GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

JUNE 2018

GRADE 10

ACCOUNTING

TIME: 2 hours
MARKS: 200

11 pages

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

ACCOUNTING

MARKS: 200
TIME: 2 hours

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. Answer all the questions in the answer book provided.
3. Show all calculations to earn part marks.
4. Non-programmable calculators may be used.
5. You may use blue or black ink to answer the questions.
6. Changes must be done neatly. **ILLEGIBLE** figures will not be marked.
7. Use the information in the table below when answering questions.
8. Try not to deviate from the time allocated per question.

Question	Details	Marks	Time in minutes
1	Analysis of Transactions	46	28
2	Salaries	20	12
3	Cash Journals	36	22
4	General Journal and General Ledger	56	34
5	Debtors' Reconciliation	42	24
Total		**200**	**120**

QUESTION 1: ANALYSIS OF TRANSACTIONS (46 marks; 28 minutes)

INFORMATION

Soca Pillay is the owner of Soccer Suppliers. The business uses a mark-up of 25% on cost of goods sold.

REQUIRED

Analyse the transactions that occurred in April 2018 according to the answer book provided. The first transaction has been done for you as an example:

Assume that Bank has a **favourable** balance at all times.

TRANSACTIONS

E.g. Paid water and electricity account by cheque, R450.

01 Soccer Suppliers bought merchandise for cash, R10 000.
03 Sold goods on credit to B. Naidoo for R5 200.
10 B. Naidoo returned damaged stock with a cost price of R2 400, issued a credit note.
20 B. Naidoo settled his account in full less 10% cash discount.
24 Paid for stamps from petty cash, R45.
A fixed deposit of R18 000, at ADD Bank matured on this day. Received the amount by cheque.
31 Charged B. Smith interest at 12% per annum on his overdue account of R900 for 3 months.

QUESTION 2: SALARY SCALES, CALCULATIONS AND INTERNAL CONTROL

(20 marks; 12 minutes)

2.1 The following salary scale was prepared for Salmon Nkonde, an admin clerk who works at Greenwich Suppliers. He was employed on 1 January 2010.

48 000 x 4 800 → 57 600 x 5 200 → 68 000 x 5 500 → 84 500

Complete the table in you answer book and answer the following questions.

2.1 2.1.1 What is Salmon's monthly starting salary? (2)

2.1.2 In which year will Salmon earn R57 600? (1)

2.1.3 By what percentage will Salmon's salary increase at the end of the first year? (2)

2.1.4 How many years will Salmon have to work before he earns an annual salary of R84 500? (2)

2.2 Use the information given below to calculate the NET SALARY for the employee (Dorothy Sibande) for March 2017. (7)

INFORMATION

Gross salary	R6 700
PAYE	15% of the gross salary
Medical Aid Fund	R4 200 per annum
Pension Fund	8% of gross salary
UIF	1% of gross salary

2.3 The owner of Greenwich Suppliers is dissatisfied with the production levels of his employees, he threatened to cut the salaries of employees.

2.3.1 Is the action being considered by Greenwich Suppliers appropriate? Motivate your answer by providing ONE point. (2)

2.3.2 What measures / actions should be applied by the employer to increase productivity levels. Mention TWO points. (4)

QUESTION 3: CASH JOURNALS (36 marks; 22 minutes)

The following information was taken from the accounting records of KORTH Traders for the month of April 2018.

REQUIRED

3.1 Enter the transactions listed below in the Cash Journals of KORTH Traders for April 2018**. [Do not total the Journals.]** (36)

INFORMATION

Date	Transactions for April 2018
01	Information as per Cash Register Tape (CRT) no. 42: Sales, R10 752 (Cost of sales, R7 168).
04	Issued receipt no. 81 to K. Sayed for R1 520, in settlement of her debt of R1 600.
07	Purchased merchandise for R2 400 less 5% trade discount from R. Vania and paid by cheque no. 113. Paid Speedy Deliveries R260 by cheque to deliver the above-mentioned merchandise to the business.
09	Issued a cheque to Crazy Bank for R580 to meet the monthly repayment towards the loan.
10	Paid R3 120 to Zwane Traders by cheque on account and received a discount of R180.
18	Received cheque no. 687 for R1 700 from Nkosi Suppliers, a creditor as a refund for an over payment made to them in March 2018.
20	A cheque drawn by N. Van Niekerk for R2 760 in settlement of her account of R2 800 was returned by the bank unpaid, due to insufficient funds.
22	Total credit card sales to date, R20 600. Cost of sales, R13 733.
26	Sent a cheque for R10 400 to Beauty Insurance Co. to pay the owner's annual insurance premium on her personal vehicle.

28 A debtor, IM Wise, paid R300 towards an account that had been previously written off during December 2017.

Received R6 700 from Crazy Bank to increase the loan.

30 The bank statement received from World Bank revealed the following that still has to be recorded in the Cash Journals:

- Service fees, R220
- Cash handling fees, R190
- Credit card levy , R50
- Interest on an unfavourable bank balance, R160.

QUESTION 4: GENERAL JOURNAL AND GENERAL LEDGER

(56 marks; 34 minutes)

4.1 GENERAL JOURNAL

The following information was taken from the books of Prowler Stationers.

