

**DEPARTMENT OF EMS**

**SUBJECT: ACCOUNTING**

**GRADE:11**

**TIME: 1 HOUR**

**MARKS: 50**

**EXAMINER:**

**MODERATOR:**

**QUESTION ONE**

**CREDITORS RECONCILIATION**

**(11 MARKS: 13 MINUTES)**

1.1 Reconcile the statement received from Makro Wholesalers and the creditors ledger of SA Stores for the month of March 2021. **(10)**

Write the amounts in the appropriate columns and indicate the increase or decrease with a (+) or (-) with each amount.

SA Stores received a statement via email from Makro Wholesalers, saying that the business owed an amount of R20 320. According to the business calculations in their creditors ledger, only R15 750 is owed to the creditor.

1.2 The internal auditor wants to improve the internal control of stock. Provide ONE control measures that he may consider. **(1)**

**INFORMATION**

- i) An invoice for R9 760 received from Makro Wholesalers was correctly recorded in the creditors ledger account, however the amount was incorrectly recorded as R8 680 on the statement.
- ii) SA Stores entered a discount of R1 650 relating to a payment of R20 000 on 21 March 2021. Makro Wholesalers did not approve this discount stating that payment was received late.
- iii) The statement of account reflected returns valued at R1 790. The Creditors ledger account showed R1 290. It was established that SA Stores miscalculated the value of the goods returned.
- iv) An invoice for R1 800 on the statement was an error made by Makro Wholesalers. These goods were not purchased by SA Stores.
- v) An invoice for R1 000 received from Makro Wholesalers was incorrectly recorded as a debit note in the Creditors Ledger of SA Stores.
- vi) An EFT payment for R4 000 made on 30 March 2021 to Makro Wholesalers appeared only in the Creditors ledger account of SA Stores.

**QUESTION TWO**

**BANK RECONCILIATION**

**(23 MARKS: 28 MINUTES)**

Luggage Traders sells a wide range of bags to the public. They operate a current account with Africa Bank.

**REQUIRED**

- 2.1 Calculate the totals of the cash journals for March 2021. **(12)**
- 2.2 Prepare the Bank Reconciliation Statement for March 2021. **(9)**
- 2.3 As the internal auditor, you are not happy with the manner in which cash is being controlled in this business. Identify ONE problem and provide figures to support your answer. Give advice on how this problem can be avoided in the future. **(2)**

**INFORMATION**

- The following details were extracted from the Bank Reconciliation Statement on 28 February 2021.

	R
Balance as per Bank Statement	?
Outstanding deposits : 14 February 2021	10 800
: 28 February 2021	9 060
Outstanding EFT payments: EFT 360	1 820
EFT 411	5 310
EFT 420	7 650
EFT 425	4 825
Balance as per Bank Account	?

- The Cash Journals showed the following provisional totals at the end of March 2021 prior to receiving the Bank Statement.

**CASH RECEIPTS JOURNAL .....R59 700**

**CASH PAYMENTS JOURNAL .....R44 350**

- The following items were not on the Bank Statement for March 2021.

\*The following EFT payments:

EFT 682 .....R5 800

EFT 701 .....R2 440

\*Outstanding deposit on the 30 March 2021 for R12 500.

- **The following items were found on the Bank Statement for March 2021, but not in the Cash Journals.**

\*The outstanding deposit on 28 February 2021 appeared on the Bank Statement for March 2021.

\*An EFT deposit for R800 which was originally received from S.Shazmeen, a debtor, was dishonoured by the bank due to insufficient funds.

\*The Bank Statement showed a debit order for R1 750 in favour of the Ethekwini municipality for rates.

\*An amount of R3 500 was deposited electronically by N.Noxolo, a tenant, into the current account of Luggage Traders.

\*EFT payment no 425 for R5 825 is correct according to the Bank Statement. The payment was made to CNA stationery for stationery bought.

\*The bank charged the current bank account of Luggage Traders with the following amounts

Interest on overdraft	R565
Service fees	R240
Credit card levies	R460

- **ERRORS AND ADDITIONAL FINDINGS:-**

\*EFT payment no. 360 had been made to Stan Stores for equipment, was stopped, a new EFT payment no. 845 was made on 31 March 2021, but no entries were made.

\*The outstanding deposit of R10 800 dated 14 February 2021, does not appear on the Bank Statement. Upon investigation the cashier in charge of deposits stated that he was robbed on the way to the bank.

\*EFT payment no. 411 appears on the Bank Statement for March 2021 for R5 000 but has been wrongly entered in the CPJ as R5 310.

\*An EFT payment for R1 320 appears on the Bank Statement for March 2021. On investigation it was revealed that this EFT payment was made out by Euro Bags was wrongly debited to Luggage Traders bank account. The bank has promised to rectify this error.

- **ON 31 MARCH 2021 THE BANK STATEMENT SHOWED A FAVOURABLE BALANCE OF R26 820.**

**QUESTION THREE**  
**FIXED ASSETS**

**(16 MARKS: 19 MINUTES)**

3.1 You are provided with information relating to Gateway Stores whose financial year ends on 28 February 2021. Refer to the information presented below to answer the questions based on it.

