GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2022

GRADE 11

ACCOUNTING
(PAPER 2)

TIME: **2 hours**

MARKS: **150**

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

EXEMPLAR

INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use blue/black ink to answer the questions.
7. Where applicable, show all calculations. Round off answers to ONE decimal point.
8. Write neatly and legibly.
9. Learners will forfeit marks for:
    - The use of non-standardised abbreviations
    - Overwriting of figures or words
    - Superfluous/foreign entries
10. 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.	Concepts and Bank Reconciliation	54	42 minutes
2.	Concepts and Creditors' Reconciliation	34	28 minutes
3.	Fixed Assets and Internal Control	62	50 minutes
	TOTAL	**150**	**120 minutes**

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QUESTION 1: CONCEPTS AND BANK RECONCILIATION (54 marks; 42 minutes)

1.1 CONCEPTS

1.1.1 State whether the following statements are TRUE or FALSE. Write only TRUE or FALSE next to the question number in the ANSWER BOOK. (6)

1.1.1.1 Costs charged in respect of EFTs do not form part of the bank charges.

1.1.1.2 A credit balance on the Bank Statement reflects a positive bank balance.

1.1.1.3 Interest debited on the Bank Statement will be recorded in the Cash Receipts Journal.

1.1.2 Answer the following questions:

1.1.2.1 Explain to Mabuto, the owner of Butros Traders, why it is important that he prepares the Bank Reconciliation Statement at the end of each month. Provide THREE reasons. (6)

1.1.2.2 What does the abbreviation EFT stand for? (2)

1.1.2.3 List FOUR advantages of internet banking. (8)

1.1.2.4 Jane, the bookkeeper, has been assigned the duty of processing and controlling all EFTs. Provide TWO reasons why the internal auditor should be concerned about this. (4)

1.2 BANK RECONCILIATION

BUTROS TRADERS

The information below relates to Butros Traders for the year ended 31 March 2022.

REQUIRED:

1.2.1 Calculate the correct totals for both the Cash Receipts Journal and the Cash Payments Journal of March 2022.
NOTE: Details are not required. (11)

1.2.2 Prepare the Bank Account in the General Ledger for March 2022. (6)

1.2.3 Prepare the Bank Reconciliation Statement on 31 March 2022. (11)

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INFORMATION:

A. The Cash Journals had the following totals for the bank column on 31 March 2022, before the Bank Reconciliation was completed:

Cash Receipts Journal	R477 400
Cash Payments Journal	R413 500

B. Extract from the Bank Reconciliation Statement on 28 February 2022:

Balance as per Bank Statement	???
Outstanding deposit	R84 700
Outstanding EFTs	
No. 415 (28 February 2022)	R6 000
No. 416 (28 February 2022)	R28 500
Favourable balance as per Bank Account	R299 600

C. Additional information relating to the Bank Reconciliation Statement on 28 February 2022:

- The outstanding deposit of R84 700 appeared on the March 2022 Bank Statement.
- EFT no. 415 for R6 000 appeared on the March 2022 Bank Statement.
- EFT no. 416 appeared on the March 2022 Bank Statement with the correct amount of R62 500. The amount recorded in the journal for February 2022 was incorrect.

D. Entries in the Cash Journals for March 2022 that do not appear on the Bank Statement for March 2022:

- EFT no. 480 for R25 000. This was for textbooks and a laptop for the owner's son.
- EFT no. 481 for R18 000 for the repairs to the business vehicle.
- A cash deposit for the week ended 31 March 2022 of R124 500.

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E. Entries that appear on the March 2022 Bank Statement from Alli Bank, that do not appear in the Cash Journals for March 2022:

Date	Details	R	Balance
18 Mar	Debit order 225 : Tee Insurers	- 34 000	212 000 (Cr)
18 Mar	Debit order 388 : Taa Insurers	- 34 000	178 000 (Cr)
22 Mar	Ekurhuleni Municipality (EFT)	- 52 000	126 000 (Cr)
25 Mar	L. Naidoo (EFT from tenant)	28 000	154 000 (Cr)
28 Mar	Delta Bank	96 750	250 750 (Cr)
30 Mar	Service fees	- 1 750	249 000 (Cr)
30 Mar	Interest	400	249 400 (Cr)

NOTE:

- Debit order 225 was for the business's monthly insurance premium to Tee Insurers.
- Debit order 388 appeared on the business's Bank Statement on 18 March 2022. The business does not have an insurance policy with Taa Insurers. The bank agreed that the error will be corrected on the next Bank Statement.
- The deposit from Delta Bank was for the fixed deposit of R90 000 that has matured.

[54]

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QUESTION 2 : CONCEPTS AND CREDITORS' RECONCILIATION

(34 marks; 28 minutes)

SEB'S SOUND CLINIC

Seb's Sound Clinic is in operation for five months, from 01 January 2022. Instead of appointing a qualified bookkeeper, Sophia, the owner's wife, prepares the books of the business.

Seb's Sound Clinic buys most of its sound accessories from Big Music, their only creditor.

