	R66 000	?	R10

**QUESTION 2: BANK RECONCILIATION****(35 marks; 20 minutes)**

You are provided with information relating to Clayton Traders. They need your assistance with the bank reconciliation as they have fired their accountant due to problems with the way in which he handled the banking.

**REQUIRED:**

- 2.1 Indicate whether the following statements are TRUE OR FALSE. Write only 'true' or 'false' next to the question number (2.1.1–2.1.4) in the ANSWER BOOK.
- 2.1.1 Preparing a Bank Reconciliation Statement is an important part of internal control in a business.
- 2.1.2 Interest on a bank overdraft is recorded as part of bank charges.
- 2.1.3 A credit balance on the Bank Statement is favourable.
- 2.1.4 A post-dated cheque issued must be recorded in the Cash Payments Journal on the date of issue. (8)
- 2.2 Calculate the correct totals for the Cash Receipts Journal and Cash Payments Journal for December 2012. (12)
- 2.3 Prepare the Bank Reconciliation Statement on 31 December 2012. (9)
- 2.4 Refer to cheque no. 620 in the Bank Reconciliation Statement for November 2012. How would this be recorded in the financial statements for the year ending 31 December 2012? Give a reason. (3)
- 2.5 Refer to Information 6 below.
- 2.5.1 Which GAAP principle was applied in writing off this amount? (1)
- 2.5.2 How can a similar problem be avoided in the future? (2)

**INFORMATION:**

1. At the end of the previous month, 30 November 2012, the following items appeared in the Bank Reconciliation Statement:

Debit balance per Bank Statement	R16 300
Outstanding deposits:	
▪ 28 June 2012	20 000
▪ 30 November 2012	5 400
Outstanding cheques:	
▪ 402 (dated 15 June 2012)	3 250
▪ 614 (dated 10 October 2012)	2 850
▪ 616 (dated 25 November 2012)	4 530
▪ 620 (dated 10 February 2013)	2 550
Credit balance as per bank account	4 080



2. The Bank Statement on 31 December 2012 reflected an unfavourable bank balance of R26 217.
3. The provisional totals for the journals for December 2012 before reconciling to the Bank Statement are:
  - Cash Receipts Journal – R23 500
  - Cash Payments Journal – R28 640
4. The following items appear on the December Bank Statement but do not appear in the cash journals for December:
  - The deposit of R5 400
  - Cheques no. 614 and no. 616
5. Cheque no. 402 must be cancelled as it is outdated. It was originally issued to the local SPCA as a donation.
6. An investigation revealed that the deposit of R20 000, dated 28 June 2012, was never deposited at the bank. The money has gone missing and it was decided to write off this amount.
7. The following items appear only on the Bank Statement for December 2012:
  - Bank charges, R150
  - Interest on bank overdraft, R90
  - Dishonoured cheque of R250, previously received from a debtor in settlement of his account of R280
  - Direct deposit by the tenant, R5 500
  - Debit order for insurance, R630
8. Cheque no. 653, issued on 10 December 2012 for R696, is incorrectly reflected in the Cash Payments Journal as R969. The Bank Statement is correct.
9. Cheque no. 1446 for R300 appears on the Bank Statement only. On investigation it was discovered that this was a cheque the owner issued from his private cheque account. The bank will correct this entry during January 2013.
10. During December a cheque was received from a debtor for R800. This was dated 30 April 2013 and was not entered in the Cash Receipts Journal or the Bank Statement.
11. The following items appear in the December cash journals but not on the Bank Statement:
  - A deposit of R13 500, dated 30 December 2012
  - Cheque no. 660, R750, dated 13 December 2012
  - Cheque no. 680, R5 600, dated 23 December 2012



**QUESTION 3: COMPANY CONCEPTS, FIXED ASSETS AND FINANCIAL STATEMENTS**  
(80 marks; 50 minutes)

- 3.1 Choose a GAAP principle from COLUMN B to match the description in COLUMN A. Write only the letter (A–D) next to the question number (3.1.1–3.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	In preparing financial statements, assets are recorded at the amount that was originally paid for them.	A	Matching concept
3.1.2	Expenses and income must be recorded in the appropriate financial period.	B	Materiality concept
3.1.3	In preparing the financial statements the accountant will assume that the business will continue for the foreseeable future.	C	Historical cost concept
3.1.4	Any amount which is significant to the decisions made by the reader of the financial statements should be disclosed separately in the financial statements.	D	Going concern concept

(8)

- 3.2 You are provided with information related to Global Ltd on 28 February 2013. Global Ltd has authorised share capital of 600 000 shares of R2 each.

