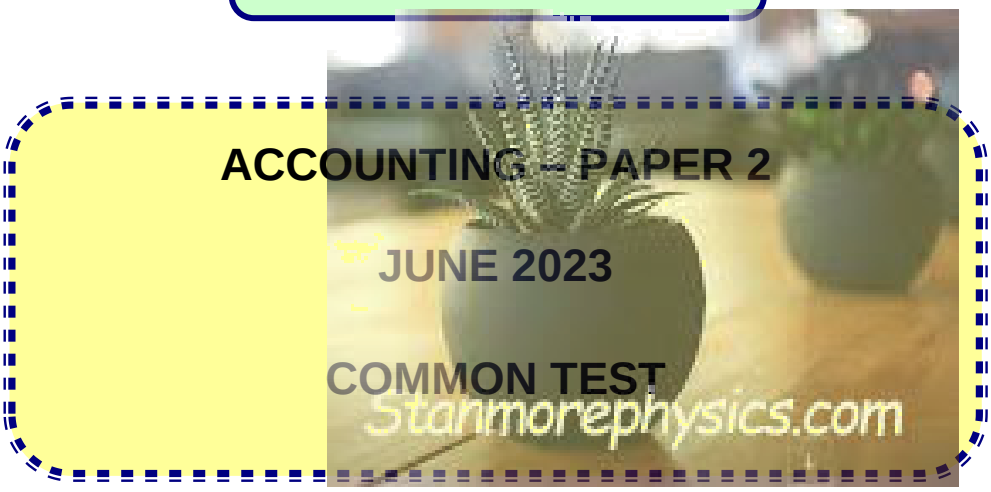
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GRADE 11



ACCOUNTING – PAPER 2

JUNE 2023

COMMON TEST

MARKS: 150

TIME : 2 hours

N.B. This paper consists of 10 pages and an answer booklet of 10 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 10 pages.
2. A special **ANSWER BOOK** consisting of 10 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: 57 Marks, 46 Minutes	
The topic of this question is:	**Content:**
Bank Statement and Reconciliation	• Interpretation of Bank Statement • Cash Receipts and Cash Payments Journals • Bank Reconciliation Statement • GAAP
Question 2: 52 Marks, 42 Minutes	
The topic of this question is:	**Content:**
Fixed Assets	• Depreciation • Asset Disposal • Fixed Asset note to the Statement of Financial Position • Problem Solving and Internal Control
Question 3: 41 Marks, 32 Minutes	
The topic of this question is:	**Content:**
Creditors Control and Reconciliation	• Creditors Control account in the General Ledger • Reconciliation of creditors ledger and statement from creditor. • Internal control

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QUESTION 1 (57 MARKS, 46 MINUTES)

BANK STATEMENT AND RECONCILIATION

1.1 INTERPRETATION OF BANK STATEMENT

Caleb's Car Wash owned by Caleb Naidoo, operates in Durban North.

REQUIRED:

Refer to the Bank Statement provided below and answer the following questions.

1.1.1 Explain why it is important for Caleb Naidoo to check the business' bank statement monthly. Provide **TWO** reasons. (4)

Refer to information A for questions 1.1.2 to 1.1.3

1.1.2 Identify the amounts that should be recorded in the spaced labelled (i) to (v) (5)

1.1.3 Write a sentence to explain each of the following transactions: (6)

• 5 February 2023	POS Purchase - Chemco
• 16 February 2023	Digital Payment - Ethekwini Municipality
• 28 February 2023	Digital Transfer – Celeb Naidoo

1.1.4 Caleb's Car Wash does not permit customers to pay by debit or credit card. Discuss **TWO** disadvantages of this. (4)

1.1.5 Celeb's Car Wash pays most of the recurring monthly expenses via internet banking. Discuss **TWO** possible reasons for this choice of payment method. (4)

1.1.6 Identify the GAAP concept that necessitates that Caleb has a separate bank account for the car wash and for his personal money. (2)

INFORMATION A:

