



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

GREENBURY SECONDARY SCHOOL
MARCH CONTROL TEST – 2015
ACCOUNTING-GRADE 11

MARKS: 100
DURATION: 1 HOUR

EXAMINER: A.RAJOO
MODERATOR: C. MAHARAJ

INSTRUCTIONS TO LEARNERS:

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions. This question paper consists of 5 pages.
2. A special answer book is provided in which to answer ALL questions.
3. Workings must be shown in order to achieve part marks.
4. 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
1	BANK RECONCILIATION	50	30 MINUTES
2	ASSET DISPOSAL	50	30 MINUTES
	TOTAL	100	1 HOUR

QUESTION ONE: BANK RECONCILIATION AND INTERNAL CONTROL [50 marks; 30 minutes]

- 1.1. State whether the following statements are True or False. (4)
- 1.1.1. A postdated cheque received from a debtor is recorded immediately in the Cash Receipts Journal.
- 1.1.2. A stopped payment placed on a cheque by the business will be recorded in Cash Receipts Journal.
- 1.1.3. A debit order is an authorization given to a third party to deduct money from a business bank account.
- 1.1.4. According to the prudence concept of GAAP items such as service fees, cash deposit fees and credit card levies must be grouped up and recorded as bank charges.
- 1.2. You are provided with information relating to Island Style Traders. You have been recently appointed as the accountant of the business. (4)
- The financial year ends on 31 July 2015.

REQUIRED:

- 1.2.1. Complete the Cash Journals for 31 July 2015. Commence with the provisional totals provided. (20)
- 1.2.2. Prepare the bank account. Balance the account properly (6)
- 1.2.3. Prepare the Bank Reconciliation Statement on 31 July 2015. (9)
- 1.3. Explain how you would treat cheque no. 863 when preparing the financial statements on 31 July 2015 (2)
- 1.4. Provide **TWO** reasons why it is important to prepare a bank reconciliation each month (4)
- 1.5. A customer J. Paul asks why his cash payment of R 2000 on 20 July 2015 was not deducted from his balance on his latest statement. To prove his payment he produces a receipt no.8431, signed by the cashier, H. Jack. You investigate and find that all receipts have been numbered in sequence from 861 to 902. (4)
- 1.5.1. What do you suspect the cashier is doing? (1)
- 1.5.2. List **TWO** internal control measures that can be implemented to prevent this problem (4)

Information:**1. Bank Reconciliation Statement on 30 June 2015.**

Overdraft as per bank statement	15 700
Outstanding deposit	4 220
Outstanding cheques:	
No. 240 (dated 5 January 2015)	600
No. 861 (dated 28 June 2015)	1 600
No. 863 (dated 30 August 2015)	4 000
No. 868 (dated 30 June 2015)	2 200
Error corrected	880(cr)
Credit bank balance	19 000

2. Provisional totals in the Cash Journals on 31 July 2015.
- CRJ - R 58 660
 - CPJ - R 50 910
3. On comparing the bank statement received from Cap Bank on 31 July 2015 with the above Bank Reconciliation Statement and the Cash Journals, the following were noted:
- 3.1. The deposit of R 4 220 was recorded on the bank statement on 1 July 2015.
- 3.2. Cheque no. 861 was presented to the bank for payment on 10 July 2015.
- 3.3. The bank corrected the error of R 880 on 2 July 2015.
- 3.4. No entries were made for stopping payment on cheque no. 901 for R 450 because the cheque was lost in the post. The cheque was issued to the Community Chest as a donation on 15 July 2015. A new cheque no. 997 for R 500 was issued to replace cheque no. 901. No entries were made.
- 3.5. The following entries appeared on the bank statement:
- Service fees R 200
 - Cash deposit fee R 130
 - Credit card commission R 35
 - Interest on overdraft R 185
 - A debit order in favour of Sanlam for business insurance, R 670
 - A direct deposit of R 2 400 from a tenant, M. Max for rent.
 - An R/D cheque for R 1 000. This was received from customer C.Crooke.
- 3.6. Cheque no.975 was recorded in the as R 3 980. The bank statement reflects the correct amount of R 3 890. This was for goods purchased from Check Star.
- 3.7. The deposit of R 6 800 appears only in the CRJ.
- 3.8. The following cheques issued during July were not presented for payment:
- No. 992 R 1 145
 - No. 995 R 435
- 3.9. Cheque no. 240 does not appear on the bank statement. The cheque was issued to Africa Computers for repairs to computers
- 3.10. The bank statement reflected an **unfavourable** balance of R 8 950 on 31 July 2015

QUESTION TWO : TANGIBLE ASSETS

[50 marks;30minutes]

- 2.1. The following information was extracted from the accounting record of Menzi Stores.
The accounting year ends on 28 February 2015.

REQUIRED:

- 2.1.1. Prepare the following ledger accounts:

- Accumulated depreciation on vehicles (10)
- Asset Disposal (10)
- **NOTE:** The accounts must be properly balanced/closed off.

- 2.1.2. Name the GAAP principle that is applied when recording tangible assets in the books of the business. (2)

INFORMATION:

1. The following balances appeared in the books on 1 March 2014.

Vehicles	R 240 000
Accumulated depreciation	R 85 000

2. **Additional information:**

- On 31 August 2014, an old vehicle costing R 80 000 was traded-in for a new vehicle costing R 110 000 on credit from Master Motors. The trade-in value of the old vehicle was R 30 000.
- The accumulated depreciation on the old vehicle was R 48 000 on 1 March
- Depreciation is calculated at 20% p.a. on the diminishing balance.