**REQUIRED:**

- 3.2.1 Complete the Fixed/Tangible Asset Note on 28 February 2013. (18)
- 3.2.2 Complete the Income Statement for the year ended 28 February 2013. (45)
- 3.2.3 Prepare the Retained Income Note on 28 February 2013. (9)

## INFORMATION:

### 1. GLOBAL LTD PRE-ADJUSTMENT TRIAL BALANCE AS AT 28 FEBRUARY 2013

	DEBIT	CREDIT
Balance Sheet Accounts Section	R	R
Ordinary share capital (par value 200 cents)		950 000
Share premium		38 000
Retained income (1 March 2012)		69 840
Mortgage loan: Pride Bank		288 700
Land and buildings	810 000	
Vehicles	513 000	
Equipment	235 600	
Accumulated depreciation on vehicles		178 600
Accumulated depreciation on equipment		73 940
Debtors' control	71 820	
Creditors' control		16 680
Trading stock	69 730	
Bank	90 040	
Cash float	1 000	
SARS (Income tax)	57 142	
Provision for bad debts		3 800
Nominal Accounts Section		
Sales		1 330 950
Debtors' allowances	950	
Cost of sales	831 250	
Stationery	1 630	
Discount received		2 090
Bad debts	1 350	
Bad debts recovered		550
Insurance	22 800	
Interest on loan	32 300	
Bank charges	5 770	
Rent income		124 032
Salaries and wages	164 430	
Asset disposal		3 100
Audit fees	31 470	
Directors fees	110 000	
Interest on current account		4 000
Ordinary share dividends (interim)	34 000	
	3 084 282	3 084 282

2. **ADJUSTMENTS AND ADDITIONAL INFORMATION**

- A. Depreciation on vehicles is calculated at 30% p.a. on the diminishing-balance method. Take into account that a new vehicle with a cost price of R133 000 was bought on 1 November 2012 and was correctly recorded.
- B. The Trial Balance reflects a figure of R3 100 in respect of equipment sold. This relates to a computer which was sold for R3 100 cash on 31 October 2012. No other entries in respect of this sale have been made. The cost price of the computer was R6 000 and the **book value** at the date of sale was R2 700.

Depreciation on equipment is calculated to be R35 040 after taking all of the above into account.

- C. Interest is capitalised on the mortgage loan. The annual loan statement from Pride Bank reflected the following:

<b>PRIDE BANK LOAN STATEMENT ON 28 FEBRUARY 2012</b>	
Balance on 1 March 2012	304 000
Interest capitalised for the year	?
Repayments, including interest (R6 500 x 12)	78 000
Balance on 28 February 2013	<u>288 700</u>

- D. The account of R Kingful, who owes R1 520, must be written off. Adjust the provision for bad debts to 4% of outstanding debts.
- E. A debtor, L Ndlovu, whose debt had previously been written off, paid R120. The bookkeeper incorrectly credited the amount to the Bad Debts account. Correct the error.
- F. Stationery on hand on 28 February 2013 is estimated at R190.
- G. A physical stocktaking on 28 February 2013 revealed the value of stock on hand as R67 240.
- H. An annual insurance premium of R11 400 was paid on 1 January 2013.
- I. The rent received from the tenant included the rent for March 2013. The rent was increased by R912 per month on 1 October 2012.
- J. A final dividend of 5 cents per share was declared on 28 February 2013. All shares issued to date qualify for this dividend.
- K. Income tax for the year amounts to R35 264.