Take note of the following points when recording:

- Indicate the origin of the transactions by means of folio references.
- The business uses a **mark-up of 100%** on cost price.
- Dates must be clearly stated.
- Balance or total all General Ledger accounts.
- Leave out narrations in the General Journal.

REQUIRED

Record the following transactions given below in the General Journal on 31 July 2017. Provisional totals have been given. (31)

General Journal			
Debtors' Control		Creditors' Control	
Dr	Cr	Dr	Cr
350	270	120	160

Transactions for 31 July 2017

1 The owner took stock from the business for a personal gift, marked R400.

2 C. Spender owed R200. Her insolvent estate paid 20c in the rand.**This amount has been recorded.** The remainder of her debt must still be written off.

3 The dishonoured cheque of R140 was received from M. Baartman. This amount has been recorded. Discount of R30 must still be cancelled.

4 Stationery purchased from Walter Stationers, R390 was incorrectly recorded as Trading stock.

5 A credit note issued to a debtor, M. Mthembu for R280 was incorrectly posted to the account of a creditor, Mthembu Suppliers.

6 The owner gave a delivery vehicle worth R170 000 as capital contribution to the business.

7 The roof has been repaired at a cost of R5 300. The amount has been posted to the Land and buildings account in error.

8 The fixed deposit of R100 000 matured. Received a cheque of R120 000 from Angel Bank. The accountant posted the full amount to the Fixed Deposit account.

4.2 GENERAL LEDGER

The information provided below is taken from the books of Cele Traders for the month ending on 31 July 2017.

REQUIRED

4.2.1 Use the information given to prepare the Ledger Accounts. Balance **ONLY** the Trading Stock Account at the end of the month.

- Trading stock (17)
- Sales (6)

4.2.2 Cele Traders relies on the accounting records for the calculation of the closing balance of stock. In your opinion briefly explain how the stock balance can be verified. (2)

INFORMATION

Balance on 1 July 2017:	**R**
Trading stock on hand	20 600
Sales	44 400

Cash Receipts Journal					
Bank	Sales	Cost of Sales	Discount Allowed	Debtors' Control	Current Income
57 830	?	7 000	270	3 380	40 720

Cash Payments Journal					
Bank	Trading Stock	Discount Received	Creditors' Control	Debtors' Control	Stationery
?	17 900	620	6 510	140	1 620

Debtors' Journal	
Sales	Cost of Sales
8 800	4 400

Debtors' Allowances Journal	
Debtors' Allowances	Cost of Sales
440	220

Creditors' Journal				
Creditors' Control	Trading Stock	Stationery	Packing Material	Sundry Accounts
18 400	5 990	1 500	2 300	8 610

Creditors' Allowances Journal				
Creditors' Control	Trading Stock	Stationery	Packing Material	Sundry Accounts
1 900	?	175	-	1 155

Petty Cash Journal				
Petty Cash	Trading Stock	Debtors' Control	Stationery	Sundry Accounts
?	280	30	150	-

QUESTION 5: DEBTORS' RECONCILIATION AND INTERNAL CONTROL

(42 marks; 24 minutes)

The following information was extracted from the accounting records of Disney Dealers for June 2017.

At the end of the month, the Debtors' Control account and Debtors' List could not be reconciled. As the internal auditor of Disney Dealers you were asked to help with the reconciliation process.

REQUIRED

5.1 Prepare the correct Debtors' Control account. (18)

5.2 Prepare the correct Debtors' List for June 2017. (16)

5.3 By making reference to transaction no.1 mention TWO control measures that should be implemented by the business before they can grant credit to customers. (4)

5.4 Name TWO ways in which you can encourage debtors to pay their accounts on time. (4)

INFORMATION

General Ledger of Disney Dealers									
DR			Debtors' Control					B5	CR
Jun	1	Balance	b/d	13 460	Jun	30	Bank and discount allowed	CRJ	36 690
	30	Sales	DJ	51 560			Debtors allowances	DAJ	13 520
		Bank	CPJ	7 500			Journal credits	GJ	1 290
		Journal debits	GJ	0			Balance	c/d	21 020
				72 520					**72 520**
Jul	1	Balance	b/d	21 020					

DEBTORS' LIST ON 30 JUNE 2017	
M. Minnie	3 810
P. Pluto	4 790
G. Goofy	8 340
D. Donald	2 690
	19 630

The following errors and omissions were discovered:

1 P. Pluto's account has to be written off as he cannot be traced.

2 A cheque received from M. Minnie for R1 500 was recorded correctly in the journal and General Ledger but was not posted to her personal account.

3 The total of the Sales column in the Debtors' Journal was overstated by R2 210 while the total of the Debtors' Allowances column in the Debtors' Allowances Journal was understated by R280.

4 D. Donald returned goods to the value of R1 110 but the bookkeeper incorrectly treated this as a credit sale and posted it accordingly.

5 Goods were sold on credit to G. Goofy for R2 440. This was entered correctly in the journal and General Ledger but was posted to his account as R2 040.

6 A cheque for R600 which was received from D. Donald has been dishonoured. He had been allowed a discount of R30 on this payment. No entries were processed.

TOTAL MARKS
200

END