**REQUIRED**

3.1.1 Prepare the Asset Disposal Account on 30 November 2020. **(6)**

3.1.2 Complete the Tangible (Fixed) Asset note on 28 February 2021. **(9)**

3.2 The owner of Gateway Stores also owns vehicles that are used for deliveries. He has discovered that some of his drivers are using the business vehicles for private use. Identify ONE ways that the business can ensure that the vehicles are being used responsibly by staff. **(1)**

**INFORMATION**

**A.**

<b>FIXED (TANGIBLE) ASSETS</b>	<b>LAND AND BUILD.</b>	<b>EQUIPMENT</b>
Carrying Value- beginning of the year	5 000 000	285 000
Cost- beginning of the year(1/3/2020)	5 000 000	720 000
Accumulated depreciation beg. of the year	0	(435 000)
<b>MOVEMENTS</b>		
Additions	?	360 000
Disposals at carrying value	0	?
Depreciation	0	?
<b>Carrying value –end of the year</b>	<b>?</b>	<b>?</b>
Cost – end of the year (28/2/2021)	?	?
Accumulated depreciation-end of the year	0	?

**B. LAND AND BUILDINGS**

- Land was purchased for R1 500 000 for factory expansion.
- An amount was also paid to Steel Construction for:-
  - \*Boundary walls for the building R350 000.
  - \*Repairs to the windows R150 000.

**C. EQUIPMENT**

Equipment was sold on 30 November 2020 for R80 000 cash. Cost price was R250 000 and Accumulated depreciation on the equipment was R158 000 on 1 March 2020.

New equipment was purchased on 1 January 2021 for R360 000.

D. Depreciation on equipment is written off at 20 % p.a. on cost price.



**QUESTION 3**

ASSETS DISPOSAL					
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT


FIXED(TANGIBLE) ASSETS	LAND AND BUILDINGS	EQUIPMENT
<b>Carrying value</b> Beg of the year	5 000 000	285 000
<b>Cost</b> Beg. of the year	5 000 000	720 000
<b>Accumulated depreciation</b> Beg of the year		(435 000)
<b>Movements</b>		
Additions at Cost		360 000
Disposal at Carrying value	0	
Depreciation	0	
<b>Carrying value</b> End of the year		
<b>Cost</b> End of the year		
<b>Accumulated depreciation</b> End of the year	0	


The owner of GATEWAY STORES also owns vehicles that are used for deliveries. He has discovered that some of his drivers are using the business vehicles for private use. Identify ONE ways that the business can ensure that the vehicles are being used responsibly by staff.


NAME: \_\_\_\_\_

GRADE: \_\_\_\_\_

QUESTION ONE

1.1 CREDITORS RECONCILIATION.

NO.	MAKRO WHOLESALERS (STATEMENT)	SA STORES (CREDITORS' LEDGER)
BAL.	20 320	15 750
I)	+ 1 080 ✓	
II)		- 1 650 ✓
III)		- 500 ✓
IV)	- 1 800 ✓	
V)		+ 1 000 ✓ + 1 000 ✓ + 2 000
VI)	- 4 000 ✓	
	15 600 ⊖	15 600 ⊖

(9)

1.2 Regular stock take, rotation of duties, supervision

any ONE (1)

QUESTION TWO

2.1 BANK RECONCILIATION

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
59 700	44 350
3 500 ✓	800 ✓
1 820 ✓	1 750 ✓
310 ✓	1 000 ✓
	565 ✓
	700 ✓
	1 820 ✓
	10 800 ✓
65 330 ⊖	61 785 ⊖

(12)

2.2 BANK RECONCILIATION STATEMENT ON 31 MARCH 2021

	DEBIT	CREDIT
BALANCE AS PER BANK STATEMENT		
Cr balance as per bank statement		26 820 ✓
Cr deposit not yet credited		12 500 ✓
Dr outstanding EFT payments		
No. 420	7 650 ✓	
701	2 440 ✓	
845	1 820 ✓	
682	5 800 ✓	
701	2 440 ✓	
Cr correction of error		1 320 ✓
Dr balance as per bank a/c	20 490 ⊖	
	40 640	40 640 ⊖

(10)

2.3 Cashier robbed - R10 800, \* encourage EFT deposits by customers \* Daily banking

(2)



QUESTION 3

ASSETS DISPOSAL					
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
2020 Nov 30	Equipment	250 000	2020 Nov 30	(158 000 + 37 500) Accum. dep. on Eq	195 500
	Profit on sale of Asset	25 500		Bank	80 000
		275 500			275 500

6

FIXED(TANGIBLE) ASSETS	LAND AND BUILDINGS	EQUIPMENT
Carrying value Beg of the year	5 000 000	285 000
Cost Beg. of the year	5 000 000	720 000
Accumulated depreciation Beg of the year		(435 000)
<b>Movements</b>		
Additions at Cost	1 850 000	360 000
Disposal at Carrying value	0	(54 500)
Depreciation	0	(143 500)
Carrying value End of the year	6 850 000	447 000
Cost End of the year	6 850 000	830 000
Accumulated depreciation End of the year	0	(383 000)

9

The owner of GATEWAY STORES also owns vehicles that are used for deliveries. He has discovered that some of his drivers are using the business vehicles for private use. Identify ONE ways that the business can ensure that the vehicles are being used responsibly by staff.

- \* Tracker ✓
- \* Camera
- \* Log book

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