ABC Bank

Durban North Branch

28 February 2023
Statement no: 65
Account Number: 625196773

Caleb's Car Wash
Adelaide Tambo Drive
Durban North
4061

Date	Details	Debit	Credit	Balance
1/2/2023	Balance			7 450
3/2/2023	Cash Deposit		**(i)**	13 500
5/2/2023	POS Purchase – Chemco	1 620		11 880
10/2/2023	ATM Withdrawal	2 000		9 880
12/2/2023	POS Purchase – Mr Price	1 800		**(ii)**
	Cash Deposit		8 980	17 060
16/2/2023	Digital Payment - Ethekwini Municipality	**(iii)**		7 435
19/2/2023	Cash Deposit		7 960	15 395
20/2/2023	POS Purchase - Pick n Pay Hyper Durban North	2 550		12 845
25/2/2023	Service Fees	**(iv)**		12 670
	Cash Deposit Fee	452		12 218
	Debit Card Levy	62		12 156
27/2/2023	Cash Deposit		8 640	20 796
28/2/2023	Digital Payment - Rent	3 500		17 296
	Digital Payment – S. Sokdeo Salary	6 500		10 796
	Digital Transfer – Caleb Naidoo	15 000		**(v)**

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1.2 BANK RECONCILIATION

The information below related to Unathi's Upholstery Cleaners, a service business that uses an industrial cleaner to clean carpets, lounge chairs, car seats etc in return for a fee.

REQUIRED:

1.2.1 Complete the following Journals for April 2023: (Opening totals have been entered for you)
- Cash Receipts Journal (10)
- Cash Payments Journal (11)

1.2.2 Prepare the Bank Reconciliation Statement for April 2023. (11)

INFORMATION:

A Extract from the Bank Reconciliation Statement on 31 March 2023:

Outstanding Deposit	8 400
Outstanding EFT's	
no 91	1 200
no 137	5 800
no 216	2 630
Favourable Balance per Bank Account	34 600

B The cash Journals has the following totals on 30 April 2023, before the completion of the reconciliation process.

Cash Receipts Journal	69 500
Cash Payments Journal	54 600

C Additional Information relating to the Bank Reconciliation Statement for March 2023:
- The outstanding deposit as well as EFT's 91 and EFT 216 appeared on the April 2023 Bank Statement.
- EFT number 137, issued to Hychem for consumable stores, appeared correctly on the Bank Statement as R8 500. The amount recorded in the Cash Payments Journal was incorrect.

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D Entries in the Cash Journals, dated 30 April 2023, that do not appear on the April 2023 Bank Statement

- EFT number 219, paid to Varsity College, for R15 000. This was to pay for some of the owners daughters tertiary education.
- EFT number 220 for R3 620, paid to the Msunduzi Municipality, for April's water and electricity account for the business.
- A deposit of R9 500 cash, that was taken from the safe and deposited into the business bank account.
- A debit card payment for R840, paid to Calmex, for petrol in the businesses vehicle.

E Entries on the April 2023 Bank Statement, from Better Bank, that do not appear in the Cash Journals:

Date	Details	R
28 April	Debit Order: Telmok	300
28 April	Debit Order: Telmok	300
29 April	Deposit: M. Mkhize	2 450
	Deposit: Better Bank	15 800
30 April	Service Fees	175
	Interest on Overdraft	352

- Note that the monthly payment to Telmok, for WIFI for office, appeared twice. This will be rectified in May 2023. WIFI is considered to be a sundry expense in the financial records.
- M Mkhize is a customer that had her carpets cleaned by Unathi's Upholstery cleaners. She requested to pay her account electronically.
- The deposit from Better Bank was for the maturation of the fixed deposit of R14 200 as well as the interest earned thereon.

F The Bank Statement on 30 April showed an unfavourable balance of R7 850.

57

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QUESTION 2 (52 MARKS, 42 MINUTES)

FIXED ASSETS



Mighty Motors is a business situated in Nelspruit, Mpumalanga. This business rents out motor homes to visitors for the self-drive market.

People who rent these vehicles are mainly overseas tourists that wish to experience South Africa's natural wonders, especially the Kruger National Park (a game reserve), at a leisurely pace. The financial year ends on 28 February annually.

