education

Department:
Education
PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

GRADE 11

GR 11 ACC QP

ACCOUNTING

MARCH 2019

COMMON TEST

MARKS: 100

TIME : 1 hour

This paper consists of 8 pages and an answer booklet of 5 pages.

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INSTRUCTIONS AND INFORMATION

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of **8 pages**.
2. A special **ANSWER BOOK** consisting of **5 pages** is provided in which to answer all the questions.
3. Answer **ALL** the questions.
4. **Workings must be shown in brackets in order to earn part marks.**
5. Non-programmable calculators may be used.
6. You may use dark pencil or black / blue pen to answer the questions.
7. Marks will be deducted for missing details and foreign entries.
8. Use the information in the table below as a guide when answering the question paper:

Question 1: 28 Marks, 17 Mins	
The topic of this question is:	**Content:**
Bank Reconciliation and GAAP	• GAAP Concepts • Calculation of Bank Account • Bank Reconciliation • Ethics
Question 2: 52 Marks, 31 Mins	
The topic of this question is:	**Content:**
Partnerships and Fixed Assets	• Transaction Analysis • Fixed Asset Register • General Ledger • Calculation of Net Profit • Problem solving
Question 3: 20 Marks, 12 Mins	
The topic of this question is:	**Content:**
Creditors Reconciliation	• Concepts • Internal Control • Creditors Reconciliation

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QUESTION 1 (28 Marks, 17 Minutes)

BANK RECONCILIATION AND GAAP

The information relates to Andiswa Stores for June 2018.

REQUIRED:

1.1 Identify the GAAP principle being explained in each of the following sentences. Write the correct principle next to the question number (1.1.1 to 1.1.4) in the ANSWER BOOK. (4)

1.1.1 Income and expenses must be reported in the correct financial period.

1.1.2 Assets are recorded at their original cost price and not at carrying value.

1.1.3 Financial information of importance to decision making must be shown separately for the users of the information.

1.1.4 Financial Statements are prepared on the assumption that a business will continue in the foreseeable future.

1.2 Calculate the correct Bank Account balance for the month ended 30 June 2018. State whether this is a DR or a CR balance. (12)

1.3 Prepare the Bank Reconciliation Statement on 30 June 2018. (10)

1.4 **Refer to information B.**
Andiswa is unhappy that the internal auditor contacted the bank to query the amount of R14 200 that was credited to the Bank Statement. Give **ONE** reason why the internal auditors actions were correct. (2)

INFORMATION:

A. Balances / Totals for June 2018:

Debit Balance per Bank Account (1 June 2018)	R35 700
Credit Balance as per Bank Statement on 30 June 2018	?
Provisional Cash Receipts Journal total (Bank Column)	R26 900
Provisional Cash Payments Journal total (Bank Column)	R24 600

B. A comparison of the Bank Account of the business with the Bank Statement, received from DBSA, Bank revealed the following:

- The Bank Statement included bank charges of R625 that were not recorded in the relevant Journal.
- The Bank Statement showed and amount of R56 000 for a fixed deposit that matured on 28 June 2018. No entry was made in the relevant Journal.
- A dishonored cheque of R1 280 received from a debtor in settlement of a debt of R1 350 was recorded on the Bank Statement only.

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- Cheque No. 25 for R2 300 issued to the Melmoth Child Welfare is stale. Upon investigation, it was discovered that this cheque was never received for reasons associated with post/delivery. Cheque number 82 was issued on 29 June 2018 as replacement. This cheque has not yet been presented to the Bank.
- A postdated cheque (No. 41) for R5 870 was issued on 31 March 2018 (but dated 31 July 2018) to pay for the school fees of the owner's child.

- Cheque No. 53 for R36 590 issued on 5 June 2018 to Dube Dealers appears as correct as R36 950 in the Bank Statement.

- Two separate deposits of R 12 600 and R6 800 respectively, made on 30 June 2018, do not appear in the June Bank Statement.

