



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

GREENBURY SECONDARY SCHOOL

ACCOUNTING

JUNE EXAMINATION: 2016

GRADE 11

EXAMINER: C. MAHARAJ

MODERATOR: A. RAJOO

DURATION: 3 HOURS

MARKS: 300

This question paper consist of 17 pages

INSRTUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely

1. This question paper consists of **17** pages.
2. Answer **ALL** questions.
3. A **special answer book** is provided.
4. Show workings in order to achieve part- marks.
5. You may use a non- programmable calculator.
6. You may use a blue/ black ink to answer the questions.
7. Adhere to the suggested times.

QUESTION 1 40 marks; 24 minutes	
Topic of question	This question integrates
Bank Reconciliation	Financial Accounting Bank reconciliation Managing Resources Internal control and internal audit
QUESTION 2 20 marks; 12minutes	
Topic of question	This question integrates
Creditors Reconciliation	Financial Accounting Reconcile a Creditors Ledger Account to a Statement of Account
QUESTION 3 80 marks; 49 minutes	
Topic of question	This question integrates
Financial Statements – Income Statement and notes to Financial Statements	Financial Accounting Prepare Income Statement and notes to Financial Statements
QUESTION 4 75 marks; 45 minutes	
Topic of question	This question integrates
Financial Statements – Balance Sheet and notes	Financial Accounting Prepare Balance Sheet and notes to Financial Statements
QUESTION 5 35marks; 20 minutes	
Topic of question	This question integrates
Tangible Assets	Managerial Accounting Prepare Asset Disposal Account Complete Tangible asset note
QUESTION 6 50 marks; 30 minutes	
Topic of question	This question integrates
Analysis and Interpretation of Financial Statements	Financial Accounting Analyse and interpret Financial information

QUESTION ONE: BANK RECONCILIATION AND INTERNAL CONTROL**[40 marks; 24 minutes]**

- 1.1. Give one term for each of the following descriptions by using a term from the list below. Write only the term next to the question number in the answer book. (5)**

Outstanding deposit ; dishonoured cheques ; debit orders ;stale cheques ; bank overdraft ; outstanding cheques ; post- dated cheques

- 1.1.1.** A facility whereby the business can use more money than they have in their current account.
- 1.1.2.** An item shown as an unpaid cheque on the bank statement will be regarded as a/an ...
- 1.1.3.** Permission granted to a third party to automatically receive monthly payments from the current account of the business.
- 1.1.4.** A cheque that is more than six months will not be cashed by the bank because it is a/an
- 1.1.5.** An amount that appears only on the CRJ will be recorded as an on the bank reconciliation statement.

- 1.2. The information below relates to CBD Traders.**

Required :

- 1.2.1. Calculate The Correct Bank Balance on 30 June 2016. (16)**
NB : Complete the CRJ and CPJ
- 1.2.2. Prepare the Bank Reconciliation Statement on 30 June 2016. (10)**
- 1.2.3. Refer to information D. (1)**
- Is cheque no. 986 stale or post- dated? (1)
 - How should the bookkeeper treat this cheque when preparing financial statements on 30 June 2016? State the accounts to be debited and credited (4)
- 1.2.4. Refer to information E. (4)**
 Identify ONE **problem** with evidence from the information. Give advice for the problem identified.

Information :

A. The following Bank Reconciliation Statement was prepared on 31 May 2016.

Dr. balance as per bank statement	13 000
Cr. Outstanding deposit	30 000
Dr. outstanding cheques:	
No. 614 (dated 20 December 2015) Donation	10 500
No. 958 (dated 25 May 2016) Trading stock	7 900
No. 962 (dated 30 July 2016) Creditors control	4 500
Cr. Correction of error	3 600
Cr. Balance as bank account	2 300

- Note :**
- The deposit of R30 000 appeared on the bank statement.
 - The error of R3 600 was corrected by the bank on June's bank statement.
 - Cheque no.958 issued in May 2016, was reflected as R9 700 on June 2016 bank statement. The bank statement is correct.
 - The other outstanding cheques have not been presented for payment.

B. Provisional totals on 30 June 2016

- CRJ R 87 220
- CPJ R 74 860

C. The bank statement for June 2016 revealed the following:

- Direct deposit for rent from the tenant, R 10 000.
- Stop order for insurance R 3 000.
- Direct deposit from a debtor , R 11 000
- Debit order for owner's personal repayment of vehicle instalment, R3 500.
- R/D cheque originally received from D. David for R2 250 in settlement of his debt of R2 300.
- Service fees R80
- Interest on overdraft R110
- Cash deposit fees R 20
- Balance as per bank statement ???

