



PROVINCIAL EXAMINATION
JUNE 2023
GRADE 11

**ACCOUNTING
PAPER 2**

TIME: 2 hours

MARKS: 150

10 pages + 1 formula sheet and an answer book of 11 pages



INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL questions are to be answered.
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper. You may use it if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use black/blue ink to answer the questions.
7. Where applicable, show all calculations to ONE decimal point.
8. Write neatly and legibly.
9. 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. | Bank Reconciliation | 40 | 32 minutes |
| 2. | Creditors' Reconciliation | 25 | 20 minutes |
| 3. | Fixed Assets and Asset Disposal | 55 | 44 minutes |
| 4. | Financial Indicators | 30 | 24 minutes |
| | TOTAL | 150 | 120 minutes |

QUESTION 1: BANK RECONCILIATION**(40 marks; 32 minutes)****1.1 TRUE AND FALSE**

Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK.

- 1.1.1 Cash withdrawal fee and interest on overdraft on a Bank Statement are recorded as bank charges in the Cash Payments Journal. (1)
- 1.1.2 It is not necessary to prepare a Bank Reconciliation Statement because the bank statement will always provide the correct bank balance. (1)
- 1.1.3 The document received by a customer who has purchased goods on credit is called a receipt. (1)
- 1.1.4 A credit balance on the Bank Statement represents a favourable balance for the business. (1)
- 1.1.5 When a business returns goods to a creditor, the goods are accompanied by a credit note. (1)

1.2 BANK RECONCILIATION**REQUIRED:**

Use the information taken from the accounting records of Zulu Stores for June 2023 to:

- 1.2.1 Update the CRJ and CPJ totals in the table provided. (14)
- 1.2.2 Calculate the correct bank account balance in the General Ledger on 30 June 2023. Show ALL workings. (5)
- 1.2.3 Prepare the Bank Reconciliation Statement as at 30 June 2023. (12)
- 1.2.4 Refer to INFORMATION J: Deposit of R12 700 on 20 June 2023.
Explain why the accountant should be concerned about this deposit.
Provide TWO points. (4)

INFORMATION:

The bookkeeper from Zulu Stores compared the Bank Statement received from Kings Bank during June 2023 with their May 2023 Bank Reconciliation Statement and the Cash Journals for June 2023 and found the following differences:

- A. The Bank Account in the General Ledger reflected a debit balance of R21 800 on 1 June 2023.
- B. Before inspecting the June Bank Statement, the provisional totals in the June 2023 Cash Journals were: CRJ: R116 400 and CPJ: R132 500.
- C. Bank charges of R1 150 and interest on a debit balance of R230 appeared on the June 2023 Bank Statement but not in the relevant Cash Journal/s.
- D. EFT received from a debtor was correctly reflected as R5 300 on the Bank Statement for June 2023, but was incorrectly recorded as R3 500 in the relevant Cash Journal.
- E. A deposit of R2 190 received on 25 June 2023 for sales was entered in the Cash Receipts Journal as R2 910.
- F. A debtor transferred R1 000 directly into the bank account of Zulu Stores in settlement of their account of R1 100. This appeared only on the Bank Statement for June 2023.
- G. The annual insurance premium in respect of the owner's personal vehicle was paid by means of a debit order, R1 440. This appeared on the June 2023 Bank Statement only.
- H. The debit order for cellphone data, R1 840, was not recorded in the relevant Cash Journal. It was also incorrectly duplicated on the June 2023 Bank Statement.
- I. A deposit for R22 500, dated 23 June 2023, was not reflected in the respective Cash Journal, but appeared on the June 2023 Bank Statement.
- J. A deposit of R12 700, dated 20 June 2023, was not reflected on the June 2023 Bank Statement. The amount appeared only in the Cash Receipts Journal.
- K. Rent of R9 200, received on 30 June 2023, was recorded in the relevant Cash Journal from a proof of payment received from the tenant. This did not appear on the Bank Statement for June 2023.
- L. The following EFTs, all dated 30 June 2023, were not reflected on the Bank Statement for June 2023:
 - EFT 778 R 6 200
 - EFT 791 R 520
 - EFT 797 R 1 260

- M. On the May 2023 Bank Statement, the interest amount of R355 received from the bank for a positive bank balance, was duplicated by mistake. The error was corrected on the Bank Reconciliation Statement for May 2023. However, it was found that the error has not yet been corrected by the bank on the June 2023 Bank Statement. The bank has given the assurance that the error will be corrected in July 2023.
- N. The Bank Statement closed with a balance of R ? on 25 June 2023.

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QUESTION 2: CREDITORS' RECONCILIATION**(25 marks; 20 minutes)**

The owner of Sunrays Nurseries, Ms Flowers, requested your help in a reconciliation of a creditor's account from creditor Rose Traders. Ms Flowers is of the opinion that her business only owes R3 266 to Rose Traders and she is therefore upset that the statement she received reflects an amount of R16 727 outstanding.