REQUIRED:

2.1 Some motor homes are rented out fully equipped, for an extra fee. It therefore has all cutlery, crockery and bedding to make the renters experience as stress free as possible. Discuss **TWO** control measures that the business can be put in place to ensure that mighty Motors minimizes equipment losses when hired vehicles are returned. (4)

2.2 Mighty Motors ensures that part of the daily hiring fee covers insurance on the vehicle. Explain why it is necessary that hired motor homes are correctly insured. (4)

2.3 **Refer to information A and B**
Calculate the depreciation on each of the motor homes, for the financial year ended 28 February 2023, in the table provided in your answer book. (7)

2.4 Complete the asset disposal account for the scrapping of Explorer 4. (12)

2.5 The Vehicles column in Fixed Asset note to the Statement of Financial Position as at 28 February 2023. (11)

2.6 Mighty motors currently looking on the market for a replacement vehicle for Explorer 4. According to the figures provided, which size explorer is the most profitable – 2 sleeper, 4 sleeper or 6 sleepers? (14)

Use the following headings to assist you in making this decision.

- Number of nights rented out for the year ended 28 February 2023
- Average distance travelled per month during vehicles lifetime.

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INFORMATION

A Details of the vehicles are as follows:

	Explorer 2	Explorer 4	Explorer 6
Capacity	2 sleeper	4 sleeper	6 sleeper
Date purchased	1 October 2017	1 September 2018	31 October 2022
Vehicle age in months	65 months	51 months	4 months
Date sold / scrapped		31 November 2022	
Cost price	R420 000	R564 000	R870 000
Accumulated depreciation (1 March 2022)	R371 000	R394 800	R0
Odometer reading	513 500 km	304 980 km	22 000 km
Cost to hire per night	R1 850	R2 170	R2 290
Income generated	R647 500	R694 400	R183 200

B Additional information:

- Customers are responsible to pay for their own fuel for the duration of their trip.
- Vehicles are depreciated by 20% per annum on cost.
- On 31 December 2022, Explorer 4 was involved in an accident in the Kruger National Park. Unfortunately, the tourists that had hired the vehicle were attacked by an elephant. Luckily no tourists were injured in the attack. The insurance company decided that the damages to the vehicle were too severe to warrant repairing the vehicle. This vehicle was therefore scrapped. As per the insurance policy, Mighty Motors was responsible for the first R15 000 of the claim. This R15 000 was recorded as a loss in business financial records. The remaining amount was deposited into the business bank account.
- As at the 28 February 2023, no new vehicle has been purchased to replace Explorer 4.

52

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QUESTION 3 (41 MARKS, 32 MINUTES)

CREDITORS CONTROL AND RECONCILIATION

3.1 CREDITORS CONTROL ACCOUNT

REQUIRED:

3.1 Refer to the information below and draw up the Creditors Control account in the General Ledger of Beans Boutique, a coffee shop, for February 2023. (20)

INFORMATION:

A R18 900 was owed to creditors at the beginning of February 2023.

B **Summary of transactions for February 2023:**

- The total of the creditors control column and the discount received column in the Cash Payments Journal was R15 200 and R1 050 respectively.
- A total of R9 750 was purchased on credit from various suppliers during the month.
- Substandard coffee mugs were returned to the supplier. The supplier agreed to credit the business' account with R690.
- The debit balance of R. Bush's account in the Debtors Ledger was transferred to her account in the Creditors Ledger, R430.
- An invoice received from a creditor was recorded in the relevant journal as R1 350 instead of R1 530. An entry was made in the General Journal to correct this error.

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3.2 CREDITORS RECONCILIATION

The Green House Café is a vegan restaurant situated at the V&A Waterfront in Cape Town. Their main supplier of fresh fruit and vegetables is Growers Paradise, an organic farm.

The statement of account that The Green House Café received from Growers Paradise, dated 28 April 2023, indicated that R18 512 is owed. However the amount owing according to the creditors ledger is R13 789.

REQUIRED:

3.2.1 Use the table provided in your answer book to reconcile the Statement received from Growers Paradise and the creditors ledger of The Greenhouse Café. (13)

3.2.2 The day manager of the Green House Cafe, Mr E. Bird, discovered that fresh produce valued at R1 500, ordered on 24th April 2023 from Growers Paradise, was not delivered. The owner was informed and communication with Growers Paradise revealed that the night manager, Ms N. Owl had placed the order and arranged that the produce be delivered to her mother's home.

