

**ACCOUNTING EXAMINATION**  
**GRADE 11**

13 JUNE 2013

200 MARKS: 2 HOURS

Mrs Gatley

<b>Question</b>	<b>Topic</b>	<b>Content</b>	<b>Marks</b>	<b>Time</b>
1	RECONCILIATIONS	<ul style="list-style-type: none"><li>• Bank reconciliation</li><li>• Theory questions</li><li>• Creditors reconciliation</li></ul>	36	22
2	FIXED ASSETS	<ul style="list-style-type: none"><li>• Depreciation</li><li>• Asset disposal</li><li>• Financial Statements</li><li>• Internal control</li></ul>	57	30
3	FINANCIAL ACCOUNTING OF PARTNERSHIPS	<ul style="list-style-type: none"><li>• General Ledger</li><li>• Calculation of capital and interest</li><li>• Ethics</li><li>• GAAP concepts</li></ul>	43	26
4	SALARIES AND WAGES	<ul style="list-style-type: none"><li>• Ledger account</li><li>• Theory</li></ul>	32	20
5	ANALYSIS OF TRANSACTIONS	<ul style="list-style-type: none"><li>• Partnership</li></ul>	32	22
			200	120

**INSTRUCTIONS**

**Read the following instructions and be sure to follow them carefully:**

1. The question paper consists of **8** 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 a 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 above as a guide when answering the question paper.

**QUESTION 1****(36 Marks, 22 minutes)****RECONCILIATIONS****1.1 BANK RECONCILIATION****Required:**

Read the information relating to Frankie Traders for the month ending 28 February 2013 below and answer the questions that follow:

- 1.1.1 Calculate the final amounts for both the Cash Receipts Journal and the Cash Payments Journal (14)
- 1.1.2 Complete the Bank Reconciliation Statement (6)
- 1.1.3 Identity **TWO** reasons (other than insufficient funds) for cheques being dishonoured. (2)
- 1.1.4 Why is the Bank Reconciliation Statement a good form of internal control for a business? Give **ONE** reason. (2)
- 1.1.5 Frankie notices that an extra R5 000 appears in her Bank account at ABSA during March 2013. She decided to keep quiet about this, as she needs the money. Is this the ethical thing to do? Give a reason for your answer. (3)

**Information:**

- The Bank Account in the General Ledger had a favourable balance of R645 at the end of January 2013.
- The Bank Statement issued by ABSA also showed a favourable balance of R4 623 on 28 February 2013

**Totals of the Bank Column from the Cash Journals for February 2013 were as follows**

- CRJ: R17 709
- CPJ: R17 987

**The following differences were noted when comparing the Bank Statement and the Cash Journals for February 2013:**

1. An outstanding deposit of R600 appeared on last month's Bank Reconciliation Statement. It appeared on the February Bank Statement.
2. The Bank Statement showed a direct deposit of R2 500 made by D. Dubazane. This was in respect of a bad debt that was previously written off.
3. The Bank Statement reflected a stop order in favour of Champ for insurance, R800. This amount includes R300, which is insurance on the personal vehicle of the owner.
4. A cheque drawn by Z. Zwane, a debtor, for R200, in settlement of a debt of R215, was dishonoured because of insufficient funds.
5. A deposit of R1 750 made on 27 February 2013 did not appear on the Bank Statement.

6. The following items did not appear in the cash journals for February 2013:
  - a. Service fees, R234;
  - b. Cash deposit fee, R26;
  - c. Interest received on credit balance, R142;
  - d. Credit card levy, R186
  
7. The following items appeared in the Cash Payments Journal and not in the Bank Statement for February 2013:
  - a. No. 463 in favour of G. Shange, R920. (Dated 15 November 2012)
  - b. No. 560 in favour of D. Pannizzolo, R200. (Dated 13 October 2012)
  
8. Cheque no. 558 for R3000 dated 15 February, issued to the Store Manager, Mr A. Naidoo for his salary. This cheque has been misplaced. It is to be cancelled and replaced with cheque no. 598 for R6 000
  
9. Cheque no. 592 issued to Sally's Stationers for stationery purchased on 20 February had been incorrectly recorded in the Cash Payments Journal as R240 instead of R420.
  
10. Cheque no. 583 for R870 was given to TT Contractors for Repairs to the buildings on 25 February 2013. The contractors had promised to complete the repairs by 28 February 2013, but they failed to do so. Payment of the cheque was stopped. No entry was made.