REQUIRED:

2.1 Choose a description in COLUMN B that matches a concept in COLUMN A. Write only the letter (A – E) next to the question number in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	Original invoice	A	Summary of what each creditor is owed
2.1.2	Creditors' List	B	Document that will appear on the Creditor's Statement to acknowledge that faulty goods were accepted by the supplier
2.1.3	Debit Note	C	Proof that payment has been received
2.1.4	Credit Note	D	Document sent by the business to the supplier when goods are returned or an allowance is requested
2.1.5	Receipt	E	Document that records all purchases on credit

(10)

2.2 Provide TWO reasons for preparing a Creditors' Reconciliation. (4)

2.3 The owner of Seb's Sound Clinic is not completely satisfied with the service and quality of goods received from Big Music. He is thinking about finding a new supplier. State THREE factors that he should consider before changing to another supplier. (6)

2.4 Sophia has prepared a Creditor's Reconciliation on 31 May 2022. An investigation revealed many errors and omissions.

Complete the table in the ANSWER BOOK to show how the errors and omissions identified must be treated to reconcile the Creditor's Ledger Account balance of Big Music in the books of Seb's Sound Clinic with the statement received from Big Music.

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Indicate a '+' for increase, a '-' for decrease and '0' for no change, with each amount in the correct column. (14)

INFORMATION:

2.4.1 Balance due to Big Music on 31 May 2022, according to the Creditor's Ledger of Seb's Sound Clinic. R42 794
Balance on the Statement of Account received from Big Music on 28 May 2022. R46 820

Errors and omissions:

2.4.2 Big Music granted Seb's Sound Clinic a discount of R67. Sophia credited this amount in the Creditor's Ledger account of Big Music.

2.4.3 Invoice 147 for R8 890 was incorrectly reflected as R8 780 in the Creditor's Ledger account of Big Music. The Statement of Account reflected the correct amount.

2.4.4 Seb's Sound Clinic purchased wiring costing R1 600 from Big Music. This entry was omitted from the Statement of Account received from Big Music.

2.4.5 Sophia correctly recorded an EFT payment of R4 000 in the Creditor's Ledger account of Big Music on 28 May 2022. It did not appear on the Statement of Account received.

2.4.6 Sophia made a telephonic order to Big Music for sound accessories amounting to R1 350 and immediately recorded this in the Creditor's Ledger account of Big Music. However, this transaction did not appear on the Statement of Account received. It was also established that these items were not delivered as Big Music did not have stock and will not get stock in the near future.

2.4.7 Sophia correctly recorded an EFT payment of R2 840 and an early-payment discount of R160 on 31 May 2022 in the Creditor's Ledger account of Big Music. This did not appear on the Statement of Account received.

[34]

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QUESTION 3 : FIXED ASSETS AND INTERNAL CONTROLS

(62 marks; 60 minutes)

RATIZA TRADERS

The following information related to Ratiza Traders for the year ended 28 February 2022. The partners are Oratile and Zama.

REQUIRED:

3.1 Calculate the missing amounts in the Fixed Assets Note denoted by (A) to (G). (33)

3.2 Prepare the Asset Disposal Account in the General Ledger. (9)

3.3 Provide ONE suggestion that the internal auditor can use to check whether any movable assets have been stolen. (2)

3.4 Land and buildings were bought five years ago for R5 000 000. The property prices have increased by 20% since then. Partner Oratile suggested that the value of this asset be recorded at a higher amount so that the additional R1 000 000 can be reflected as a profit in the Statement of Comprehensive Income (Income Statement). Partner Zama disagrees.

Give ONE reason why you would agree with partner Zama. Refer to GAAP principles in your answer. (3)

3.5 The partners suspect that some of the drivers are using the business vehicles for their private purposes.

3.5.1 Provide TWO points to justify their concerns. Quote figures to support your answer. **Hint:** Refer to INFORMATION F. (8)

3.5.2 List TWO points of advice on how the partners can exercise better control over the use of the business vehicles. (4)

3.6 Six of the drivers are dissatisfied with their salary increase and are planning a strike. Are they justified? Explain. Quote figures to support your answer. (3)

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INFORMATION:

A. Depreciation on vehicles is calculated at 10% per annum on the diminishing balance method.

B. A new vehicle was purchased on 01 December 2021.

C. An extract from the Fixed Assets Register in respect of a vehicle that was sold during the year:

Ford Fiesta

Date bought: 01 March 2019
Date Sold: 30 September 2021 (Cash)
Selling price: R81 348

Depreciation method: 10% p.a. (diminishing balance)

Date	Cost	Depreciation	Carrying value
29 February 2020	R132 000	R13 200	R 118 800
28 February 2021		???	???
30 September 2021		???	???

D. Depreciation on equipment is calculated at 15% per annum using the cost price method.

E. Extract from the Fixed Assets Note on 28 February 2022:

	Land and Buildings	Vehicles	Equipment
Carrying value on 01 March 2021		116 000	**(A)**
Cost	5 000 000	576 000	460 000
Accumulated depreciation		(460 000)	(396 750)
Movements			
Additions	650 000	**(C)**	0
Disposals	0	**(E)**	0
Depreciation		**(D)**	**(F)**
Carrying value on 28 February 2022	**(B)**		
Cost		564 000	
Accumulated depreciation			**(G)**

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F. Additional information relating to the fixed assets of the business:

	28 February 2022	01 March 2021
Delivery vehicles (cost)	R564 000	R576 000
Repairs and maintenance	R45 220	R32 300
Petrol and oil	R114 100	R65 200
Salaries to drivers	R408 240	R388 800
Sales	R932 400	740 000

[62]

TOTAL: 150

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END

FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Average Partners' Equity}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Average Partners' Equity}} \times \frac{100}{1}$	
Current Assets: Current Liabilities	Current Assets – Inventories: 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 Liabilities	

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