3.2.2.1 What action should be taken by the owner against Ms N. Owl? Provide **TWO** points. (4)

3.2.2.2 Provide **TWO** internal control measures that should be applied to prevent this from happening again. (4)

INFORMATION:

When the Statement of account, received from Growers Paradise, and the Creditors Ledger of The Green House Café were compared the following differences were noted:

A An EFT payment made to Growers Paradise, on 2 April 2023, was not received by Growers Paradise within the 30-day payment period. The discount of R280 was therefore not granted to by them. The Green House Café had recorded this discount.

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B The statement received from Growers Paradise shows that interest on an overdue amount of R12 720 was charged at 5% for one month. The Green House Café was not aware of this.

C Fresh produce that was returned to Growers Paradise, due to the poor quality of the lettuce, were recorded on the statement as R350. The Green House Café has a copy of the credit note showing R530.

D An invoice for goods bought from Growers Paradise for R1 300 was incorrectly recorded as a credit note in the creditors ledger.

E The following transactions occurred after the April 2023 Statement for Growers Paradise had been emailed to The Green House Café:

- An invoice for R890 for fresh produce purchased on 29 April 2023.
- An EFT for R2 500, made in part payment of the account on 30 April 2023.

41

TOTAL MARKS 150

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GRADE 11

ACCOUNTING – PAPER 2

ANSWER BOOK

JUNE 2023

COMMON TEST

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MARKS : 150

TIME : 2 hours

Name: _____ **Grade:** _____

Question	Topic	Learners Mark	Moderators Mark
1	Bank Statement and Reconciliation		
2	Fixed Assets		
3	Creditors Control and Reconciliation		

N.B. This answer book consists of 10 pages

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QUESTION 1 (57 MARKS, 46 MINUTES)

BANK STATEMENT AND RECONCILIATION

1.1 INTERPRETATION OF BANK STATEMENT

1.1.1 Explain why it is important for Caleb Naidoo to check the business' bank statement monthly. Provide **TWO** reasons.

	4

1.1.2 Identify the amounts that should be recorded in the spaced labelled (i) to (v)

(i)		
(ii)		
(iii)		
(iv)		
(v)		5

1.1.3 Write a sentence to explain each of the following transactions:

5 February 2023	POS Purchase - Chemco		
16 February 2023	Digital Payment - Ethekwini Municipality		
28 February 2023	Digital Transfer – Celeb Naidoo		6

1.1.4 Caleb's Car Wash does not permit customers to pay by debit or credit card. Discuss **TWO** disadvantages of this.

	4

1.1.5 Celeb's Car Wash pays most of the recurring monthly expenses via internet banking. Discuss **TWO** possible reasons for this choice of payment method.

	4

1.1.6 Identify the GAAP concept that necessitates that Caleb has a separate bank account for the car wash and for his personal money.

	2

1.2 BANK RECONCILIATION

1.2.1 **Cash Receipts Journal of Unathi's Upholstery Cleaners - April 2023 CRJ4**

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details
	30	Totals	69 500	69 500	

10

Cash Payments Journal of Unathi's Upholstery Cleaners - April 2023 CPJ4

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details
	30	Totals	54 600	54 600	

11

1.2.2 **Prepare the Bank Reconciliation Statement for April 2023.**

	DR	CR	
DR Balance as per Bank Statement			
CR Outstanding deposits			
DR Outstanding EFT's			
CR Balance as per Bank Account			
			11

57

QUESTION 2 (52 MARKS, 42 MINUTES)

FIXED ASSETS

2.1 Some motor homes are rented out fully equipped, for an extra fee. It therefore has all cutlery, crockery and bedding to make the renters experience as stress free as possible. Discuss **TWO** control measures that the business can it in place to ensure that mighty Motors minimizes equipment losses when hired vehicles are returned.

4

2.2 Mighty Motors ensures that part of the daily hiring fee covers insurance on the vehicle. Explain why it is necessary that hired motor homes are correctly insured.

4

2.3 Calculate the depreciation on each of the motor homes, for the financial year ended 28 February 2023, in the table provided in your answer book.