## 1.2 CREDITORS' RECONCILIATION

(9)

### Required

Use the table in the answer book to reconcile the Creditors' Ledger of Goofy Stores with the Statement received from Unicorn Suppliers at the end of February 2013.

Write only the amounts in the appropriate column with a plus (+) or a minus (-) sign to indicate an increase or decrease in the balance. Calculate the correct balance / total at the end of the month.

### Information

The balances before reconciliation were as follows:

Goofy Stores Creditors' Ledger	R3 905
Unicorn Suppliers Statement	R3 315

### Additional Information

1. The opening balance on 1 February 2013 in the Creditors' Ledger of Goofy Stores should have been R2 500 and not R2 700.
2. No entry for an amount of R195 for stock returned to Unicorn Suppliers was recorded on their statement. Goofy Stores cannot prove that this stock was ever returned.
3. A cash discount of R245 given by Unicorn Suppliers was not recorded by Goofy Stores.
4. Stock of R540 sold to Groovy Stores was accidentally recorded in Goofy Stores by Unicorn Suppliers.
5. An invoice for R490 issued by Unicorn Suppliers had not been recorded on the statement received from them.

**QUESTION 2****(57 Marks; 30 minutes)****FIXED ASSETS AND INTERNAL CONTROL**

You are provided with information from the books of Pinetown deliveries.

**Required:**

- 2.1 Calculate the depreciation on Equipment for the year. (5)
- 2.2 Complete the note to the financial statements on 28 February 2013 for Fixed assets by filling in the missing figures. Certain figures have already been filled in. A total column is not required. (25)
- 2.3 Prepare the Asset disposal account. (18)
- 2.4 The owner is concerned that internal control over fixed assets is poor and that the figures for fixed assets in the books and financial statements are unreliable. You have been appointed as the internal auditor. Provide three suggestions to solve this potential problem. (9)

**INFORMATION**

## 1. Balances:

The following appeared in the ledger at the end of the financial year, 28 February 2013.

Accounts	At cost on 28 February 2013	Accumulated Depreciation on 1 March 2012
Land and Buildings	R820 000	
Equipment	R410 000	R120 000
Vehicles	R1 340 000	R530 000

## 2. Land and Buildings:

On 31 August 2012, Excel Builders were paid R80 000 for the following:

- Repairs to the roof R18 000
- Extension to the office block R62 000

The full amount has been debited to Land and Buildings.

## 3. Equipment

New equipment costing R60 000 was bought on 1 December 2012. This has been properly recorded. Equipment is depreciated at 20 % p.a. on the diminishing balance method.

## 4. Vehicles

Refer to note for Fixed Assets on the answer sheet – the figures for vehicles have been filled in. One of the delivery vehicles was stolen from the office park. The insurance company has paid out the insured value of R70 000. This results in a loss to the business of R40 000.

**QUESTION 3****(43 Marks; 26 minutes)****3.1 GAAP Concepts**

Explain the following GAAP concepts.

- 3.1.1 Materiality Concept (2)
- 3.1.2 Going-concern Concept (2)
- 3.1.3. Historical-cost Concept (2)

**3.2 FINANCIAL ACCOUNTING OF PARTNERSHIPS**

You are provided with information relating to Ball and Bill Plumbers, a business owned by two partners, Andrew Ball and Calvin Bill. The financial year ends on 28 February 2013.  
Show all calculations in brackets.

**Required**

- 3.2.1 Calculate capital balances of both partners at the beginning of the year (1 March 2012) (2)
- 3.2.2 Calculate how much interest on capital was paid to the partners at the end of the financial year. (4)
- 3.2.3 Complete the following accounts in the General Ledger: (16)
- Current Account: Andrew Ball (16)
  - Appropriation Account (13)
- 3.2.4 The bookkeeper has reported to Calvin Bill that she has noticed Andrew Ball taking items from the storeroom to do plumbing repairs on the weekend. No money is ever received and recorded by the business for these repairs. What action do you suggest Calvin Bill takes? (2)

**Information**

1. The following balances/totals appeared at the year-end, 28 February 2013:

Capital Account Andrew Ball	60 000
Current Account Andrew Ball	(DR) 10 000
Capital Account Calvin Bill	40 000
Current Account Calvin Bill	(CR) 8 500
Drawings Andrew Ball	14 000
Drawings Calvin Bill	26 000

2. The bookkeeper has calculated the net income for the year amounted to R275 000.

3. The following adjustments are still to be entered:

- Half way through the year, Andrew Ball increased his capital contribution by R20 000, while Calvin Bill decreased his capital contribution by R10 000. This change in equity has not been recorded in the books.
- Interest on capital of 8 % p.a. is still to be recorded.
- Salaries owed to partners are as follows:
  - Andrew Ball – R6 000 per month
  - Calvin Bill – R5 000 per month
- The bookkeeper omitted to enter repairs costing R5 800 that were completed at Andrew Ball's private residence.