2.2 The following is an extract from the records of Rex Traders.
Their financial year ends annually on December

REQUIRED :

- 2.2.1. Complete the note Tangible Asset to the Balance Sheet. (24)
- 2.2.2. The owner is concerned that the internal control over fixed assets is poor and the figures for fixed assets in the financial statements are unreliable. You have been appointed as internal auditor. Provide any two suggestions to solve this problem. (4)

Information :

Extract: Balances in the General Ledger	31 December 2015	1 January 2015
Land and Buildings	640 000	?
Vehicles	?	250 000
Equipment	138 500	108 500
Accumulated depreciation on vehicles	?	120 000
Accumulated depreciation on equipment	?	50 000

Additional Information:

1. NON-CURRENT ASSETS:

- 1.1. Improvements were done to the buildings at a cost of R 120 000. This has been debited to the land and Building account.
- 1.2. An old delivery vehicle was sold on credit on 30 September 2015. No entry has been made. The information on the sold vehicle from the Fixed Assets Register was as follows:

- Cost price R 120 000
- Accumulated depreciation on vehicles on 1 January 2015 R 78 000
- Depreciation for the current year R 18 000

- 1.3. New equipment was purchased on 30 June 2015. No equipment was sold.



QUESTION ONE:

1.1.

1.1.1.	FALSE	✓
1.1.2.	TRUE	✓
1.1.3.	TRUE	✓
1.1.4.	FALSE	✓

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CASH RECEIPTS JOURNAL OF ISLAND STYLE TRADERS-JULY 2015

Doc	D	Details	fol	Bank	Amount	Details
31	Total		b/f	58 660		
901	Community Chest		450 ✓	450	Donation	✓
815	M. May		2400 ✓	2400	RENT INCOME	✓
975	CHEQUE STAR		90 ✓	90	TRAINING SCHOOL	✓
810	AFRICA COMPUTERS		600 ✓	600	REPAIRS	✓
				62 800 (✓)		

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CASH PAYMENTS JOURNAL OF ISLAND STYLE TRADERS-JULY 2015.

Doc	D	Payee	fol	Bank	Amount	Details
31	Total		b/f	50 910		
997	Community Chest		500 ✓	500	Donation	✓
815	ORPO BANK		365 ✓	365	BANK CHARGES	✓
815	CHOP BANK		185 ✓	185	INTEREST ON OVERDRAFT	✓
815	SHALAM		670 ✓	670	INSURANCE	✓
810	C. Crooke		1000 ✓	1000	Debtors Control	✓
				53 630 (✓)		

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1.2.3.	BANK		BANK	
31	TOTAL RECEIPTS	✓	62 800	1 BALANCE
	BALANCE	✓	10 420	31 TOTAL PAYMENTS
			72 620	✓
				19 000
				53 630 (✓)
				72 620
				10 420
				1 BALANCE
				✓

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1.2.4.

BANK RECONCILIATION STATEMENT ON JULY 2015

	DEBIT	CREDIT
DR. BALANCE AS PER BANK STATEMENT	8 950	✓
CR. OUTSTANDING DEPOSIT		6 800
DR. OUTSTANDING CHEQUES:		
No 997	500	✓
992	114	✓
995	425	✓
863	4 000	✓
868	2 200	✓
CR. BALANCE AS PER BANK A/C	17 230 (✓)	10 420
		17 230

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1.3. Explain how you would treat cheque no. 863 when preparing the financial statements on 31 July 2015

CHEQUE 863 IS POSTDATED.
DEBIT - BANK
CREDIT - CREDITORS CONTROL

2

1.4.

- VERIFIES BANK BALANCE'S DEBITS ERRORS + OMISSIONS
- UPDATE CASH JOURNALS ✓ / CHECK FOR FRAUDULENT ACT.

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Any two

1.5.1. THEPF ✓

1.5.2. Division of Duties ✓
SUPERVISION OF CASHIER BY SENIOR EMPLOYEES ✓

QUESTION TWO:

2.1. ACCUMULATED DEPRECIATION ON VEHICLE										
AUG 31	ASSET DISPOSAL	J	51 200	MAR 1	BALANCE	4/4	85 000	✓		
FEB 28	BALANCE	9/4	72 600	AUG 31	DEPRECIATION	J	3 200	✓		
				FEB 28	DEPRECIATION	J	35 600	✓		
					(24 600 + 11000)					
				MAR 1	BALANCE	4/4	123 800	✓		
							72 600	✓		

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2.1. ASSET DISPOSAL										
AUG 31	VEHICLES	80 000	AUG 31	ACCUMULATED	51 200	✓				
	- PROFIT ON SALE	1 200		DEF ON VEHICLES	(48 000 + 3 200)	✓				
	OF ASSET			CREATORS CONTROL	30 000	✓				
		81 200			81 200	✓				

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10

2.2. HISTORICAL COST ✓

2
2

2.2.1 TANGIBLE ASSETS

	Land and buildings	Vehicles	Equipment
Cost	598 000 ✓	250 000	108 500
Accumulated depreciation	(-)	(120 000)	(50 000)
Carrying value	598 000	130 000	58 500
Movements			
Additions at cost	42 000 ✓	-	30 000 ✓
Disposals at cv	-	(24 000) ✓	-
Depreciation	-	(44 000) ✓	(7 350) ✓
Carrying value	640 000	62 000 ✓	81 150 ✓
Cost	640 000 ✓	130 000 ✓	(138 500) ✓
Accumulated depreciation	(-)	(68 000) ✓	(57 350) ✓

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2.2.2

✓ CHECK COST PRICE OF ITEMS TO INVOICES ✓
 ✓ CHECK EACH PURCHASE AND DISPOSAL IS PROPERLY AUTHORIZED ✓
 ✓ DO PHYSICAL CHECK WITH REGISTER ✓
 ✓ CHECK CALCULATIONS ✓
 (ANY OTHER (2x2=4))

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TOTAL MARKS	
	50