education

Department:
Education
PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

GRADE 11

ACCOUNTING

MARCH 2020

COMMON TEST

MARKS: 100

TIME : 1½ hours

This question paper consists of 9 pages and an answer booklet of 6 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 9 pages.
2. A special **ANSWER BOOK** consisting of 6 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 1:36 Marks; 32 Mins	
The topic of this question is:	**This integrates:**
Reconciliations	• Bank Reconciliation • GAAP • Internal Control • Creditors Reconciliation
Question 2:38 Marks; 34 Mins	
The topic of this question is:	**This integrates:**
Fixed / Tangible Assets	• Calculation of Depreciation • Asset Disposal • Fixed / Tangible Asset note • Internal Control
Question 3:26 Marks; 24 Mins	
The topic of this question is:	**This integrates:**
Financial Accounting of Partnerships	• Current Account • Appropriation Account • Problem Solving

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QUESTION 1: RECONCILIATIONS (36 marks; 32 minutes)

1.1 Bank Reconciliation

You are provided with information relating to Moodley Traders, a family owned Supermarket, based in the KwaZulu Natal midlands.

Required:

1.1.1 Calculate the correct Bank Account balance on the 29 February 2020. Indicate whether the bank balance is favourable or unfavourable. (9)

1.1.2 Prepare the Bank Reconciliation Statement on 29 February 2020. (9)

Refer to the outstanding deposit of R3 550 in information D.
When the March 2020 Bank Reconciliation was done by the bookkeeper, it was discovered that ABC Bank had no record of this amount ever being deposited into the businesses Bank account. Upon investigation, it was revealed that the owner didn't deposit this money in the Bank at all, but choose to spend it on new clothing for his family.

1.1.3 Identify the GAAP concept that has been contravened by the owner. (1)

1.1.4 As the bookkeeper of Moodley Traders, explain to the owner why this action is incorrect. Mention what the correct accounting procedure should have been. (4)

Information:

A. The following balances appeared in the books of Moodley Traders and the Bank Statement from ABC Bank on 29 February 2020:

Bank Account in the Ledger (before receipt of Bank Statement)	2 650 DR
Bank Statement	10 310 CR

B. Items appearing in the Bank Reconciliation Statement on 31 January 2020:

- A deposit of R2 500, dated 31 January 2020.
- Cheque number 295, for R700 dated 16 August 2019.
- Cheque number 321, for R2 340 dated 14 February 2020
- Cheque number 363, for R4 790, dated 5 March 2020

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C. Items appearing on the Bank Statement for February 2020 but not in the February Cash Journals:

- A deposit for R2 500 dated 31 January 2020.
- Cheque number 321 for R2 340.
- Bank Charges totaling R1 260
- Interest on overdraft for R870.
- A direct deposit for R2 400 from K. Mkhize, a debtor.
- The bank erroneously debited the businesses account twice with R3 630, being the businesses insurance payment. ABC Bank has corrected this error and the correction will be shown on the March 2020 Bank Statement.

D. Items appearing in the Cash Journals for February 2020 but not in the February 2020 Bank Statement:

- A deposit of R3 550, dated 29 February 2020
- Cheque No. 422 for R7 200, dated 22 February 2020
- Cheque No. 424 for R980, dated 28 February 2020

E. The Bank Statement reflected cheque number 347 as R2 370 (the correct amount). This appeared as R3 270 in the relevant Cash Journal.

F. Cheque number 295, for R700 dated 16 August 2019, is stale and must be cancelled.

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1.2 Creditors Reconciliation

A newly appointed bookkeeper of Magwaza Traders has been experiencing problems preparing the Creditors' Reconciliation for September 2019, as the balance of the Creditor's Account in the Creditors' Ledger does not coincide with the Statement of Account received from the supplier.

Required:

1.2.1 Reconcile the Statement of Account received from Chonco Suppliers and the Creditors Ledger of Magwaza Traders for September 2019. Show all changes with a "+" or "–" sign. (13)

Information:

A **Creditors' Ledger of Magwaza Traders**

CHONCO SUPPLIERS

Date		Details	Debit	Credit	Balance
Sept	01	Opening Balance			13 650
	07	Electronic payment	6 500		7 150
		Discount received	650		6 500
	15	Invoice 5671		6 555	13 055
	16	Debit Note 121		850	13 905
	23	Invoice 5801		9 835	23 740
	26	Invoice 6011		5 800	29 540
	30	Electronic payment	10 500		19 040