**QUESTION 4: INTERPRETATION OF COMPANY INFORMATION AND AUDIT REPORTS**  
**(65 marks; 40 minutes)**

- 4.1 Complete the statements (4.1.1–4.1.4) by choosing a word from the options below. Write only the option next to the question number (4.1.1–4.1.4) in the ANSWER BOOK.

shareholder; director; internal auditor; independent auditor

- 4.1.1 A person who expresses an opinion on the financial statements of a company is a/an ...
- 4.1.2 A person who is appointed by shareholders to manage and make decisions in running a company is a/an ...
- 4.1.3 A person who is a part owner of a company is a/an ...
- 4.1.4 A person employed by a company to check the reliability of the accounting systems daily is a/an ... (8)

4.2 **ELECTRO LTD**

You are provided with information relating to Electro Ltd. The par value of the shares is 500 cents. New shares were issued on 1 March 2012.

**REQUIRED:**

Use the information on Electro Ltd below to calculate the following figures or financial indicators for the financial year ended 28 February 2013. Calculate to ONE decimal place, where relevant.

- 4.2.1 Current ratio (3)
- 4.2.2 Earnings per share (in cents) (3)
- 4.2.3 Debt/Equity ratio (3)
- 4.2.4 Percentage return earned on total capital employed (before tax) (5)
- 4.2.5 The figures that will appear in the Cash Flow Statement for:
- (a) Repayment of loans (2)
  - (b) Proceeds of issue of ordinary shares (4)
  - (c) Fixed assets purchased (note that fixed assets with a book value of R115 500 were sold at carrying value) (5)

**INFORMATION:**

	<b>28 February 2013</b>	<b>28 February 2012</b>
Sales	R1 650 000	R1 430 000
Depreciation	44 000	35 200
Interest on loans	112 000	141 000
Net profit before tax	518 500	587 700
Net profit after tax	363 000	411 400
Ordinary shareholders' equity	1 589 500	1 246 300
Ordinary share capital (par value 500 cents)	990 000	814 000
Share premium	206 800	145 200
Retained income	392 700	287 100
Non-current liabilities	550 000	693 000
Fixed/Tangible assets	1 883 700	1 782 000
Current assets (including inventories)	209 000	223 300
Current liabilities	132 000	187 000
Inventories	121 000	148 500

**4.3 FINANCIAL INDICATORS OF TWO COMPANIES**

Your friend, Peter, is considering buying shares in a company that sells sportswear. He asks you for advice and presents you with the following financial indicators of two companies he is considering. The companies are of similar size, they have issued the same number of shares and the par values are the same.

	<b>Peggy Ltd</b>	<b>Lolly Ltd</b>
Market price per share on the JSE	755 cents	590 cents
Net asset value per share	605 cents	625 cents
Earnings per share	813 cents	179 cents
Dividends per share	637 cents	182 cents
% return on shareholders' equity	28,5%	11,5%
% return on total capital employed (before tax)	35,6%	12,4%
% interest rate on loans	14%	14%
Debt/Equity ratio	0,2 : 1	1,9 : 1
Current ratio	5,8 : 1	1,7 : 1
Acid-test ratio	3,7 : 1	0,8 : 1
Period for which enough stock is on hand	140 days	80 days
Debtors' average collection period	55 days	26 days

**REQUIRED:**

Explain your answer to each of the following questions, in each case quoting financial indicators (figures, ratios or percentages) to support your answer.

- 4.3.1 Explain why the liquidity financial indicators of Lolly Ltd are better than those of Peggy Ltd. Quote THREE financial indicators to support your answer. (9)
- 4.3.2 Which company uses more loans? Explain whether this is a good idea or not. In each case, quote a financial indicator to support your answer. (6)
- 4.3.3 The market price of the shares of Peggy Ltd is doing much better than that of Lolly Ltd. Explain, quoting TWO financial indicators to support this opinion. (4)
- 4.3.4 Peggy Ltd has a better percentage return, earnings and dividends than Lolly Ltd. Explain THREE financial indicators to support this opinion. (9)

4.4 **AUDIT REPORTS**

You are provided with extracts from the independent audit reports of Peggy Ltd and Lolly Ltd.