- An amount of R14 200 was credited on the June Bank Statement. Upon investigation, it was discovered that this money was not meant to be credited to the account of Andiswa Traders. The bank will rectify the error.

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QUESTION 2 (52 Marks, 31 Minutes)

PARTNERSHIPS AND ASSET DISPOSAL

The inexperienced bookkeeper of Moodley Brothers, a partnership run by M. Moodley and S Moodley, did not know how to record some of the year-end adjustments, as well as the sale of the businesses only vehicle.

REQUIRED:

2.1 Refer to **Additional Information A:** (12)
Analyse the adjustments into account debited, account credited and amount.

2.2 Refer to **Additional Information B:**
Complete the following regarding the sale of the only vehicle.
2.2.1 The extract from Fixed Asset register for the sold vehicle. (9)
2.2.2 The Asset Disposal account in the General Ledger. (9)

2.3 Calculate the new net profit for the year ended 28 February 2019 by taking recordings done in questions 2.1 and 2.2 using additional information A and B. (8)

2.4 Complete the Appropriation account in the General Ledger for the year ended 28 February 2019. Show calculations in brackets so part marks can be awarded. (12)

2.5 Do you think both partners must be satisfied with the partnership agreement? Comment on one aspect by quoting relevant figures. (2)

INFORMATION:

Extract from the Balance Sheet for the year ended 28 February 2019:

Capital: M. Moodley	750 000
Capital: S. Moodley	500 000
Drawings: M Moodley	144 000
Drawings: S. Moodley	165 000
Vehicles at cost	360 000
Accumulated Depreciation on Vehicles	?

ADDITIONAL INFORMATION:

A. The following adjustments still need to be recorded for the year ended 28 February 2019:

I. The Water and Electricity account for February of R1 000 still needs to be paid.
II. A physical stock take revealed that Trading Stock of R600 was missing from the store room.
III. The Provision for Bad Debts need to be decreased by R450.
IV. Insurance includes an amount of R1 750 prepaid for March 2019.

B. Vehicle

- The business have one vehicle which was purchased on 31 August 2016.
- Vehicles are depreciated at 20% per annum according to the fixed instalment method.
- The vehicle was sold for R170 000 cash on 31 January 2019.

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C. The Net Profit, **before taking additional information A and B** into consideration, was R531 400.

D. **Partnership Agreement**

The partnership agreement stipulates the following:

- Both partners are entitled to a fixed monthly salary of a predetermined amount. M. Moodley has withdrawn his entire salary for the whole year. S. Moodley is still owed his salary for February 2018.
- The partners are to receive interest at a rate of 10% p.a. on the capital invested in the business. M. Moodley increased his capital contribution by R150 000 on 31 October 2018.
- The remaining profit / loss is to be split equally between both partners.

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QUESTION 3 (20 Marks, 12 Minutes)

CREDITORS RECONCILIATION

Tshabalala Traders buys goods on credit from Sithole Suppliers. The information presented is for February 2019.

REQUIRED:

3.1 Concepts (4)

Choose the correct answer from the words provided within brackets. Write only the answer, next to each number (1.1.1 – 1.1.4) in your ANSWER BOOK.

3.1.1 A (**debit note/credit note**) is the source document used when goods are returned by a debtor.

3.1.2 A (**cash discount/trade discount**) is offered when accounts are settled within a certain time.

3.1.3 A (**debit invoice/credit invoice**) is the source document used when goods are sold on credit to the debtor.

3.1.4 The Creditors Control account in the General Ledger is classified as a **(asset/liability).**

3.2 Performing a monthly Creditors Reconciliation is one way in which businesses can exercise control over their creditors. Discuss **TWO** other forms of internal control for creditors. (4)

3.3 Reconcile the Creditors Ledger account of Sithole Suppliers in the books of Tshabalala Traders with the statement received. (12)

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INFORMATION:

A. Creditors Ledger of Tshabalala Traders

Sithole Suppliers (CL6)