- D.** The following cheques appeared in the CPJ and not on the bank statement:
- No. 982 for R2 200
 - No. 986 for R 1 400 (dated 28 July 2016)
- E.** The following deposit appeared only in the CRJ on 18 June 2016, R 18 500.
The internal auditor has discovered through investigations that R25 500 was received on 18 June 2016 but only R18 500 was entered in the CRJ.

QUESTION TWO : CREDITORS RECONCILIATION**[20 marks ; 12 minutes]**

Mars Stores received a Statement of Account from a creditor Planet Wholesalers. The balance on the statement was, **R 30 685** did not agree with that on the account of Planet Wholesalers, **R 17 005** in the Creditors Ledger of Mars Stores for May 2016 .

Required :

2.1. Provide **two** reasons why the statement of account and the account in the ledger may differ. **(2)**

2.2. Complete the table in the Answer Book to show how the differences must be treated to reconcile the Creditor's Ledger Account with the Statement of Account. **(14)**

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

Total the columns to show the corrected balances at the end of May 2016.

2.3. The owner of Mars Stores is not completely satisfied with the service and quality of goods received from Planet Suppliers. **(4)**

Suggest **two** factors he should consider before changing suppliers.

Information:

A comparison between the Creditor's Ledger Account and Statement of Account received revealed the following differences.

- A.** The statement of account reflected returns valued at R520. The Creditor's Ledger Account showed R320. It was established that Mars Stores miscalculated the value of the goods returned.
- B.** An invoice for R3 380 received from Planet Wholesalers was incorrectly recorded as a debit note in the Creditors Ledger.
- C.** An invoice for R 8 625 received from Planet Wholesalers was correctly recorded in the Creditors Ledger Account. The amount was incorrectly recorded as R 6 825 on the statement.
- D.** The statement of account shows an invoice an Invoice (no. 225) for R3 945. The bookkeeper of Mars Stores however neglected to record this invoice in the books of Mars Stores.
- E.** Mars Stores entered a discount of R375 relating to a payment of R5 000 on 15 May 2016. Planet Wholesalers did not agree to grant this discount stating that the payment was received late.
- F.** A direct transfer of R4 600 by Mars Stores was recorded in the Cash Payments Journal on 29 May 2016. The statement of account from Planet Wholesalers was dated 25 May 2016.

QUESTION THREE: INCOME STATEMENT AND NOTES TO FINANCIAL STATEMENTS [80 marks;49minutes]

You are provided with information relating to Yankee- Doodle Traders for the year ended 28 February 2016.

Required :**3.1. Refer to adjustment 3**

- Indicate the GAAP principle applied. (2)
- Calculate the Provision For Bad Debts Adjustment. (3)
- State whether it has increased or decreased? (3)

3.2. Prepare the Income Statement for the year ended 28 February 2016

(45)

3.3. Prepare the following notes to the Financial Statements:

- Trade and other Receivables (12)
- Trade and other Payables (16)

3.4. Do you think the business has a problem with Trading Stock?

Quote a figure to support your answer?

(2)

Information:

Extract of Pre-Adjustment Trial Balance on 28 February 2016

Balance Sheet Account Section	
Capital : Yankee	500 000
Capital : Doodle	450 000
Land and buildings	810 000
Vehicles	900 000
Equipment	360 000
Accumulated depreciation on vehicles	230 000
Accumulated depreciation on equipment	120 000
Debtors control	125 000
Creditors control	95 000
Provision for bad debts	7 150
Trading stock	376 000
Loan :NY Bank	270 000
Fixed deposit: Africa Bank (8%)	270 000
Nominal Account Section	
Sales	5 600 000
Cost of sales	3 310 000
Debtors allowances	115 000
Packing materials	20 800
Commission income	30 400
Rent income	150 960
Salaries and wages	680 000
Employers contribution	156 000
Interest on fixed deposit	18 000
Bad debts	12 600
Insurance	78 500
Water and electricity	45 900
Telephone	12 250
Discount received	220
Sundry expenses	20 675

Adjustments and Additional Information:

1. A debtor E. Elvis returned unsatisfactory goods, R9 500. The cost price was R5 000. These goods were returned to the supplier. No entries were made.
2. The insolvent estate of a debtor M. Madonna paid out 45 cents in the rand and a direct deposit of R2 025 was made on the 28 February 2016. The outstanding balance must be written off. No entries were made to record the direct deposit and the amount written off.
3. The provision for bad debts must be adjusted to R6 150.
4. The physical stock take on 28 February 2016 revealed the following:
 - Trading stock R374 000
 - Packing Materials R 4 800
5. Provide for outstanding interest on fixed deposit.
6. An employee was left out the salaries journal for February 2016. His details were as follows:

