GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2024

GRADE 11

ACCOUNTING
PAPER 2

TIME: **2 hours**

MARKS: **150**

10 pages + 1 formula sheet and an answer book of 10 pages

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL questions are to be answered.
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper. You may use it if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use black/blue ink to answer the questions.
7. Where applicable, show all calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME IN MINUTES
1	**Bank Reconciliation and Internal Control**	**55**	**44 minutes**
2	**Creditors' Reconciliation and Ethics**	**25**	**20 minutes**
3	**Fixed Assets**	**50**	**40 minutes**
4	**Internal control**	**20**	**16 minutes**
TOTAL		**150**	**120 minutes**

QUESTION 1: BANK RECONCILIATION AND INTERNAL CONTROL

(55 marks; 44 minutes)

1.1 State whether the following statements are **TRUE** or **FALSE**. (03)

1.1.1 Favourable balance as per bank statement is a debit balance.

1.1.2 Interest on overdraft is recorded in the Cash Payment Journal.

1.1.3 Cash deposits increase your bank balance.

SK TRADERS

1.2 The following information relates to SK Stores for February 2024. The business banks with Honey Bank. The bookkeeper prints out statements at the end of the month from the banking app.

REQUIRED:

1.2.1 Complete the Cash Receipts Journal and the Cash Payments Journal for February 2024. Use the correct details (contra account). (26)

1.2.2 Calculate the correct bank account balance on 29 February 2024. (04)

1.2.3 Prepare the Bank Reconciliation statement on 29 February 2024. (10)

1.2.4 Provide **TWO** internal control measures to control cash. (04)

1.2.5 Indicate **TWO** internal control measures that can be implemented regarding EFT payments. (04)

1.2.6 A payment made to one of our creditors on the 19th was not received by the creditor. It was discovered that the money was sent to the creditor's old account which is now closed. Give **TWO** points explaining why it is important to verify account details before making any payments. (04)

INFORMATION:

A. Extract from the Bank Reconciliation Statement on 31 January 2024:

Outstanding deposit: 15 January 2024	15 000
Outstanding deposit: 20 January 2024	21 500
Outstanding deposit: 30 January 2024	12 000
Outstanding EFT 410	7 200
Favourable balance as per bank account on 31 January 2024	17 500

NOTE:

- The outstanding deposit on the 15th and 30th of January 2024 both appeared on the bank statement with the correct amounts.
- The outstanding deposit on the 20th of January 2024 appeared in the February bank statement with the correct amount of R19 500. This amount was received from a debtor.
- The outstanding EFT 410 of R7 200 was a scheduled payment for the purchase of stationery. The order was cancelled, and the payment must be reversed.

B. The provisional totals in the Cash Journals

- Cash Receipt Journal R 205 500
- Cash Payment Journal R 178 400

C. The following appeared in the bank statement for February but not in the cash journals:

- A deposit made for monthly rent by a tenant for R11 500.
- R 50 000 received from Honey Bank for a fixed deposit that has matured.
- Payment made to Mogale Municipality for water and electricity R1 500.
- The bank statement shows a debit order of R780 from MTT Stores, the business does not haS MTT Stores as a service provider.

- Cash handling fees R1 000.
- Service fees amount to R940
- Interest earned on a current account R 570
- A credit card payment of R645 for food purchased for the owner's private residence.
- The statement reflected an EFT for R3 000 for trading stock, this was incorrectly recorded in the journals as R1 345.
- Monthly repayment for a loan from EN Bank, R 10 500.
- An EFT payment of R750 to Shine Stores. This amount was for goods purchased by the cashier for her own use.
- A deposit of R18 000, this amount was deposited into our account by mistake by the bank. The bank agreed to correct the error next month.

D. The following appeared in the Cash Journals for February but not in the bank statement:

- Outstanding deposit 20 February 2024 R 10 600
- Outstanding deposit 27 February 2024 R15 000
- Outstanding EFT 510 of R8 500 made to a creditor.

E. Balance at the end of the month as per bank statement?

[55]

QUESTION 2: CREDITORS' RECONCILIATION AND INTERNAL CONTROL
(25 marks; 20 minutes)

BaseM TRADERS

BaseM Traders buys goods on credit from various suppliers, including Mokoena Suppliers.

REQUIRED:

2.1 The new bookkeeper employed at BaseM has not been preparing the Creditors' Reconciliation Statement every month. Provide **TWO** reasons why is it important to have control over creditors? (02)

2.2 **Refer to INFORMATION A:**

Prepare a correct creditors' list in the books of BaseM Traders after considering all the adjustments referred to in **INFORMATION A**. (09)

2.3 **Refer to INFORMATION B:**

Reconcile the creditors' ledger of Mokoena Suppliers in the books of BaseM Traders to the statement of account received from Mokoena Suppliers. (11)

2.4 The bookkeeper found out that the owner was ordering merchandise for his personal use and was putting through the cost as purchases of the business. What should the bookkeeper say to the owner? (02)

INFORMATION:

A.

Creditors' List on 29 February 2024.	
Masuku Suppliers	R 18 000
Maleka Suppliers	R 5 900
Hadebe Suppliers	R 10 300
Matshaba Suppliers	R 7 000
Ngubeni Suppliers	R 6 800
Mokoena Suppliers	R 21 700
	R 69 700

The creditors' list above was prepared before considering the following adjustments.

