Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sport Ontwikkeling
Lefapha la Thuto le Tlhabololo ya Metshameko
NORTH WEST PROVINCE

JUNE EXAMINATION

GRADE 11

ACCOUNTING

MEMORANDUM

MARKS: 300

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer).
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution; as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correctbefore awarding the mark.
10. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
11. Be aware of candidates who provide valid alternatives beyond the marking guideline.
12. Codes: f = foreign item; p = placement/presentation.

This memorandum consists of 14 pages.

QUESTION 1

1.1 Write only the term next to the question number

1.1.1	Stale cheque✓
1.1.2	Debit order✓
1.1.3	Bank charges ✓
1.1.4	Dishonoured cheque✓
1.1.5	Bank overdraft✓

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1.2.1 Cash Receipts Journal – 30 November 2016

Day	Details	Bank	Sundry Accounts	
			Amount	Details
	Total	**174 890**	**174 890**	
	A. Alex	✓4 400	4 400	✓Rent income
	Kiddo childcare	✓550	550	✓Donation
	Ramofoko Repairs.	✓2 360	2 360	✓Repairs
		☑182 200	182 200	

* Details and the amount must both be correct and correspond for candidates to earn a mark or marks, i.e. details and amounts must not be marked independently from one another.

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1.2.1 Cash Payments Journal – 30 November 2016

Day	Details	Bank	Sundry Accounts	
			Amount	Details
30	**Total**	**124 760**	**124 760**	
	Joel Insurers	✓980	980	✓Insurance
	M Morake	✓266	266	✓Debtors Control
	AbsailBank	✓✓1 494	843	✓Bank charges
		Can be split	651	✓Interest on overdraft
	Office Mania	✓545	545	✓Stationery
	Ramofoko Repairs	✓2 360	2 360	✓Repairs
		☑130 405	130 405	

* Details and the amount must both be correct and correspond for candidates to earn a mark or marks, i.e. details and amounts must not be marked independently from one another.

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1.2.2 Dr Bank Cr

2016			2016		
Nov 30	Sundry accounts / Total Receipts	182 200☑	Nov 1	Balance	✓32 649
			Nov 30	Sundry account Total Payments	☑130 405
				Balance	19 146
		182 200		☑ Both totals	182 200
	Balance	☑19 146			

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1.2.3 Bank Reconciliation Statement on 30 November 2016

Details		Debit	Credit
Credit balance as per Bank Statement			23 014✓
Credit outstanding deposit			19 870✓
Debit erroneously credited deposit		5 800✓	
Debit outstanding cheques:	3013	12 348✓	
	3102	3 230✓	
	3132	2 360✓	
Debit balance as per Bank Account		19 146☑	
		42 884	☑ 42 884

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1.3.1 **As the internal auditor, explain TWO concerns you have over Mary's duties**

Any TWO for 2 marks ✓✓✓✓

- Lack of division of duties negatively affects internal control
- Mary is the only person dealing with invoicing and receipt of cash
- Nobody is checking Mary's work

For 1 mark:

- Division of duties
- Internal Control

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1.3.2 **Identify TWO problems withthe cash slips and the deposit thereof. Give a possible reason why it happened and use amounts/figures to substantiate your point.Give advice to solve each of the problems, use different advice for each problem.**

PROBLEM WITH REASON Problem✓Reason✓ Figures/Amount✓	ADVICE✓✓ Specific advice required based on reason. Award 1 mark for an incomplete advice
Problem:Under deposit (one mark)by bookkeeper **Reason:**some of the cash slips (7 000) (one mark)have not been deposited / recorded / Theft / Fraud / Error / Internal control measures are lacking. (one mark)	**Advice**: Check that the total of cash slips agrees to the total of the cash deposit slip. The person receiving cash must not be the same person depositing it. Division of duties.
Problem: Late deposit (one mark) **Reason**: Deposit was made 15 days(one mark)after receipt thereof /rolling of cash. (one mark)	**Advice**: Cash collected must be deposited immediately

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1.4

No.	Creditors' Ledger of Wonnie Stores	Statement of account - Wonderkop Ltd
Balance	**112 820**	**182 150**
A	**– 9 000**	**– 9 000**
B	✓✓ + 87 500	
C		✓✓+ 7 200
D		✓✓ - 1 400
E		✓✓ - 630
F	✓✓ + 2 100	
G	✓ - 5 250 ✓ - 5 250- 10 500 (2 marks)	
H		✓✓+ 4 600
	182 920	182 920 ☑* both totals

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Accept brackets to indicate a minus/negative.