	Calculation	Final Amount
Explorer 2		
Explorer 4		
Explorer 6		
Total		

7

2.4 **Asset Disposal**

12

2.5 The Vehicles column in Fixed Asset note to the Statement of Financial Position as at 28 February 2023.

	Vehicles
Carrying Value	
Cost Price on 1 March 2022	
Accumulated Depreciation on 1 March 2022	
Movements	
Carrying Value	
Cost Price on 28 February 2023	
Accumulated Depreciation on 28 February 2023	

11

2.6 Mighty motors currently looking on the market for a replacement vehicle for Explorer 4. According the figures provided, which size explorer is the most profitable – 2 sleeper, 4 sleeper or 6 sleeper?

Use the following headings to assist you in making this decision.

- Number of nights rented out for the year ended 28 February 2023
- Average distance travelled per month during vehicles lifetime.

	Number of nights rented out for the year ended 28 February 2023	**Average distance travelled per month during vehicles lifetime**
Explorer 2 (2 sleeper)		
Explorer 4 (4 sleeper)		
Explorer 6 (6 sleeper)		
Decision and reason		

14

52

QUESTION 3 (41 MARKS, 32 MINUTES)

CREDITORS CONTROL AND RECONCILIATION

3.1 CREDITORS CONTROL ACCOUNT

Creditors Control Account

20

3.2 CREDITORS RECONCILIATION

3.2.1

	Creditors Ledger of The Green House Cafe	Statement from Growers Paradise
Incorrect Balance		
A		
B		
C		
D		
E		

13

3.2.2 The day manager of the Green House Cafe, Mr E. Bird, discovered that fresh produce valued at R1 500, ordered on 24th April 2023 from Growers Paradise, was not delivered. The owner was informed and communication with Growers Paradise revealed that the night manager, Ms N. Owl had placed the order and arranged that the produce be delivered to her mother's home.

3.2.2.1 What action should be taken by the owner against Ms N. Owl? Provide **TWO** points.

4

3.2.2.2 Provide **TWO** internal control measures that should be applied to prevent this from happening again.

4

41

TOTAL MARKS **150**

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GRADE 11

ACCOUNTING P2

JUNE 2023

COMMON TEST

MARKING GUIDELINE

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MARKS : 150

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 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 the final figure, award one mark. Not the method mark for the answer. Note: if figures are stipulated in memo for components of workings, these do not carry the method for final 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
9. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +,-,x,÷, or per candidates operation.
10. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a ☒. Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
11. Be aware of candidates who provide valid alternatives beyond the marking guideline.
12. Codes: f=foreign item; p=placement.

This marking guideline consists of 10 pages.

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QUESTION 1 (57 MARKS, 46 MINUTES)

BANK STATEMENT AND RECONCILIATION

1.1 INTERPRETATION OF BANK STATEMENT

1.1.1 • Explain why it is important for Caleb Naidoo to check the business' bank statement monthly. Provide any **TWO** reasons. ✓✓ ✓✓ (4)

- Identify errors made by the bank or account holder
- To identify any fraudulent charges that might occur on the account
- Record any stop orders or debit orders
- record any direct deposits made by customers
- **ANY LOGICAL ANSWER**

1.1.2 Identify the amounts that should be recorded in the spaced labelled (i) to (v) (5)

(i)	6 050✓
(ii)	8 080✓
(iii)	9 625✓
(iv)	175✓
(v)	- 4 204✓

1.1.3 Write a sentence to explain each of the following transactions: (6)

5 February 2023	POS Purchase - Chemco	Purchased from Chemco and used business debit card to pay.✓✓
16 February 2023	Digital Payment - Ethekwini Municipality	Made an EFT payment (internet banking) to pay for his water and electricity account for the month. ✓✓ award full marks if a learner mentions another account such as trading licence
28 February 2023	Digital Transfer – Celeb Naidoo	Made a transfer via internet banking to move money from the business bank account into the owners personal bank account.✓✓

1.1.4 Caleb's Car Wash does not permit customers to pay by debit or credit card. Discuss any **TWO** disadvantages of this. ✓✓ ✓✓ (4)

- Not all people carry cash so the business could lose income.
- Keeping too much cash on property increases the risk of crime / theft.
- Frequent trips need to be made to the bank to deposit the money.
- **ANY LOGICAL ANSWER**

1.1.5 Celeb's Car Wash pays most of the recurring monthly expenses via internet banking. Discuss **TWO** possible reasons for this choice of payment method. (4)