- A payment of R10 000 made to Masuku Suppliers has not been recorded.
- An invoice of R2 200 for goods purchased from Ngubeni Suppliers was incorrectly recorded in the account of Hadebe Suppliers.
- A trade discount of 2.5% granted by Matshaba Suppliers on merchandise purchased has not been recorded. The amount after the trade discount was R6 630.
- Goods to the value or R 1 500 were returned to Masuku Suppliers.

B. The following balances were extracted from the books of BaseM Traders and the Statement of Account received from Mokoena Suppliers.

Note: Mokoena Suppliers closes their books on the 25TH of each month.

Balance of the account of Mokoena Suppliers in the creditor's ledger of BaseM Traders on 29 February 2024:	R21 700
Balance on the Statement received from Mokoena Suppliers on 25 February 2024.	R23 900

Errors and omissions

(i) Mokoena Suppliers omitted to record the invoice for goods purchased for R 3 000.

(ii) The statement incorrectly recorded merchandise returned for R580 as an invoice.

(iii) Goods ordered by BaseM Traders for R250 was not recorded in both the creditors ledger and the creditors statement.

(iv) A payment reflected on the creditors' ledger of Mokoena Suppliers for R2 250, as actually a payment made to Makoena Ltd.

(v) A discount of R180 received for an early payment as correctly recorded in the statement only.

(vi) The statement reflects a transfer of a credit balance of R420 for BaseM Traders in the debtor's ledger to their balance in the creditor's ledger.

(vii) The creditors ledger reflected a payment of R1 550 made on the 26 February 2024.

[25]

QUESTION 3: FIXED ASSETS **(50 marks;40 minutes)**

MZIZI TRADERS

The following information was extracted from the books of Mzizi Traders. Their financial year ends on 30 April 2024.

REQUIRED:

3.1.1 Calculate the depreciation of Vehicles and Equipment. Use the table provided as a guide. (12)

3.1.2 Complete the Asset disposal account in the General Ledger. (11)

3.1.3 Prepare the Tangible Asset note. Show calculations where necessary. (27)

INFORMATION:

A.

Balances on 30 April 2024	
Land and buildings	1 050 000
Vehicles	900 000
Accumulated depreciation on vehicles (1 May 2023)	555 000
Equipment	480 000
Accumulated depreciation on equipment (1 May 2023)	438 000

B. ADDITIONAL INFORMATION:

Land and buildings

- During the year a mortgage loan of R300 000 was taken from KIN Bank to purchase a new property.
- Further repairs worth R15 000 was done on the old building.
- No entries have been made.

Vehicles

- A new vehicle costing R160 000 was bought on 29 February 2024.
- A delivery vehicle was sold for R81 250 cash on 01 December 2023. The accumulated depreciation on 01 May 2023 was R360 000 and the carrying value on the same day amounted to R70 000.
- Vehicles are depreciated at 15% p.a. on the carrying value method.

Equipment

- New equipment was purchased half-way through the financial year for R90 000. This transaction was not yet recorded.
- Equipment is depreciated at 10% p.a. on the cost price.

[50]

QUESTION 4: CONCEPTS **(20 marks; 16 minutes)**

REQUIRED:

Read the case studies below and answer the questions that follow:

INFORMATION:

4.1 James Nxumalo is the manager of Tic Comp Traders. He is considering replacing the current computers the business has. Some of the employees feel that this is not a necessary expenditure since the computers were purchased three years ago.

4.1.1 Depreciation is an unusual expense in that it does not involve the outflow of cash from a business. Identify ONE other example of a similar type of expense. (02)

4.1.2 Provide **TWO** points in favour of the manager's proposal. (04)

4.1.3 Provide **TWO** points in support of the employees. (04)

4.1.4 If the computer was sold and the business made a loss, in which financial statement would the loss be recorded. (02)

4.1.5 "When on asset is sold at book value/carrying value the net profit decreases." Is this statement **True or False**? Provide a reason for your answer. (02)

4.2 The supervisor in the copying and duplicating room is concerned about the large expense on repairs and maintenance of copying machines. She also noticed that large amounts of money is spent on copying paper, toners, and stencils.
Suggest **THREE** measures that can be put in place to control these expenses. (06)
[20]

TOTAL: 150

END

ANNEXURE

FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total Earnings by Partner}}{\text{Average Partner's Equity}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Average Partner's Equity}} \times \frac{100}{1}$	
Current Assets : Current Liabilities	Current Assets − Inventories : Current Liabilities	
Trade and Other Receivables + Cash and Cash Equivalents : Current Liabilities		
$\frac{\text{Average Debtors}}{\text{Credit Sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	$\frac{\text{Average Creditors}}{\text{Credit Purchases or Cost of Sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	
$\frac{\text{Average Inventories}}{\text{Cost of Sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	$\frac{\text{Cost of Sales}}{\text{Average Inventories}}$	
Non Current Liabilities : Partners Equity	Total Assets : Total Libilities	
$\frac{\text{Fixed Costs}}{\text{Selling price per unit} - \text{variable costs per unit}}$		