B **Statement of Account received from Chonco Suppliers**

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Chonco Suppliers					
Statement of Account			**Date: 27 September 2019**		
616 South Coast Road					**Tel.** 031 462 6901
Durban					
4004					**Fax.** 031 462 1455
Account of: Magwaza Traders			**Account number**: MT13		
Date		**Details**	**Debit**	**Credit**	**Balance**
Sept	01	Opening Balance			13 650
	07	Receipt		6 500	7 150
		Discount		900	6 250
	15	Invoice 5671	6 900		13 150
	16	Credit Note 121		850	12 300
	20	Invoice 5780	4 320		16 620
	23	Invoice 5801	8 935		25 555
	26	Invoice 6011	5 800		31 355

C Additional Information

i. The discount reflected on 7 September in the Creditors Ledger is incorrect.

ii. A trade discount of 5% was deducted on Invoice 5671. Chonco Suppliers did not take this discount into account when recording the amount on the Statement

iii. After an investigation, it was established that Invoice 5780, on 20 September, on the Statement was is in respect of a purchase made by another business. Chonco Suppliers will correct this error.

iv. Debit note 121 has been incorrectly recorded in the Creditors Ledger

v. Invoice 5801, reflected on 23 September on the Statement of account, is incorrect. The amount in the Creditors Ledger is correct.

vi. There is an entry in the Creditors' Ledger which does not appear on the monthly Statement of Account as these transactions took place after the Statement was printed.

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QUESTION 2: FIXED / TANGILE ASSETS (38 marks; 34 minutes)

The following information was extracted from the accounting records of CB Logistics for the year ended 29 February 2020. This business provides transport services throughout South Africa.

Required:

2.1 Calculate the amount of depreciation for the year ended 29 February 2020: (11)

2.2 Complete the Asset Disposal Account in the General Ledger for the sale of the FAW Truck. (9)

2.3 Complete the Fixed/Tangible Assets note to the Balance Sheet for the year ended 29 February 2020. (12)

2.4 During February 2020, CB Logistics sold one FAW truck and replaced it with two smaller IVECO trucks. Identify **ONE** possible reason for this business decision. (2)

2.5 The owner of CB Logistics is concerned about the recent spate of protests in which trucks are burnt. Discuss **TWO** control measures that the business can put into place to limit the risk of his vehicles being damaged in a protest. (4)

Information:

A Extract from the Fixed Asset note to the Balance Sheet for the year ended 28 February 2019.

Vehicles at cost	3 672 000
Accumulated Depreciation on vehicles	1 468 800

B. **Additional information in respect of fixed assets:**

- On 1 March 2017, CB Logistics purchased **three** identical FAW trucks costing R1 224 000 **each.**
- The owner decided sell **one** of the FAW trucks for a profit of R30 000 on 31 December 2019. The cash was received from the purchaser.
- On 1 February 2020, **two** identical IVECO trucks were purchased for R450 000 **each**. (These two trucks are smaller than the FAW truck that was sold.)
- All trucks are depreciated at a rate of 20 percent per annum on cost.

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QUESTION 3: FINANCIAL ACCOUNTING OF PARTNERSHIPS (26 marks, 24 minutes)

The information presented below was taken from the books of NM Traders (with partners Nombika and Miya) for the financial year ended 29 February 2020.

Required:

3.1 Calculate the amount of interest due to each partner on his capital investment on 29 February 2020. (7)

3.2 **Complete the following accounts in the General Ledger for the year ended 29 February 2020:**

3.2.1 Current Account: Miya (10)

3.2.2 Appropriation (7)

3.3 Refer to **Information B**. Provide **ONE** reason why the partners decided to make their capital contributions equal during the 2020 financial year. (2)

Information:

A **Closing balances for the years ended 2020 and 2019**

	29 February 2020	28 February 2018
Capital: Nombika	?	500 000
Capital: Miya	?	750 000
Current Account: Nombika	?	5 600 (DR)
Current Account: Miya	?	2 300 (CR)
Drawings: Nombika	194 000	
Drawings: Miya	193 500	

B **Interest on Capital**

- On 1 September 2019, Nombika **increased** his capital by R150 000.
- Miya **decreased** her capital on 1 September 2019, so that her capital was equal to that if Nombika.
- Interest on Capital is provided for at 10% p.a.

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C Partners Salary

- The partners draw their salary allowances on a monthly basis. This is reflected in their Drawings in **information A.**No other drawings were made during the year.
- Nombika has drawn his entire salary for the year, but Miya has not drawn her salary for February 2020.
- Both partners salaries were increased by R1000 per month on 1 January 2020.

D Net Profit and Profit Sharing

- At the end of the financial year, NM Traders calculated that it had made a Net profit of R594 600.
- The remaining profit (or loss) is to be share equally.

TOTAL MARKS: [100]

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GRADE 11

ACCOUNTING

ANSWER BOOK

MARCH 2020

COMMON TEST

MARKS : 100

TIME : 1½ hours

Name:_____ **Grade:**_____

Question	Topic	Learners Mark	Moderators Mark
1	Reconciliations		
2	Fixed / Tangible Assets		
3	Financial Accounting of Partnerships		

This answer book consists of 6 pages.