Any **TWO** reasons ✓✓ ✓✓
- Convenience as banking can be done 24 hours a day, every day.
- Fast and efficient as funds within the same bank can be moved instantly. Accounts can also be opened and closed quickly.
- Users can also monitor their accounts more closely so that unusual / fraudulent activity can be picked up quickly.
- A safer and more efficient means of paying. Far safer than using cash.
- **ANY LOGICAL ANSWER**

1.1.6 Identify the GAAP concept that necessitates that Caleb has a separate bank account for the car wash and for his personal money. (2)

Business Entity ✓✓

1.2 BANK RECONCILIATION

1.2.1 **Cash Receipts Journal of Unathi's Upholstery Cleaners - April 2023 CRJ4** (10)

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details
	30	**Total**	**69 500**	**69 500**	
B/S4		M Mkhize	2 450✓	2 450✓	Fee Income✓
B/S4		Better Bank	15 800✓	14 200✓	Fixed Deposit✓
				1 600✓	Interest on Fixed Deposit✓
				87 750✓☑	

Cash Payments Journal of Unathi's Upholstery Cleaners - April 2023 CPJ4 (11)

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details
	30	**Total**	**54 600**	**54 600**	
EFT137		Hychem	2 700	2 700✓	Consumable Stores✓
B/S4		TELMOK	300	300✓	Sundry expense✓
B/S4		Better Bank	527✓	175✓	Bank Charges✓
				352✓	Interest on Overdraft✓
				58 127✓☑	

1.2.2 **Prepare the Bank Reconciliation Statement for April 2023.** (11)

	DR	CR
DR Balance as per Bank Statement	7 850✓	
CR Outstanding deposits		9 500✓
DR Outstanding EFT's		
No 219	15 000✓	
No 220	3 620✓	
DR Outstanding debit card payment	840✓✓	
CR amount incorrectly debited		300✓✓
CR Balance as per Bank Account		17 510✓☑
	27 310	☑ 27 310

57

QUESTION 2 (52 MARKS, 42 MINUTES)

FIXED ASSETS

2.1 Some motor homes are rented out fully equipped, for an extra fee. It therefore has all cutlery, crockery and bedding to make the renters experience as stress free as possible. Discuss **TWO** control measures that the business can it in place to ensure that mighty Motors minimizes equipment losses when hired vehicles are returned. (4)

Any **TWO** control measures ✓✓ ✓✓

- Ensure that clients get a checklist and sign that all items have been provided in the motor home.
- Charge clients for any missing / damaged items at the end of their trip.
- Ensure the customer's credit card details are on hand to charge for missing items
- Ensure that quality items are provided so that they are strong and not easily damaged.
- **ANY LOGICAL ANSWER**

2.2 Mighty Motors ensures that part of the daily hiring fee covers insurance on the vehicle. Explain why it is necessary that hired motor homes are correctly insured. (4)

Any **TWO** reasons ✓✓ ✓✓

- Drivers from overseas are not used to South African roads and can have a higher risk of accident.
- These vehicles are being used to go into game reserves where there is a likelihood of damaged due to poor road conditions.
- Foreigners are not always aware of danger in certain areas and are therefore at a higher risk for crime.
- **ANY LOGICAL ANSWER**

2.3 Calculate the depreciation on each of the motor homes, for the financial year ended 28 February 2023, in the table provided in your answer book. (7)

	Calculation	Final Amount
Explorer 2	420 000 – 371 000 - 1	R48 999✓✓
Explorer 4	564 000 X 20% X 9/12	R84 600✓☑ once part correct
Explorer 6	870 000 X 20% X 4/12	R58 000✓☑ once part correct
Total		R191 599☑

2.4 **Asset Disposal** (12)

2022 Dec	31	Vehicle✓	564 000 ✓	2022 Dec	31	Accumulated Depreciation on Vehicles✓ (394 800✓ + 84 600☑)	479 400 ☑
						Bank✓	69 600 ✓☑
						Loss on Sale of Asset✓	15 000 ✓
			564 000			☑	564 000