REQUIRED:

- 2.1 Prepare the corrected account for Rose Traders in the Creditors' Ledger of Sunrays Nurseries. (14)
- 2.2 Prepare the Creditors' Reconciliation Statement on 30 April 2023. (11)

INFORMATION:

- A. The following account appeared in the Creditors' Ledger of Sunrays Nurseries on 30 April 2023:

| Details | | Debit | Credit | Balance |
|---------|---------------------|-------|--------|---------|
| April | | | | |
| 1 | Balance | | 2 000 | 2 000 |
| 3 | Receipt 417 | | 600 | 2 600 |
| 6 | Invoice 338 | | 3 850 | 6 450 |
| 10 | EFT 1048 | 3 630 | | 2 820 |
| | Discount (EFT 1048) | 330 | | 2 490 |
| 11 | Invoice 619 | 1 870 | | 620 |
| | Debit note 72 | 297 | | 323 |
| 15 | Invoice 342 | | 5 200 | 5 523 |
| 20 | Debit note 75 | 350 | | 5 173 |
| 24 | EFT 1059 | 2 420 | | 2 753 |
| | Discount (EFT 1059) | 242 | | 2 511 |
| 26 | Invoice 2301 | | 4 400 | 6 911 |
| 30 | EFT 1067 | 4 050 | | 2 861 |
| | Discount (EFT 1067) | | 405 | 3 266 |

B. On 30 April 2023 Ms Flowers received the following statement from Rose Traders:

| Details | | Debit | Credit | Balance |
|---------|----------------------------------|--------|--------|---------|
| April | | | | |
| 1 | Balance | 2 000 | | 2 000 |
| 6 | Invoice 338 (Sales) | 3 850 | | 5 850 |
| 10 | Receipt 1104 (Payment received) | | 3 630 | 2 220 |
| | Discount allowed on receipt 1104 | | 363 | 1 857 |
| 11 | Credit note 143 (Allowance) | | 270 | 1 587 |
| 15 | Invoice 342 (Sales) | 5 720 | | 7 307 |
| 19 | Invoice 347 (Sales) | 2 310 | | 9 617 |
| 20 | Credit note 145 (Allowance) | | 350 | 9 267 |
| 24 | Receipt 1112 (Payment received) | | 2420 | 6 847 |
| | Discount allowed on receipt 1112 | | 121 | 6 726 |
| 29 | Invoice 351 (Sales) | 10 001 | | 16 727 |

- C. The entry on 3 April 2023 in the account of Rose Traders in the Creditors' Ledger is incorrect, the amount was received from a debtor, Palm Tree.
- D. Ms Flower has an arrangement with Rose Traders that a 10% discount will be received on each payment made (see entries on 10th and 24th).
- E. Invoice 619 for R1 870 on 11 April 2023 in the account of Rose Traders in the Creditors' Ledger, is in respect of stock sold to Plants Galore on credit.
- F. On 11 April 2023 an entry for R297 (debit note 72) was made in the Creditors' Allowance Journal dealing with an allowance from Rose Traders. It has been established that this entry has been correctly made in the Creditors' Ledger.
- G. An error was made when posting the entry on 15 April from the Creditors' Journal to the account of Rose Traders. The amount is correct on the statement received.
- H. Invoice 347 on 19 April 2023 on the statement from Rose Traders was in respect of another customer, Reaping Rose.
- I. Invoice 2301 for R4 400 on 26 April in the account of Rose Traders in the Creditors' Ledger was erroneously posted to this account, instead of to the account of Bark Traders.
- J. The sales of R10 001 reflected on 29 April 2023 in the statement from Rose Traders was definitely for Sunrays Nurseries.
- K. A posting error occurred in the books of the business, for the discount (EFT 1067) on the 30th which still has to be corrected.
- L. Certain entries do not appear on the statement as the statement was sent on 27 April 2023, while the Creditors' Ledger continues till 30 April 2023.

QUESTION 3: FIXED ASSETS AND ASSET DISPOSAL**(55 marks; 44 minutes)****3.1 MATCHING**

Match the words/phrases in Column A with the best definition/explanation in Column B. Write only the letters (A – G) next to the question numbers (3.1.1 to 3.1.5) in the ANSWER BOOK.

(5)

| COLUMN A | | COLUMN B | |
|----------|-------------------|----------|---|
| 3.1.1 | Non-current asset | A | A possession that remains in the business for less than a year and is used to generate income |
| 3.1.2 | Disposal | B | When a business decides that the useful life of a tangible asset is over and they retire the asset by scrapping, selling or donating it |
| 3.1.3 | Historical cost | C | A control tool to record the details of each individual tangible asset in the business and its depreciation |
| 3.1.4 | Depreciation | D | A possession that remains in the business for more than one year and is used to generate income |
| 3.1.5 | Materiality | E | Small amounts that have no real relevance need not be disclosed separately according to this GAAP principle |
| | | F | The reduction in value of a tangible asset, generally from wear and tear |
| | | G | The original price for an acquisition of a tangible asset must be recorded according to this GAAP principle |