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QUESTION 1: RECONCILIATIONS (36 marks; 32 minutes)

1.1 Bank Reconciliation

1.1.1 Calculate the correct Bank Account balance on the 29 February 2020. Indicate whether the bank balance is favourable or unfavourable.

1.1.2 **Bank Reconciliation Statement on 29 February 2020.**

	DR	CR
Balance as per Bank Statement		
Balance as per Bank Account		

9

1.1.3 Identify the GAAP concept that has been contravened by the owner.

1

1.1.4 As the bookkeeper of Moodley Traders, explain to the owner why this action is incorrect. Mention what the correct accounting procedure should have been.

4

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1.2 Creditors Reconciliation

1.2.1 Reconcile the Statement of Account received from Chonco Suppliers and the Creditors Ledger of Magwaza Traders for September 2019. Show all changes with a "+" or "–" sign.

No.	Statement from Chonco Suppliers	Creditors Ledger of Magwaza Traders	
Balance			
i.			
ii.			
iii.			
iv.			
v.			
vi.			
			13

QUESTION 2: FIXED / TANGILE ASSETS (38 marks; 34 minutes)

2.1 Calculate the amount of depreciation on the following for the year ended 29 February 2020:

2.1.1	The sold FAW truck.		
2.1.2	The **TWO** remaining FAW trucks.		
2.1.3	The **TWO** new IVECO trucks.		
		Total:		11

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2.2 **Asset Disposal**

9

2.3 **Fixed / Tangible Assets note**

	Vehicles
Carrying Value at the beginning of the year	
Cost Price	
Accumulated Depreciation	
Movements	
Carrying Value at the end of the year	
Cost Price	
Accumulated Depreciation	

12

2.4 During February 2020, CB Logistics sold one FAW truck and replaced it with two smaller IVECO trucks. Identify **ONE** possible reason for this business decision.

29

2.5 The owner of CB Logistics is concerned about the recent spate of protests in which trucks are burnt. Discuss **TWO** control measures that the business can put into place to limit the risk of his vehicles being damaged in a protest.

	4

QUESTION 3: FINANCIAL ACCOUNTING OF PARTNERSHIPS (26 marks, 24 minutes)

3.1 Calculate the amount of interest due to each partner on his capital investment on 29 February 2020.

Partner	Calculations	Total per Partner
Nombika		
Miya		
	Total:	

	7

3.2.1

DR **Current Account: Miya** **CR**

	10

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3.2.2

DR			Appropriation				CR

7

3.3 Refer to **Information B**. Provide **ONE** reason why the partners decided to make their capital contributions equal during the 2020 financial year.

2

TOTAL MARKS: [100]

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GRADE 11

GRADE 10

ACCOUNTING

MARKING GUIDELINE

MARCH 2020

COMMON TEST

MARKS : 100

TIME :1½ hours

Question	Topic	Marks	Minutes
1	Reconciliations	36	32
2	Fixed / Tangible Assets	38	34
3	Financial Accounting of Partnerships	26	24
		100	90

This marking guideline consists of 6 pages.

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QUESTION 1: RECONCILIATIONS (36 marks; 32 minutes)

1.1 Bank Reconciliation

1.1.1 Calculate the correct Bank Account balance on the 29 February 2020. Indicate whether the bank balance is favourable or unfavourable.

2 650✓ – 1 260✓ – 870✓+ 2 400✓ + 900✓✓ + 700✓
= 4 520☑ DR✓ (9)

1.1.2 **Bank Reconciliation Statement on 29 February 2020.**

		DR	CR
CR Balance as per Bank Statement			10 310✓
CR Outstanding deposits			3 550✓
DR Outstanding cheques	No. 363	4 790✓	
	No. 422	7 200✓	
	No. 424	980✓	
CR amount wrongly debited			3 630✓✓
DR Balance as per Bank Account		4 520☑	
operation: both totals the same		17 490	☑ 17 490

(9)

1.1.3 Identify the GAAP concept that has been contravened by the owner.

Business Entity Concept (1)

1.1.4 As the bookkeeper of Moodley Traders, explain to the owner why this action is incorrect. Mention what the correct accounting procedure should have been.

- All money received by the businesses should be deposited into the business bank account.✓✓
- If the owner wanted to spend business money on personal items, it should have been recorded as drawings.✓✓

(4)

1.2 Creditors Reconciliation

1.2.1 Reconcile the Statement of Account received from Chonco Suppliers and the Creditors Ledger of Magwaza Traders for September 2019. Show all changes with a "+" or "–" sign.