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QUESTION 2

MONACOTRADERS
2.1 INCOME STATEMENT FOR THE YEAR ENDED28 FEBRUARY 2017

	Note	
Sales (1 520 000 – 23 800✓ – 6 480✓)	☑	1 489 720
Cost of sales (600 000✓– 3 600✓)	☑	(596 400)
Gross Profit Check operation	7 ☑	893 320
Other Operating Income Check operation	☑	75 180
Rent income (88 200✓– 13 200✓✓)	☑	75 000
Provision for bad debts adjustment (2 400 – 2 220)	✓✓	180
Gross Operating income Check operation	8 ☑	968 500
Operating Expenses Check operation	☑	(473 776)
10 400 1 mark + 3 650 1 mark Salaries and wages (264 000✓ + 14 050✓✓)	☑	278 050
Employers contribution (30 800✓ + 750✓)	☑	31 550
Bad debts (13 200✓ + 540✓✓)	☑	13 740
Water and electricity (48 900 ✓+ 1 200✓)	☑	50 100
Discount allowed (2 430✓ – 40✓)	☑	2 390
Telephone	✓	17 800
Insurance (28 800✓ – 550✓✓)	☑	28 250
Packing material	✓	6 750
Bank charges (4 846 ✓+ 200✓)	✓	5 046
See COS Trading stock deficit (70 000 ✓+ 3 600☑ – 67 500✓)	☑	6 100
Depreciation	32 ✓	34 000
Operating Profit		**494 724**
1 mark 2 marks Interest income (13 750✓+ 155✓ +1 250✓) **OR** (155 +15 000)	☑	15 155
Profit Before Interest Expense		509 879
Interest expense	✓✓	(28 000)
Net Profit for the year Check operation	7 ☑	481 879

Foreign items -1 max -2

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3.2 Trade and other receivables

Trade debtors (182 840✓– 6 480✓– 540✓ + 450✓+40✓) 490 - 2 marks	☑	176 310
Provision for bad debts	✓	(2 220)
Net trade debtors One part correct	☑	174 090
Expenses prepaid: Insurance	✓	550
Accrued income: Interest on fixed deposit	✓	1 250
Check operation	☑	175 890

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QUESTION 3

3.1.1 CAPITAL	SAUSAGE	ROLL	TOTAL
Balance at the beginning of the year	✓480 000	✓320 000	☑800 000
Additional capital contributed	✓120 000	✓80 000	200 000
Withdrawal of capital			
Balance at the end of the year check operation	✓600 000	✓400 000	☑1 000 000

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3.1.1 CURRENT ACCOUNT	SAUSAGE	ROLL	TOTAL
Salaries	✓✓192 000	✓✓180 000	☑ 372 000
Interest on capital	✓✓ 64 800	✓✓43 200	☑ 108 000
Bonus	✓15 000	✓15 000	✓ 30 000
Primary distribution	☑ 271 800	☑238 200	☑510 000
Final distribution	☑10 000	☑10 000	20 000
Net profit for the year	☑281 800	☑248 200	✓530 000
Drawings during the year	✓(240 800)	✓(147 500)	☑ (388 300)
	41 000	100 700	141 700
Balance at the beginning of the year	✓8 000	✓(7 500)	✓ 500
Balance at the end of the year check operation	☑ 49 000	☑93 200	☑142 200

30

OR

3.1.1 CAPITAL	SAUSAGE	ROLL	TOTAL
Net profit for the year	☑281 800	☑248 200	✓530 000
Salaries	✓✓192 000	✓✓180 000	☑ 372 000
Interest on capital	✓✓ 64 800	✓✓43 200	☑ 108 000
Bonus	✓15 000	✓15 000	✓ 30 000
Primary distribution	☑ 271 800	☑238 200	☑510 000
Final distribution	☑10 000	☑10 000	20 000
Drawings during the year	✓(240 800)	✓(147 500)	☑ (388 300)
Retained income for the year	41 000	100 700	141 700
Balance at the beginning of the year	✓8 000	✓(7 500)	✓ 500
Balance at the end of the year check operation	☑ 49 000	☑93 200	☑142 200

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3.2Accounting equation

	Assets	Equity	Liabilities
e.g.	**– 500**	**– 500**	**0**
3.2.1	✓– 4800	✓– 4 800	✓ 0
3.2.2	✓+ 12 000	✓+ 12 000	✓ 0
	✓–7 500	✓–7 500	✓ 0
3.2.3	✓–17 000	✓–17 000	✓ 0

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50

QUESTION 4

4.1.1		**MEMBERSHIP FEES**					
2016 Jan	1	Accrued income ✓	✓3 240	2016 Jan	1	Income received in advance ✓	✓2 160
Des	31	Bank ✓	✓1 620	Des	31	Bank✓2015 1 800 2016 72 000 2017 1 440	75 240 ✓
		Income received in advance ✓	✓1 440			Membership fees written off ✓	✓1 440
						Honorarium✓	✓360
		Income and expen-diture✓	92340✓			Accrued income✓	☑19 440
			98 640				97 020