Date		Details	Fol	Debit	Credit	Balance
Feb ' 19	1	Balance	B/D			34 200
	5	Invoice No. 843	CJ		4 770	38 970
	10	Cheque No. 3310	CPJ	17 500		21 470
		Discount	CPJ	875		20 595
	12	Invoice No. 1062	CJ		5 640	26 235
	16	Debit Note No. 216	CAJ	890		25 345
	28	Invoice No. 1124	CJ		9 560	34 905

B. Statement received from Sithole Suppliers

SITHOLE SUPPLIERS
STATEMENT OF ACCOUNT

Customer: Tshabalala Traders **Date:** 25 February 2019

Date		Details	Debit	Credit	Balance
Feb '19	1	Receipt No. 2164		8 000	34 200
	5	Invoice No. 843	7 740		41 940
	10	Receipt No. 1328		17 500	24 440
	12	Invoice No. 1062	6 640		31 080
	16	Credit Note No. 743	890		31 970
	22	Invoice No. 772	3 860		35 830

C. The following differences were found when comparing the Creditors Ledger to the Statement:

i. Invoice No. 843 was recorded incorrectly in the Creditors Ledger.
ii. The Statement did not reflect the discount for early payment on the 10th. The Creditors Ledger is correct.
iii. It was discovered that Invoice No. 1062 in the Statement included goods valued at R1 000 ordered by the owner for personal use. The bookkeeper was not aware of this.
iv. Goods valued at R890 were returned to Sithole Suppliers on the 16th. It is shown as a debit entry in both the Creditor's Ledger as well as on the Statement.
v. Invoice No. 772 on the statement was an error made by Sithole Suppliers. These goods were not purchased by Tshabalala Traders.
vi. Goods purchased by Tshabalala Traders on 28 February 2019 had not yet been recorded by Sithole Suppliers.

TOTAL MARKS: 100

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MARKING GUIDELINE

MARCH 2019 COMMON TEST

NATIONAL SENIOR CERTIFICATE

GRADE 11

MARKS: 100

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
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 correct before awarding the mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 5 pages.

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QUESTION 1 **(28 Marks, 17 Minutes)**

BANK RECONCILIATION AND GAAP

1.1. GAAP Principles **(4)**

1.1.1	Matching ✓
1.1.2	Historical Cost ✓
1.1.3	Materiality ✓
1.1.4	Going-concern ✓

1.2 Calculate the correct Bank Account balance for the month ended 30 June 2018. State whether this is a DR or a CR balance. **(12)**

35 700 ✓ + 26 900 ✓ – 24 600 ✓ – 625 ✓ + 56 000 ✓ – 1 280 ✓ + 2 300 ✓
– 2 300 ✓ – 360 ✓✓
= 91 735 ☑ **Operation one part correct** DR ✓

1.3 Bank Reconciliation Statement on 30 June 2018. **(10)**

		DR	CR
CR Balance as per Bank Statement **Balancing figure**			94 705 ☑
CR Outstanding deposits			12 600 ✓
			6 800 ✓
DR Outstanding cheques	No 41	5 870 ✓	
	No 82	2 300 ✓	
DR amount wrongly credited		14 200 ✓✓	
DR Balance as per Bank Account **See 1.2**		91 735 ☑	
Operation one part correct		114 105 ☑	114 105 ☑

1.4 Refer to information B. Andiswa is unhappy that the internal auditor contacted the bank to query the amount of R14 200 that was credited to the Bank Statement. Give ONE reason why the internal auditor's actions were correct. **(2)**

One valid point ✓✓ **accept short explanations; may be phrased differently**

- The internal auditor acted in an ethical manner as money received cannot be recorded unless the origin of the money is known.
- It might have been a fraudulent activity of money laundering using a formal business.
- SARS require businesses to disclose monies received and paid.
- Auditors are compelled by law to honest/transparent/fair/firm/consistent when doing their work.