Net salary for the month	7 800
Deductions :	
PAYE	3 100
Pension Fund	1 800
Medical Aid Fund	2 300
Employer's Contribution	
• Pension Fund on a rand for rand basis	
• Medical Aid is 10 % of gross salary	

7. Commission income still due, R 2 600.
8. Included in insurance is an **annual** premium paid on 1 June 2015, R28 800.
9. The following were still due on the 28 February 2016:
 - Telephone R 4 400
 - Water and electricity R 10 600

10. Rent was received for 14 months.
According to the lease agreement rent is to be increased on 1 January 2016 by 20 %.

11. Interest on loan from NY Bank has not yet been entered. Interest on loan is capitalised. The loan statement received from NY Bank reflected the following:

Balance on 1 March 2015	601 600
Interest on loan	?
Repayments during the year	100 600
Balance on 28 February 2016	540 600

12. Provide for depreciation :

- On equipment at 10 % p.a. on cost
- On vehicles at 15 % p.a. on diminishing balance method.

13. The partnership agreement stipulates the following:

- Salaries of partner:
 - Yankee R 20 000 per month
 - Doodle R 19 000 per month
- Interest on capital at 10 % p.a.
- Profit and losses to be shared equally.

QUESTION FOUR: BALANCE SHEET AND NOTES TO FINANCIAL STATEMENTS**[75 marks ; 45 minutes]**

4.1. State whether the following statements are True or False.

(5)

4.1.1. Partnerships have limited liability.

4.1.2. Profit and losses are always shared equally.

4.1.3. Share of loss is shown on the debit side of Appropriation account.

4.1.4. Drawings of a partner is closed off to the partner's Current Account.

4.1.5. When a partner dies or retires the partnership is immediately dissolved.

4.2. You are provided with information relating to EW Traders on 30 June 2016.
The business is owned by partners E. East and W. West,

Required :

4.2.1. Prepare the following notes to the Financial Statements

- Capital Account

(8)

- Current Account

(22)

4.2.2. Prepare the **BALANCE SHEET** on 30 June 2016.

(40)

Information :

List of balances on 30 June 2016.

Capital : East	1 000 000
Capital : West	1 250 000
Current Account : East (1 July 2015)	7 600 Credit
Current Account : West (1 July 2015)	9 300 debit
Drawings : East	?
Drawings : West	?
Fixed deposit : Pacific Bank	397 000
Loan : Cape Bank	1 000 000
Tangible assets	Refer to info. 3
Trading stock	50 000
Debtors control	59 000
Provision for bad debts	2 000
Bank (Debit)	61 500
Petty cash	1 500
Creditors control	180 700
Accrued expenses	10 200
Accrued income	4 850
Prepaid expense	4 150
Deferred income	16 300

Additional Information:

1. Packing material on hand at the end of the financial year amounted to R 3 000.
2. The business has two fixed deposits at Pacific Bank:
 - R 60 000 matures on 1 December 2016.
 - R 337 000 matures on 1 July 2019.
3. The following relates to Tangible Assets:
 - Land and buildings R2 100 000
 - Equipment at carrying value R340 000
 - Vehicles at cost R 1 200 000.
 - Accumulated depreciation on vehicles at 30 June 2016, R300 000

4. Partner's Equity:

4.1. Capital :

- East increased his capital during the year by R250 000. This was not recorded.
- West decreased his capital by R 250 000 during the year and this was recorded.

4.2. Current Account :

- East salary for the year, R125 000.
- West earns 20 % more than East.
- Interest on capital: East R 30 000 and West R 32 000.
- West is entitled to a bonus of R38 000.
- Profit and losses are shared equally.
- **Net profit for the year R503 400**

4.3. Loan statement received from Cape Bank:

Balance on 1 July 2015	1 200 000
Interest on loan capitalised	200 000
Repayments during the year including interest	400 000
Balance on 30 June 2016	1 000 000
According to the loan agreement capital portion of the loan is to be paid annually.	

QUESTION FIVE: TANGIBLE ASSETS**[35 marks; 20 minutes]**

The information below was extracted from the records of China General Dealers.
The financial year ends on the 31 December 2016.