**Extract from audit report of Lolly Ltd:**

In our opinion, the financial statements fairly present, in all material respects, the financial position of this company at 29 February 2012 and the results of their operations and cash flow for the year ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

**Extract from audit report of Peggy Ltd:**

We found that internal control procedures were not adhered to and that documentation did not exist for a significant portion of the transactions tested.

Because of the significance of the matter described in the previous paragraph we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements for the year ended 29 February 2012.

**REQUIRED:**

Comment on the audit reports of Lolly Ltd and Peggy Ltd. In each case, explain how the report will affect Peter's decision concerning the shares he wishes to purchase in the company. (4)



**QUESTION 5: INVENTORY VALUATION, INTERNAL CONTROL AND ETHICS**  
**(35 marks; 20 minutes)**

You are provided with information relating to Highveld Traders for the financial year ended 28 February 2013. The business is owned by Anele and managed by Chris, who is responsible for running the shop.

The business buys and sells cricket bats and cricket balls.

**REQUIRED:**

- 5.1 Calculate the value of the closing stock for the following stock items. Show all workings, using both the number of units and the value of the units.
  - 5.1.1 Cricket bats (use the FIFO method) (5)
  - 5.1.2 Cricket balls (use the weighted-average method) (7)
- 5.2 For cricket bats, calculate the following:
  - 5.2.1 Cost of sales (6)
  - 5.2.2 Gross profit (3)
- 5.3 Anele is concerned that a number of cricket bats have gone missing.
  - 5.3.1 Calculate the number of cricket bats that appear to be missing. (3)
  - 5.3.2 Explain TWO control measures she could put in place to avoid this from happening in future. (4)
- 5.4 Anele is concerned about the way in which Chris has managed the cricket balls. Anele has found that Chris had changed the supplier of cricket balls in November without informing her.
 

Provide evidence from the information provided to support Anele's concern. State TWO points and quote figures to support your answer. (4)
- 5.5 Anele has since discovered that the new supplier of cricket balls is a family member of Chris.
 

What advice would you offer to Anele in this regard? (3)



**INFORMATION:****1. Inventories:**

The physical stock counts revealed the following stock on hand at the beginning and at the end of the financial year:

Date	Cricket bats			Cricket balls		
	No. of units	Per unit (including carriage)	Total value	No. of units	Per unit (no carriage)	Total value
01/03/2012	110	R450	R49 500	320	R60	R19 200
28/02/2013	175	?	?	220	?	?

**2. Purchases:**

During the financial year ended 28 February 2013 the following stock items were purchased. Refer below to returns and carriage:

Date	Cricket bats			Cricket balls		
	No. of units	Per unit	Total value	No. of units	Per unit	Total value
30/05/2012	80	R500	R40 000	220	R60	R13 200
30/08/2012	105	R550	R57 750	180	R65	R11 700
28/11/2012	250	R600	R150 000	280	R85	R23 800
25/01/2013	100	R625	R62 500	160	R95	R15 200
<b>TOTALS</b>	<b>535</b>		<b>R310 250</b>	<b>840</b>		<b>R63 900</b>

**3. Returns during the year:**

Returns of faulty cricket balls	No. of units	Per unit	Total value
From November purchases	40	R85	R3 400
From January purchases	20	R95	R1 900
	<b>60</b>		<b>R5 300</b>

**4. Carriage on purchases:**

The total amount of carriage on purchases paid:

- Cricket bats – R30 per bat on all purchases (not included in the purchase price in table above)
- Cricket balls – no carriage payable

**5. Sales during the year:**

Item	Units	Per unit	Total value
Cricket bats	455	R875	R398 125
Cricket balls	880	?	?

**QUESTION 6: CASH BUDGETS****(50 marks; 30 minutes)**

You are provided with information relating to DIY Hardware. The business is owned by John Temba. His inexperienced bookkeeper, Mabel, has prepared a Cash Budget.