240 + 25 – 4 – 9 = 252 x 360 = 90 720 + 1 620 (9 x 180) = 92 340

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4.1.2		**TRACK SUITS**							
2016 Jan	1	Stock on hand		✓3 900	2016 Des	31	Sales		✓48 000
Des	31	Bank		✓25 600			Donation		✓640
		Creditorscontrol		✓15 600			Theft/Loss of stock		✓3 200
		Profit on sale of track suits		✓✓16 340			Stock on hand		✓9 600
				☑61 440					61 440

10

4.1.3 **There was a burglary on 29 December 2016. Some track suits were stolen. Give TWO internal control measures to prevent it in the future.**

Expected responses for 2 marks: ✓✓✓✓
- Count stock regularly / randomly and check against stock records
- Order smaller quantities, but more frequently
- Improve physical security e.g. controls at entrance / security cameras

Expected responses for 1 mark:
Stock counts / Security cameras / Insurance

4

4.2 Analyses of transactions

No.	Receipts	Payments	Income	Expenses
4.2.1	1 600✓✓		1 600✓✓	
4.2.2		! 800✓✓		! 800✓✓
4.2.3		800✓✓		600✓✓
4.2.4		0✓✓		2 900✓✓
4.2.5	1 500✓✓			

18

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QUESTION 5

5.1 Dr Asset Disposal Account N6 Cr

2016 Sep	1	Vehicles✓	✓100 000	2016Sep	1	Accumulated depreciation on vehicles ✓ 20000✓+16000✓+6400✓	42 400☑
						Creditors Control ✓	✓55 000
						Loss on sale of asset✓	☑ 2 600
			100 000				100 000

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5.2	Fixed/Tangible Assets	Land and Buildings	Vehicles	Equipment
	Carrying value at the beginning of the year	**400 000**	**224 000**	**60 000**
	Cost	**400 000**	**300 000**	**80 000**
	Accumulated Depreciation	**(0)**	**(76 000)**	**(20 000)**
	Movements:			
	Additions at cost	✓120 000	✓ 150 000	✓ 48 000
	Disposals at carrying value		✓☑(57 600) See 5.1	0
	Depreciation Vehicles 6 400 ☑+ 15 000✓+ 32000✓ Equipment 8 000 ✓+ 1 200✓		☑*(53400)	☑* (9 200)
	Carrying value at the end of the year	☑520 000	☑263 000	☑ 98 800
	Cost	✓520 000	✓350 000	✓128 000
	Accumulated Depreciation	(0)	☑ (87 000)	*☑29 200

☑* - any figure

20

5.3 **The Land and Buildings were revalued on 1 March 2015 and the market value is R700 000, the financial records reflects R400 000.Which GAAP Principle is applicable?**

Historical Cost✓✓

2

5.4 **Identify ONE problem in relation to each branch, quoting figures to support the problem. In each case, offer Tienie advice on how to solve the problem.**

BRANCH	COMMENT	ADVICE
Brits Figures ✓ Comment ✓ Advice ✓✓	There are 10 motor bikes missing / stolen (57 – 47). **OR** Loss of income of R180 000. **OR** Loss on profit on R60 000	Take regular stock and compare it with the stock records. **OR** Improve internal control and install security cameras. **OR** Amos must pay in the shortage.
Centurion Figures ✓ Comment ✓ Advice ✓✓	Money stolen/not all the **money** banked. Shortage of R400 000. 5 220 000 Should have been received, 4 820 000 received.	Control the deposit slips. **OR** Division of duties. Not the same person must receive and deposit the money.
Hatfield Figures ✓ Comment ✓ Advice ✓✓	Not a lot of motor bikes is sold. Only 125 of 425./ Sold only 29% of the stock. **OR** Her advertising is not effective. Use R20 000 more thanCenturion and R40 000 more thanHatfield.	Must not pay the manager a fixed monthly salary. Let him work on a commission basis. **OR** The manager must revise the advertisement strategy. **OR** Take stock to other branches, the branch is not selling well.

The advice must be related to the comment.

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QUESTION 6

6.1.1 Calculate the mark up percentage

300 000✓ x 100✓ = 50% ☑operation one part correct
600 000✓ 1

4

6.1.2 Calculate the solvency ratio

924 500 ✓ : 360 000✓

2,57:1 or 2,6 : 1✓☑operation one part correct

4

6.1.3 Calculate the debt equity ratio

215 000✓: 564 500 ✓

0,39 :1 or 0,4 : 1✓☑operation one part correct

4

6.2.1 Calculate the current ratio

220 000 ✓ : 145 000✓

1,5 : 1✓☑operation one part correct

Comment

Increase/improved ✓ from 1,3:1 in to 1,5:1✓(depends on answer above)

6

6.2.2 Average stock turnover rate

600 000✓
✓½ (140 000✓ + 105 000✓) = 4.9 times☑operation one part correct
122 500 – 3 marks

Decrease/declined/deteriorated ✓ from 5,2 times to 4,9 ✓ times (depends on answer above)

7

25

TOTAAL: 300

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