Some figures are already inserted on the Tangible Asset Note

Required :

- 5.1. Prepare the Asset Disposal Account. (8)
- 5.2. Complete the Tangible Asset note to the Financial Statement (17)
- 5.3. The owner was not happy with the advice given by the bookkeeper to donate old equipment (computers) to the local youth centre because he could sell it at a profit. (4)
Provide **two** points in favour of bookkeeper advice of donating the old equipment.
- 5.4. List three reasons why a business may sell its tangible assets. (6)

Information :**Extract of balances on 30 June**

	2015	2016
Land and building	2 750 000	3 250 000
Equipment	400 000	500 000
Vehicles	950 000	?
Accumulated depreciation on equipment	?	205 000
Accumulated depreciation on vehicles	320 000	?

Additional Information:

- Land and building were purchased during the year.
- Equipment :**
 - No equipment was sold during the year.
 - New equipment was purchased on 1 October 2016.
- Vehicles :**
 - An old delivery vehicle which originally cost R180 000 was sold on credit for R55 000 on 31 August 2016.
 - The accumulated depreciation on this vehicle was R 108 000 on 1 January 2016.
 - Vehicles are depreciated at 10 % p.a. on cost.

QUESTION SIX: ANALYSIS AND INTREPRETATION OF FINANCIAL STATEMENTS [50 marks; 30 minutes]

6.1. Complete the following sentences by using the words from the list below. Write only the word next to the question number. (5)

RETURN : PROFITABLE : LIQUID : RISK : SOLVENT

- 6.1.1. A business which relies heavily on loans will have high
- 6.1.2. A business which is able to settle its immediate debts is
- 6.1.3. A business with its total assets exceeding total liabilities is
- 6.1.4. A business which controls its income and expenses well will be
- 6.1.5. The percentage of net profit on equity indicates the earned by the partners.

6.2. The following information was extracted from the accounting record of BC Traders. The business is owned by Beryl and Cheryl. The financial year ends on 30 September 2016. All answers to ONE decimal place.

Required :

- 6.2.1. Calculate the mark – up achieved by the business. (3)
- 6.2.2. Is the business controlling its expenses effectively? Quote a figure or financial indicator to support your answer. (3)
- 6.2.3. Calculate the following financial indicators for the year ended 30 September 2016.
 - Current ratio (3)
 - Stock turnover rate (4)
 - Debtors collection period (5)
 - Return on average partner’s equity (5)
 - Debt equity ratio (5)
- 6.2.4. Comment on the liquidity of the business. Quote **THREE** financial indicators to support your answer. (12)
- 6.2.5. Should the partner’s be satisfied with their return? Quote figures to support your answer. (4)
- 6.2.6. The partners want to increase the loan by an additional R200 000 to make improvements to the existing buildings. What advice would you offer them? You must make reference to financial indicators and figures to support your answer. (3)

Information :

A. The following is an extract of the Income Statement for the year ended 30 September 2016.

Sales	1 290 000
Cost of sales	941 605
Net profit	96 818

- Credit sales amounts to R 247 678 for 2016
- Credit purchased amounts to R 228 125 for 2016

B. Extract of Balance Sheet for 2015 and 2016 :

	2015	2016
Non - current assets	521 400	534 630
Current assets including inventories	198 180	219 580
Inventories	98 700	101 280
Debtors control	32 077	40 652
Partner's equity	484 498	545 316
Non – current liabilities	150 000	120 000
Current liabilities	60 082	93 894

C. Financial Indicators :

	2015	2016
Gross profit on cost of sales	40 %	?
Operating expenses on sales	19 %	15.1 %
Current ratio	2.2 : 1	?
Acid test ratio	1.1 : 1	1.3 : 1
Stock turnover	7.8 times	?
Debtors collection period	43 days	?
Creditors payment period	38 days	41 days
Return earned by business	13.1 %	?
Return earned by Beryl	18 %	21 %
Return earned by Cheryl	23 %	20 %
Debt equity ratio	0.3 : 1	?

10/10/2010

10/10/2010

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GREENBURY SECONDARY SCHOOL

JUNE EXAMINATION: 2016

ACCOUNTING: GRADE 11

NAME OF LEARNER: _____

GRADE: 11 _____

ANSWER BOOKLET

QUESTION	MAX.	FINAL MARKS
1	40	
2	20	
3	80	
4	75	
5	35	
6	50	
	300	

This answer book consists of 12 pages.

For educators use:

Moderator	
Date	
Checker	

QUESTION ONE :

1.1.

1.1.2.	
1.1.2.	
1.1.3.	
1.1.4.	
1.1.5.	

5

1.2.1.

CRJ ACCOUNT	AMOUNT
Provisional total	87 220
Correct total	

CPJ ACCOUNT	AMOUNT
Provisional total	74 860
Correct total	

16

Calculate The Correct Bank Balance on 30 June 2016.

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1.2.2. Bank Reconciliation Statement on 30 June 2016.