QUESTION 2 **(52 Marks, 31 Minutes)**

PARTNERSHIPS AND ASSET DISPOSAL

2.1 Transaction Analysis **(12)**

	Account DR	Account CR	Amount
I.	Water and Electricity✓	Accrued Expenses✓	R1 000✓
II.	Trading Stock Deficit✓	Trading Stock✓	R600✓
III.	Provision for Bad Debts✓	Provision for Bad Debts (adj.)✓	R450✓
IV.	Deferred Expenses✓	Insurance✓	R1 750✓

2.2

2.2.1 Complete the extract from Fixed Asset register for the sold vehicle. **(9)**

	Depreciation	Accumulated Depreciation	Carrying Value
28 February 2017	36 000 ✓	36 000 ✓	324 000 ☑
28 February 2018	72 000 ✓	108 000 ✓	252 000 ☑
31 January 2019	66 000 ✓	174 000 ✓	186 000 ☑

2.2.2 Asset Disposal **(9)**

2019 Jan	31	Vehicles✓	360 000 ✓	2019 Jan	31	Accumulated Depreciation on Vehicles✓	174 000 See 2.2.1 ☑
						Bank✓	170 000 ✓
						Loss on Disposal of Asset✓	16 000 ☑
			360 000	☑ **Operation both figures**			360 000

2.3 Calculate the new net profit for the year ended 28 February 2019 by taking recordings done in questions 2.1 and 2.2 using additional information A and B. **(8)**

5331 400 ✓ – 1 000 ✓ – 600 ✓ + 450 ✓ + 1 750 ✓ – 66 000 ☑ See 2.2.1 – 16 000 ☑ See 2.2.2
= 450 000 ☑ **Operation one part correct**

2.4 Appropriation (12)

2019 Feb	28	Salary: M. Moodley	144 000 ✓	2019 Feb	28	Profit and Loss	450 000 ☑
		Salary: S Moodley (165 000✓ + 15 000✓)	180 000 ☑				
		Interest on Capital (5 000✓ + 60 000✓ + 50 000✓)	115 000 ☑				
		Current Account: M Moodley	5 500 ☑				
		Current Account: S. Moodley	5 500 ☑				
			450 000	☑ **Operation both figures**			450 000

2.5 Do you think both partners must be satisfied with the partnership agreement? Comment on one aspect by quoting relevant figures. **(2)**

Yes/No
One valid point ✓ Figure ✓
- Fixed Salary for both/ Salary not the same/ R144 000 v R180 000/ R36 000 more/ R36 000 less.
- Profits shared equally/ R5 500 / 1:1 / 50:50
- Capital contribution not the same/ R750 000 v R500 000/ R250 000 more/ R250 000 less/ 1,5:1

QUESTION 3 **(20 Marks, 12 Minutes)**

CREDITORS RECONCILIATION

3.1. **Concepts** (4)

3.1.1	Credit Note ✓
3.1.2	Cash Discount ✓
3.1.3	Credit Invoice ✓
3.1.4	Liability ✓

3.2. Performing a monthly Creditors Reconciliation is one way in which businesses can exercise control over their creditors. Discuss **TWO** other forms of internal control for creditors. (4)

Two valid points ✓✓ ✓✓ **accept short explanations; may be phrased differently**

- Ensure that all credit purchases are authorised.
- Check that all orders received from creditors are correct and in a good condition.
- Ensure that creditors are paid on time so that the business qualifies for any available discounts.
- Make full use is made of the credit terms (60–90 days) in order to maintain good cash flow.
- Implement division of duties/separation of responsibilities so that one employee can check on another employee's work.
- Conduct internal audits in order to minimise the possibility of fraud or error.

3.3. Reconcile the Creditors Ledger account of Sithole Suppliers in the books of Tshabalala Traders with the statement received. (12)

	Creditors Ledger of Tshabalala Traders	**Statement from Sithole Suppliers**
Balance	34 905 ✓	35 830 ✓
i.	+ 2 970 ✓✓	
ii.		– 875 ✓
iii.	+ 1 000 ✓	
iv.		–1 780 ✓✓ **OR** – 890 – 890 **One mark** **One mark**
v.		– 3 860 ✓
vi.		+ 9 560 ✓
	38 875 ☑	38 875 ☑

TOTAL MARKS: 100