**REQUIRED:**

- 6.1 Refer to the cash budgets under Information 4. Identify TWO items that Mabel has incorrectly entered in the Cash Budget. (4)
- 6.2 Apart from the items in QUESTION 6.1 above, name TWO other items in the **Payments Section** of the Cash Budget (see Information 4 below) that would NOT appear in a Projected Income Statement. (4)
- 6.3 After correcting all the errors John has identified the following:

	<b>JAN 2013</b>	<b>FEB 2013</b>
Cash deficit for the month	(14 950)	(52 400)
Cash at the beginning of the month		35 350
Cash at the end of the month	<b>A</b>	<b>B</b>

- Identify or calculate **A** and **B**. Indicate negative figures in brackets. (3)
- 6.4 Identify or calculate the missing figures **C** and **D** in the extract from the Cash Budget (Information 4 below). (7)
- 6.5 Complete the Debtors' Collection Schedule for February 2013. (10)
- 6.6 Calculate the percentage increase in salary and wages with effect from 1 February 2013. (2)
- 6.7 Calculate the interest on the fixed deposit for January 2013. (2)
- 6.8 John pays Speedy Deliveries to deliver hardware to his customers free of charge. He budgets for this at a rate of 8% of total monthly sales.
- 6.8.1 Calculate the delivery expense figure budgeted for January 2013. (2)
- 6.8.2 John is of the opinion that this expense is costing him too much. Which TWO points should John consider before deciding on whether or not to discontinue this service? (4)
- 6.9 On 31 January 2013 you identified the figures below. Explain what you would say to John about each of the following items at the end of January 2013. Give ONE point of advice in each case.

	<b>JANUARY 2013</b>	
	<b>BUDGETED</b>	<b>ACTUAL</b>
Advertising	1 600	0
Stationery	1 000	4 400
Staff training	2 000	700

(6)

6.10 John will have a problem to replace his old computers and cash registers in March 2013. The cost of these items amounts to R150 000 and he expects them to last 5 years. However, he does not have cash available to pay for this. His options are:

- Raise a new loan at an interest rate of 14% p.a. to be repaid over 36 months
- Hire (Lease) the assets from IT Connect Ltd at R5 100 per month
- Invite his friend James to become an equal partner in the business and provide capital of R150 000

John realises that all three options have the advantage of not requiring the R150 000 outlay in March 2013.

Consider each of these options and explain ONE other advantage and ONE disadvantage of each option. Provide figures to support your answer.

(6)

## INFORMATION:

### 1. Sales, purchases of stock and cost of sales:

- Total sales for November 2012 to February 2013 were as follows:
  - November: R150 000
  - December: R200 000
  - January: R160 000
  - February: R140 000
- 60% of all sales are cash, the rest is on credit
- The mark-up is 33⅓% on cost of sales at all times
- Stock is replaced on a monthly basis
- 50% of all purchases are cash, the rest is on credit

### 2. Debtors' collection:

Debtors are expected to pay as follows:

- 30% of debtors pay their accounts in the month of sale (current)
- 50% pay in the month following the sales transaction month (30 days)
- 18% pay in the second month (60 days)
- 2% are written off

### 3. Creditors' payment:

Creditors are paid in the month after purchases to receive 5% discount.

## 4. DIY HARDWARE STORES

## EXTRACT FROM THE CASH BUDGET FOR JANUARY AND FEBRUARY 2013

	JAN 2013	FEB 2013
<b>RECEIPTS</b>		
Cash sales	96 000	84 000
Collection from debtors	70 000	?
Interest on fixed deposit (7% p.a.)	?	0
Fixed deposit: Magic Bank maturing on 1 Feb. 2013	0	42 000
Commission income	?	?
Rent income	8 500	8 800
<b>PAYMENTS</b>		
Salary and wages	15 000	16 800
Stationery	1 000	1 000
Telephone	?	?
Payment to creditors	71 250	<b>D</b>
Cash purchase of stock	<b>C</b>	52 500
Repayment of existing loan		100 000
Furniture bought on credit	30 000	
Delivery expenses of hardware to customers	?	11 200
Training of staff	2 000	2 000
Advertising	1 600	1 400
Depreciation	12 500	12 500
Sundry expenses	3 500	3 600
Drawings by owner	?	?
Vehicle expenses	0	500

50

TOTAL: 300