2.5 The Vehicles column in Fixed Asset note to the Statement of Financial Position as at 28 February 2023. (11)

		Vehicles
Carrying Value		218 200☑
Cost Price on 1 March 2022		984 000✓
Accumulated Depreciation on 1 March 2022		(765 800)✓
Movements		593 801☑
Additions at Cost		870 000✓
Disposals at Carrying Value	see 2.4	(84 600)☑
Depreciation	see 2.3	(191 599)☑
Carrying Value		812 001✓☑
Cost Price on 28 February 2023		1 290 000✓
Accumulated Depreciation on 28 February 2023		(477 999)☑

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2.6 Mighty motors currently looking on the market for a replacement vehicle for Explorer 4. According to the figures provided, which size explorer is the most profitable – 2 sleeper, 4 sleeper or 6 sleepers? (14)

Use the following headings to assist you in making this decision.

- Number of nights rented out for the year ended 28 February 2023
- Average distance travelled per month during vehicles lifetime.

	Number of nights rented out for the year ended 28 February 2023	**Average distance travelled per month during vehicles lifetime**
Explorer 2 (2 sleeper)	• Rented out for 350 days of the year (app 96%) (647 500 / R1 850)✓✓	513 500 / 65 months = 7 900km✓✓
Explorer 4 (4 sleeper)	• Rented out for 320 days of the year (88%) (694 400 / 2 170)✓✓	304 980 / 51 months = 5 980km✓✓
Explorer 6 (6 sleeper)	• Rented out for 80 days✓ in the 4 months it has been owned (R183 200/2 290). This would be approximately 240 days out of a year.(66%)✓	22 000 / 4 months = 5 500km✓✓
Decision and reason	• Explorer 2✓– seems to be the most popular as it has the most mileage as well as rented out the most number of days✓ **MARK ACCORDING TO LEARNERS ANSWERS ABOVE.**	

52

QUESTION 3 (41 MARKS, 32 MINUTES)

CREDITORS CONTROL AND RECONCILIATION

3.1 CREDITORS CONTROL ACCOUNT

Creditors Control Account

2023 Feb	28	**Bank✓	CPJ	15 200 ✓	2023 Feb	1	Balance✓	b/d	18 900 ✓
		**Discount Received✓	CPJ	1 050 ✓		28	Sundry Accounts✓	CJ	9 750 ✓
		Sundry Accounts✓	CAJ	690 ✓			Sundry Accounts✓	GJ	180 ✓✓
		Sundry Accounts✓	GJ	430 ✓					
		Balance✓	c/d	11 460 ✓					
				28 830			☑		28 830
					2023 Mar	1	Balance✓	b/d	11 460 ☑

note: learner might add both amounts as bank and discount therefore award 2 marks for details and 2 marks for amount (Bank and discount✓✓ = 16 250✓✓)

3.2 CREDITORS RECONCILIATION

3.2.1 (13)

	Creditors Ledger of The Green House Cafe	Statement from Growers Paradise
Incorrect Balance	13 789✓	18 512✓
A	+280✓	
B	+53✓✓	
C		-180✓✓
D	+ 2 600✓✓ (OR +1 300✓ + 1 300✓)	
E		+890✓
		-2 500✓
	16 722☑	16 722☑

3.2.2 The day manager of the Green House Cafe, Mr E. Bird, discovered that fresh produce valued at R1 500, ordered on 24th April 2023 from Growers Paradise, was not delivered. The owner was informed and communication with Growers Paradise revealed that the night manager, Ms N. Owl had placed the order and arranged that the produce be delivered to her mother's home.

3.2.2.1 What action should be taken by the owner against Ms N. Owl? Provide **TWO** points. (4)

Any **TWO** points ✓✓ ✓✓
- Deduct the money from her salary.
- Recover money through legal action.
- Call her to a disciplinary hearing.
- A case should be opened at the SAPS.
- Suspend the employee pending the outcome of the case.
- **ANY TWO LOGICAL ANSWERS**

3.2.2.2 Provide **TWO** internal control measures that should be applied to prevent this from happening again. (4)

- Any **TWO** control measures ✓✓ ✓✓
- Division of duties.
- The owner should authorise all purchases.
- When goods are ordered, the chef / day manager should check the stock delivered against the invoice and order form.
- Internal audit or checks to detect errors or fraud.
- Monthly reconciliation of creditors.
- **ANY TWO LOGICAL ANSWERS**

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TOTAL MARKS **150**

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