4. Profits and losses are shared equally.

#### QUESTION 4 (Part A)

(32 Marks; 20 minutes)

Use the information given below, extracted from the Salaries Journal, to draw up the following ledger accounts in the General Ledger of Hawk & Co. for September 2012.

Balances/Totals on 1 September 2012.

Salaries	R73 200
SA Revenue Services (PAYE)	R 900
Creditors for Salaries	R -

- NOTE:
1. Use folio numbers and balance/total the accounts
  2. Net salaries and deductions have not been paid out as yet.

#### Information

Details of salaries and deductions from salaries on 30 September 2012:

SJ9

EMPLOYEE	GROSS SALARY	PENSION FUND	MEDICAL AID	PAYE	NET SALARY
G. Molatji	5 700				4 200
H. Matsi	5 100				3 700
S. Lomo	5 800				4 300
	16 600	1 480	420	2 500	12 200

**QUESTION 4 (Part B)****SALARIES & WAGES**

The following information related to the Wages Journal for the week ended 30 June 2012. Below are six questions. Four possible answers are given for each. Choose the correct answer and write only the letter (eg. A, B, C, or D) of the answer next to the number of the question.

**Information**

- |                                      |                          |
|--------------------------------------|--------------------------|
| 1. Basic weekly wage (normal time)   | R6 000                   |
| Overtime: hours                      | R20                      |
| Rate                                 | R16 per hour             |
| 2. Deductions from employees' wages: |                          |
| Pension Fund                         | 10 % of basic wages      |
| Medical Aid Fund                     | R550                     |
| PAYE                                 | 15 % of gross wages      |
| 3. Employer's contributions:         |                          |
| Pension Fund                         | on a rand for rand basis |
| Medical Aid Fund                     | R550                     |

**Questions**

- Which amount represents the gross wages?
 

A. R6 320	B. R6 000	C. R5 680	D. R4 222
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- Which amount must be paid to the pension fund?
 

A. R1 264	B. R1 200	C. R632	D. R600
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- Which amount was subtracted from the wages of the employees in respect of PAYE?
 

A. R948	B. R900	C. R852	D. R 48
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- Which amount represents the net wages?
 

A. R6 320	B. R4 222	C. R3 902	D. R2 098
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- The net wages is posted from the Wages Journal to the
 

A. Debit side of the bank account
B. Credit side of the bank account
C. Credit side of the Creditors for wages account.
D. Debit side of the Creditors for wages account

6. Which account is correct when posting from the Wages Journal to the Medical Aid Fund:

A.	DR	Medical Aid Fund	CR
	Bank	1 100	
B.	DR	Medical Aid Fund	CR
	Bank	1 100	
C.	DR	Medical Aid Fund	CR
	Bank	1 100	Wages 550 Medical aid fund contributions 550
D.	DR	Medical Aid Fund	CR
	Wages Medical Aid fund contributions	550 550	Bank 1 100

### QUESTION 5

(32 Marks; 22 minutes)

Use the following information below from the books of CK Distributors, a partnership between Calvin and Kevin to show the effect of the following transactions on the elements of the accounting equation. Assume that the bank balance is favourable at all times.

Example: Received monthly rent from a tenant, R2 500

NO	ACCOUNT DEBITED	ACCOUNT CREDITED	A	OE	L
e.g.	Bank	Rent Income	+ 2 500	+2 500	0

### Transactions

- 5.1 Kevin increased his capital contribution from R150 000 to R180 000 by depositing a personal cheque.
- 5.2 Calvin transferred his personal vehicle, valued at R45 000 to the business
- 5.3 Cashed a cheque for R15 000 for Calvin's personal use
- 5.4 Kevin took trading inventory to the value of R5 000 for his own use
- 5.5 Issued a cheque to pay wages R800.
- 5.6 An amount of R500 for insurance has been paid for the next accounting period.
- 5.7 A debtor B. Shoji cannot be traced, his account of R450 must be written off as irrecoverable.
- 5.8 Stationery for R100 was on hand at the end of the Accounting period.