No.	Statement from Chonco Suppliers	Creditors Ledger of Magwaza Traders
Balance	31 355✓	19 040✓
i.		- 250✓
ii.	- 345✓	
iii.	- 4 320✓	
iv.		- 1700✓✓ (-850✓, -850✓)
v.	+ 900✓	
vi.	- 10 500✓	
	17 090✓☑	17 090✓☑

(13)

QUESTION 2: FIXED / TANGILE ASSETS(38 Marks; 34 Minutes)

2.1 Calculate the amount of depreciation on the following for the year ended 29 February 2020:

2.1.1	The sold FAW truck.	1 224 000 X 20% X 10/12	204 000✓✓
2.1.2	The **TWO** remaining FAW trucks.	1 224 000 X 20% = 244 800✓✓ per truck X 2✓ trucks	489 600☑
2.1.3	The **TWO** new IVECO trucks.	450 000 X 20% X 1/12 = 7 500✓✓ per truck X 2✓ trucks	15 000☑
		Total:	708 600☑

(11)

2.2 **Asset Disposal**

2019 Dec	31	Vehicles	1 224 000 ✓	2019 Dec	31	Accumulated Dep on Vehicles (489 600✓✓ + 204 000☑)	693 600 ☑
		Profit on Sale of Asset	30 000✓			Bank	560 400 ✓☑
			1 254 000			☑	1 254 000
							(9)

2.3 **Fixed / Tangible Assets note**

	Vehicles
Carrying Value at the beginning of the year	2 203 200☑
Cost Price	3 672 000✓
Accumulated Depreciation	(1 468 800)✓
Movements	(339 000)
Additions at cost	900 000✓✓
Disposals at carrying value from 2.2	(530 400)☑
Depreciation from 2.1	(708 600)☑
Carrying Value at the end of the year	1 864 200☑
Cost Price	3 348 000✓✓
Accumulated Depreciation	(1 483 800)✓☑

(12)

2.4 During February 2020, CB Logistics sold one FAW truck and replaced it with two smaller IVECO trucks. Identify **ONE** possible reason for this business decision.

- There was more demand for smaller loads so two smaller vehicles were purchased.✓✓
- The smaller vehicles will be used for shorter trips as they can do more than one load per day.
- **Any logical answer**

(2)

2.5 The owner of CB Logistics is concerned about the recent spate of protests in which trucks are burnt. Discuss **TWO** control measures that the business can put into place to limit the risk of his vehicles being damaged in a protest.

- Follow news reports and avoid areas where protest action is occurring✓✓
- Avoid driving at night as this is when most of the trucks have been burnt.✓✓
- **Any logical answer**

(4)

QUESTION 3: FINANCIAL ACCOUNTING OF PARTNERSHIPS (26 Marks; 24 Minutes)

3.1 Calculate the amount of interest due to each partner on his capital investment on 29 February 2020.

Partner	Calculations	Total per Partner
Nombika	500 000 X 10% X 6/12 = 25 000✓ 650 000 X 10% X 6/12 = 32 500✓ (Or 50 000✓ + 7 500✓)	57 500☑ ☑ one part correct
Miya	750 000 X 10% X 6/12 = 37 500✓ 650 000 X 10% X 6/12 = 32 500✓ (Or 75 000✓ – 5 000✓) or (65 000✓+5 000✓)	70 000☑ ☑ one part correct
	Total:	127 500☑

(7)

3.2.1

DR **Current Account: Miya** **CR**

2020 Feb	29	Drawings: Miya	193 500✓	2019 Mar	1	Balance	2 300✓
				2020 Feb	29	Interest on Capital$_{\text{from 3.1}}$	70 000☑
						Salary: Miya (193 500✓ + 18 500✓)	212 000☑
		Balance	121 350☑			Appropriation	30 550☑
			314 850			☑	314 850
				2020 Mar	1	Balance	121 350☑

(10)

3.2.2

DR **Appropriation** **CR**

2020 Feb	29	Salary: Nombika	194 000✓	2020 Feb	29	Profit and Loss	594 600✓
		Salary: Miya from 3.2.1	212 000☑				
		Interest on Capital from 3.1	127 500☑				
		Current Account: Nombika	30 550☑				
		Current Account: Miya	30 550☑				
			594 600				594 600

(7)

3.3 Refer to **Information C**. Provide **ONE** reason why the partners decided to make their capital contributions equal during the 2020 financial year.

- The profit sharing ratio was changed in the partnership agreement✓✓
- Nombika was not happy that his interest on capital was smaller than Miya's
- Nomika had extra money that she wanted to invest in the business
- Miya decided to invest less money in the business for personal reasons
- **Any logical answer**.

(2)

TOTAL MARKS: [100]

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