	DEBIT	CREDIT

10

1.2.3. Refer to information D.

- Is cheque no. 986 stale or post dated?

--

- How should the bookkeeper treat this cheque when preparing financial statements on 30 June 2016? State the accounts to be debited and credited

Account debit	
Account credit	

5

1.2.4. Refer to information E.

Identify ONE **problem** with evidence from the information. Give advice for the problem identified.

Problem	Advice

4

Total Marks
40

QUESTION TWO:

2.1. Provide **two** reasons why the statement of account and the account in the ledger may differ.

2

2.2.

Creditors Ledger	Statement
Totals 17 005	30 685
A	
B	
C	
D	
E	
F	

14

2.3. The owner of Mars Stores is not completely satisfied with the service and quality of goods received from Planet Suppliers. Suggest **two** factors he should consider before changing suppliers.

•	
•	

4

Total Marks
20

QUESTION THREE :

3.1. Refer to adjustment 3

- Indicate the GAAP principle applied.

--	--

- Calculate the Provision For Bad Debts Adjustment.
- State whether it has increased or decreased?

--	--

5

3.2. Income Statement for the year ended 28 February 2016

Sales (5 600 000	
Cost of sales(3 310 000	
Gross profit	
Other operating income:	
Rent income(150 960	
Commission income(30 400	
Gross operating income	
Operating expenses:	
Bad debts(12 600	
Packing Material (20 800	
Insurance (78 500	
Water and electricity(45 900	
Telephone (12 250	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit / loss for the year	

45

3.3.

Trade and other Receivables:	

12

Trade and other Payables:	

16

3.4. Do you think the business has a problem with Trading Stock?
Quote a figure to support your answer?

--

2

Total Marks
80

QUESTION FOUR:

4.1.

4.1.1.	
4.1.2.	
4.1.3.	
4.1.4.	
4.1.5.	

5

Capital	East	West
Balance beginning of year		
Additional capital contributed		
Withdrawals of capital		
Balance end of year		

8

Current Account	East	West
Net profit per Income Statement		
Salaries	125 000	
Interest on capital	30 000	32 000
Bonus		
Primary distribution of profits		
Final division of profits		
Drawings for the year		
Retained income		
Current account balance beginning of year		
Current account balance end of year	87 900	123 900

22

4.3.

Balance Sheet as at 30 June 2016

ASSETS	
NON – CURRENT ASSETS	
FINANACIAL ASSETS	
CURRENT ASSETS	
Inventories	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
PARTNER’S EQUITY	
NON – CURRENT LIABILITIES	
LOAN :	
CURRENT LIABILITIES	
Trade And Other Payables	
TOTAL EQUITY AND LIABILITIES	

40

Total Marks
75

QUESTION FIVE:

				Asset Disposal							

Tangible asset	Land and buildings	Vehicles	Equipment
Cost	2 750 000	950 000	400 000
Accumulated depreciation		(320 000)	
Carrying value(beg. of year)			250 000
Movements:			
Additions at cost		0	
Disposals at carrying value			
Depreciation			
Carrying value(end of year)			
Cost			
Accumulated depreciation			(205 000)

8

17

5.3. Provide **two** points in favour of bookkeeper advice of donating the old equipment.

4

5.4. List three reasons why a business may sell its tangible assets.

•
•
•

6

Total Marks
35

QUESTION SIX :

6.1.

6.1.1.	
6.1.2.	
6.1.3.	
6.1.4.	
6.1.5.	

5

6.2.1. Calculate the mark – up achieved by the business.

--

3

6.2.2. Is the business controlling its expenses effectively? Quote a figure or financial indicator to support your answer.

4

6.2.3. Calculate the following financial indicators for the year ended 30 September 2016.

•	Current Ratio :
•	Stock turnover rate

•	Debtors collection period
•	Return on average partner's equity
•	Debt equity ratio

20

6.2.4. Comment on the liquidity of the business. Quote **THREE** financial indicators to support your answer.

12

6.2.5. Should the partner's be satisfied with their return?
Quote figures to support your answer.

4

6.2.6. The partners want to increase the loan by an additional R200 000 to make improvements to the existing buildings. What advice would you offer them? You must make reference to financial indicators and figures to support your answer.

3

Total Marks
50

100

100



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GREENBURY SECONDARY SCHOOL

JUNE EXAMINATION: 2016

ACCOUNTING: GRADE 11

MEMORANDUM

ANSWER BOOKLET

QUESTION	MAX.	FINAL MARKS
1	40	40
2	20	20
3	80	80
4	75	75
5	35	35
6	50	50
	300	300

This answer book consists of 12 pages.

For educators use:

Moderator	
Date	
Checker	

GREENBURY SECONDARY SCHOOL



DEPARTMENT OF COMMERCE
H.O.D. MRS C MAHARAJ

[Signature]

QUESTION ONE :

1.1.

1.1.2.	Bank overdraft	✓
1.1.2.	Dishonoured cheque	✓
1.1.3.	Debit order	✓
1.1.4.	Stale cheque	✓
1.1.5.	Outstanding deposit	✓

5

5

1.2.1.

CRJ ACCOUNT	AMOUNT
Provisional total	87 220
Donation	10 500✓
Rent income	10 000✓
Debtors control	11 000✓
Correct total	118 720☑

CPJ ACCOUNT	AMOUNT
Provisional total	74 860
Trading stock	1 800✓
Insurance	3 000✓
Drawings	3 500✓
Debtors control	2 250✓
Bank charges	100✓
Interest on overdraft	110✓
Correct total	85 620☑

16

16

Calculate The Correct Bank Balance on 30 June 2016.

$$118\,720\text{☑} - 2\,300\text{✓} - 85\,620\text{☑} = 30\,800\text{☑✓}$$

1.2.2. Bank Reconciliation Statement on 30 June 2016.

	DEBIT	CREDIT
Cr. Balance as per bank statement		20 400✓☑
Cr.✓ Outstanding deposit		18 500✓
Dr.✓ Outstanding cheques :		
No. 982	2 200✓	
No. 986	1 400✓	
No. 962	4 500✓	
Dr.✓ Balance as per bank account	30 800☑	
	38 900	38 900

10

10

1.2.3. Refer to information D.

- Is cheque no. 986 stale or post dated?

Post - dated	✓
--------------	---

- How should the bookkeeper treat this cheque when preparing financial statements on 30 June 2016? State the accounts to be debited and credited

Account debit	Bank	✓✓
Account credit	Creditors control	✓✓

5
5

1.2.4. Refer to information E.

Identify ONE **problem** with evidence from the information. Give advice for the problem identified.

Problem	Advice
<ul style="list-style-type: none"> • Deposit of R18 500 was received on 18 June and does appear on bank statement – rolling of cash. ✓✓ • Theft of cash of R7 000 ✓✓ 	<ul style="list-style-type: none"> • Deposit to be done daily – bank to notify business via sms ✓✓ • Investigate missing money Division of duties ✓✓

4
4

Any one

Total Marks
40
40

QUESTION TWO:

2.1. Provide **two** reasons why the statement of account and the account in the ledger may differ.

• Fraudulent activities ✓	• Errors and omissions ✓
• Transactions occurred after statement date ✓	• Incorrect amounts ✓

2
2

Any two

2.2.

Creditors Ledger			Statement	
Totals	17 005		30 85	
A	- 200	✓✓		
B	+ 6 760	✓✓		
C			+ 1 800	✓✓
D	+ 3 945	✓✓		
E	+ 375	✓✓		
F			- 4 600	✓✓
	27 885	☑	27 855	☑

14
14

2.3. The owner of Mars Stores is not completely satisfied with the service and quality of goods received from Planet Suppliers. Suggest **two** factors he should consider before changing suppliers.

• Quality of products	✓✓
• Payment terms and discounts	✓✓
• Reliability of supplier	✓✓
• Supplier will be able to meet demand	✓✓

4
4

Any two

Total Marks
20
20

QUESTION THREE :

3.1. Refer to adjustment 3

- Indicate the GAAP principle applied.

Prudence concept ✓✓

5

- Calculate the Provision For Bad Debts Adjustment.
- State whether it has increased or decreased?

5

$7\ 150 - 6\ 150 = 1\ 000$ ✓✓ decrease ✓

3.2. Income Statement for the year ended 28 February 2016

Sales (5 600 000 – 115 000 – 9 500) ✓✓	5 475 500 ✓
Cost of sales (3 310 000 - 5 000) ✓	(3 305 000) ✓
Gross profit	2 170 500 (✓)
Other operating income:	160 700 (✓)
Rent income (150 960 – 24 480) ✓✓	126 480 (✓)
Commission income (30 400 + 2 600) ✓	33 000 ✓
Provision for bad debts	1 000 (✓)
Discount received	220 ✓
Gross operating income	2 331 200 (✓)
Operating expenses:	(1 189 000) (✓)
Bad debts (12 600 + 2 475)	15 075 ✓✓
Packing Material (20 800 – 4 800)	16 000 ✓✓
Insurance (78 500 - 7 200)	71 300 ✓✓
Water and electricity (45 900 + 10 600)	56 500 ✓✓
Telephone (12 250 + 4 400)	16 650 ✓✓
Salaries and wages (680 000 + 15 000) ✓✓	695 000 ✓
Employers contribution (156 000 + 1 800 + 1 500) ✓✓	159 300 ✓
Depreciation (36 000 + 100 500) ✓✓	136 500 ✓
Trading stock deficit (376 000 – 374 000)	2 000 ✓✓
Sundry expenses	20 675 ✓
Operating profit	1 142 200 (✓)
Interest income	21 600 ✓✓
Profit before interest expense (3 600 + 18 000)	1 163 800 (✓)
Interest expense	(39 600) ✓✓
Net profit / loss for the year	1 124 200 (✓)

45

45

Trade and other Receivables:	
Trade debtors(125 000✓ + 9 500 ✓– 2 025 ✓– 2 475✓)	111 000☑
Less: Prov. For bad debts	(6 150)✓✓
Net trade debtors	140 850☑
Accrued income	6 200✓
Prepaid expense	7 200✓
	118 250☑✓

12

12

Trade and other Payables:	
Trade creditors (90 000✓– 5 000✓)	90 000☑
Accrued expenses (4 400✓ + 10 600 ✓)	15 000✓
Deferred income	24 480✓
Creditors for salaries	7 800✓
Pension fund (1 800 ✓+ 1 800✓)	3 600✓
Medical aid fund (2 300✓ + 1 500✓)	3 800 ✓
SARS – PAYE	3 100✓
	147 780☑

16

16

- 3.4. Do you think the business has a problem with Trading Stock?
Quote a figure to support your answer?

Yes. ✓Trading stock, R2 000.✓

2

2

Total Marks
80
80

QUESTION FOUR:

4.1.

4.1.1.	False	✓
4.1.2.	False	✓
4.1.3.	False	✓
4.1.4.	True	✓
4.1.5.	True	✓

5

5

Capital	East	West
Balance beginning of year	1 000 000✓	1 500 000✓
Additional capital contributed	250 000✓✓	
Withdrawals of capital		(250 000)✓✓
Balance end of year	1 250 000✓	1 250 000✓

8

8

Current Account	East	West
Net profit per Income Statement		
Salaries	125 000	150 000✓✓✓
Interest on capital	30 000	32 000
Bonus		38 000✓✓
Primary distribution of profits	155 000☑	220 000☑
Final division of profits	64 200✓☑	64 200✓☑
Drawings for the year	(138 900)✓✓✓	(151 000)✓✓✓
Retained income	80 300☑	73 200☑
Current account balance beginning of year	7 600✓	(9 300)✓✓
Current account balance end of year	87 900	123 900

22

22

4.3.

Balance Sheet as at 30 June 2016

ASSETS	
NON – CURRENT ASSETS	3 677 0000 (✓)
Tangible assets(2 100 000 + 340 000 + 1 200 000 -3 00 000)	3 340 000 (✓)
FINANACIAL ASSETS	
Fixed deposit (397 000 -60 000)	337 000 (✓)
CURRENT ASSETS	242 000 (✓)
Inventories (50 000 + 3 000)	53 000 (✓)
Trade and other Receivables (59 000 – 2 000 + 4850 + 4 150)	66 000 (✓)
Cash and Cash Equivalents (60 000 + 61 500 +1 500)	123 000 (✓)
TOTAL ASSETS	3 919 000 (✓)
EQUITY AND LIABILITIES	
PARTNER’S EQUITY	2 711 800 (✓)
Capital 1 250 000+ 1 250 000)	25 00 000 (✓)
Current Account (87 900 + 123 900)	211 800 (✓)
NON – CURRENT LIABILITIES	800 000 (✓)
LOAN : Cape Bank (1 200 000+ 200 000 + 400 000 – 200 000)	800 000 (✓)
CURRENT LIABILITIES	407 000 (✓)
Trade And Other Payables(200 000 +180 700 +10 200 + 16 300)	407 000 (✓)
TOTAL EQUITY AND LIABILITIES	3 919 000 (✓)

40

40

Total Marks

75

75

QUESTION FIVE:

		Asset Disposal			
	Vehicles	180 000 ✓		Accum. depreciation on vehicles (108 000 + 12 000) ✓	120 000 ✓
				Debtors control ✓	55 000 ✓
				Loss on sale of asset ✓	5 000 ✓
		180 000			180 000

Tangible asset	Land and buildings	Vehicles	Equipment
Cost	2 750 000	950 000	400 000
Accumulated depreciation	-	(320 000)	(150 000) ✓✓
Carrying value(beg. of year)	2 750 000	630 000 ✓	250 000
Movements:			
Additions at cost	500 000 ✓✓	0	100 000 ✓✓
Disposals at carrying value		(60 000) ✓	
Depreciation		(89 000) ✓	(55 000) ✓
Carrying value(end of year)	3 250 000 ✓	489 000 ✓	295 000 ✓
Cost	3 250 000 ✓	770 000 ✓	500 000 ✓
Accumulated depreciation	0	(289 000) ✓	(205 000)

8
8

17
17

5.3. Provide two points in favour of bookkeeper advice of donating the old equipment.

• Favourable image of business is created	✓✓
• More people will support business	✓✓
• Upliftment of community	✓✓

4
4

Any two

5.4. List three reasons why a business may sell its tangible assets.

• Assets are old and become expensive to maintain.	✓✓
• Asset no longer in use.	✓✓
• Technological changes.	✓✓

6
6

Any two

Total Marks
35
35

QUESTION SIX :

6.1.

6.1.1.	Risk	✓
6.1.2.	Liquid	✓
6.1.3.	Solvent	✓
6.1.4.	Profitable	✓
6.1.5.	Return	✓

5

5

6.2.1. Calculate the mark – up achieved by the business.

$$\begin{aligned} \text{Mark – up} &= \frac{\text{gross profit}}{\text{cost of sales}} \times 100 \\ &= \frac{1\,290\,000 - 641\,605}{941\,605} \times 100 \\ &= 37\% \quad \checkmark \end{aligned}$$

3

3

6.2.2. Is the business controlling its expenses effectively? Quote a figure or financial indicator to support your answer.

Yes ✓
Operating expenses on sales decreased from 19 % to 15.1 % ✓✓

3

3

6.2.3. Calculate the following financial indicators for the year ended 30 September 2016.

•	<p>Current Ratio :</p> <p style="text-align: center;">Current assets : current liabilities 219 580 ✓ : 93 894 ✓ 2.3 : 1 ✓</p>
•	<p>Stock turnover rate Debtors</p> $\frac{\text{cost of sales}}{\text{Average trading stock}}$ $\frac{941\,604}{\frac{1}{2}(98\,700 + 101\,280)} \checkmark$ <p>= 9.4 times ✓✓</p>

	<p>Debtors collection period</p> $\frac{\text{average debtors}}{\text{credit sales}} \times 365$ $\frac{\frac{1}{2} (32\,077\checkmark + 40\,652\checkmark)}{247\,678\checkmark}$ <p>= 54 days <input checked="" type="checkbox"/></p>
•	<p>Return on average partner's equity</p> $\frac{\text{net profit}}{\text{ave. partners equity}}$ $= \frac{96\,818\checkmark}{\frac{1}{2}(484\,498\checkmark + 545\,311\checkmark)}$ <p>= 18.8% <input checked="" type="checkbox"/></p>
•	<p>Debt equity ratio</p> <p>Non – current liabilities : partners equity</p> <p>= 120 000\checkmark : 545 311\checkmark</p> <p>= 0.2 : 1 <input checked="" type="checkbox"/></p>

20
20

6.2.4. Comment on the liquidity of the business. Quote **THREE** financial indicators to support your answer.

• Current ratio – increased from 2.2 : 1 to 3.3 : 1 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
• Acid test ratio - increased from 1.1: 1 to 1.3. : 1 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
• Stock turnover rate – increased from 7.8 times to 9.4 times <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
• Debtors collection period increased from 38 to 54 days <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
• Creditors payment period increased from 38 to 41 days <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Liquidity is satisfactory. <input checked="" type="checkbox"/>
Business will be able to met short obligations. <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> identification of financial indicator <input checked="" type="checkbox"/> trend <input checked="" type="checkbox"/> figures provided Any three discussed

12
12

6.2.5. Should the partner's be satisfied with their return?
Quote figures to support your answer.

Yes ✓
Beryl return increased by 3 % ✓
Although Cheryl 's return decreased it is still above alternative investments
which are offering between 5 % - 9 %. ✓✓

4
4

6.2.6. The partners want to increase the loan by an additional R200 000 to make improvements to the existing buildings. What advice would you offer them? You must make reference to financial indicators and figures to support your answer.

To make more use of loans ✓
Debt equity ratio has decreased from 0.3 : 1 to 0.2 : 1. ✓
This indicates the business is lowly geared , less risky and credit worthy. ✓

3
3

Total Marks
50
50



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

GREENBURY SECONDARY SCHOOL

ACCOUNTING

JUNE EXAMINATION: 2016

GRADE 11

EXAMINER: C. MAHARAJ

MODERATOR: A. RAJOO

DURATION: 3 HOURS

MARKS: 300

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