3.2 You are provided with information relating to KG Traders on 30 June 2023, the end of the accounting period:

REQUIRED:

Use the information given to complete the following:

- 3.2.1 Depreciation on vehicles for the year ended 30 June 2023. Use the table provided as a guide. (16)
- 3.2.2 Asset Disposal Account in the General Ledger (8)
- 3.2.3 Prepare Note 3 on Tangible Assets. Show calculations where necessary. (19)

INFORMATION:**Balances on 1 July 2022**

| | Cost | Accumulated depreciation | Carrying value |
|--------------------|-------------|---------------------------------|-----------------------|
| Land and buildings | 400 000 | (0) | 400 000 |
| Vehicles | 300 000 | (76 000) | 224 000 |

TRANSACTIONS:**30 September 2022**

- Extension to the building at the cost of R120 000
- Repairs to the storeroom cost the owner R25 000

31 December 2022

- Traded in an old vehicle for R55 000 on a new vehicle for R150 000 from Jozi Motors. The vehicle was bought on 1 July 2020 for R100 000.

Calculation of Depreciation

- On vehicles at 20% per annum on book value

3.3 INTERNAL CONTROL OF ASSETS**REQUIRED:**

Answer the questions related to the case study below.

INFORMATION:

Jeanette Rowls is the owner of Hair Online, an online store which sells hair products delivered to your door. Jeanette recently bought a building in Springs which she uses as the office as well as the storage facility. The business has 2 mini vans, which Jeanette purchased second hand; each with their own driver, 1 laptop and 1 printer. Jeanette has asked for your help with the following:

- 3.3.1 Jeanette is aware that most assets lose value due to normal wear and tear. Which fixed asset does not normally depreciate at the end of the financial year? Briefly explain why this asset does not depreciate. (2)
- 3.3.2 Jeanette takes the laptops home every day for her children to use so they can access their online lessons. Explain how the depreciation will be dealt with for these laptops. Refer to the applicable GAAP principle in your answer. (3)
- 3.3.3 Jeanette noticed that one of the mini van's kilometre reading is higher than it should be. Give ONE practical solution on how she can solve this issue. (2)

QUESTION 4: FINANCIAL INDICATORS**(30 marks; 24 minutes)**

You are provided with information of Exclusive Boutique, an upscale clothing boutique in Sandton. The information was taken from the financial records at the end of the financial year, 30 June 2023. The partners are M. Floyd and T. Bins. The business aims to achieve a 100% mark-up on cost.

REQUIRED:

Refer to the information provided and answer the questions below.

When interpreting financial information always refer to financial indicator/s and/or figures in your answer/s.

- 4.1 Calculate the mark-up on cost that the business achieved for the year ended 30 June 2023. (3)
- 4.2 Refer to your answer to QUESTION 4.1. Is there cause for concern? Give ONE reason for your answer. (2)
- 4.3 If the business does not achieve the intended mark-up of 100%, it does not always indicate problems.
- 4.3.1 Give ONE possible reason where not achieving the intended mark-up is not a cause for concern. (1)
- 4.3.2 Give ONE possible reason where not achieving the intended mark-up is a cause for concern. (1)
- 4.4 Calculate the operating expenses on sales for the year ended 30 June 2023. (3)
- 4.5 Refer to your answer to QUESTION 4.4. In your opinion, has the business been able to control its operating expenses well? Give ONE reason for your answer, with figures. (2)
- 4.6 The partners are of the opinion that the profitability of the business has deteriorated from last year. State TWO indicators, with figures and trends, to support their opinion. (4)
- 4.7 Calculate the stock turnover rate for the year ended 30 June 2023. (3)
- 4.8 Refer to your answer to QUESTION 4.7. Is there cause for concern? Give ONE reason for your answer. (2)
- 4.9 Calculate the number of days for which there is stock on hand. (3)
- 4.10 Refer to your answer to QUESTION 4.9. Is there cause for concern? Give ONE reason for your answer. (2)
- 4.11 How could a business improve its control over its debtors and creditors? Mention ONE way to improve control over debtors and ONE way to improve control over creditors. (4)

INFORMATION:

A. Extract from the credit policy of Exclusive Boutique:

- Debtors have to settle their accounts within 30 days.
- Creditors have to be paid within 60 days to qualify for a 5% early settlement discount.
- Creditors have to be paid no later than 90 days after incurring the debt to avoid the 3% per month interest penalty.

B. Figures from the financial statements:

| | 2023 | 2022 |
|--------------------|-----------|---------|
| Turnover | 4 000 000 | |
| Cost of sales | 2 200 000 | |
| Operating expenses | 1 888 000 | |
| Inventory | 600 000 | 400 000 |
| Trade creditors | 140 000 | 160 000 |

C. Credit purchases for the year, R600 000.

D. Financial indicators as calculated for the past two years:

| | 2023 | 2022 |
|------------------------------------|---------|--------------|
| % mark-up on cost | ? | 97% |
| % gross profit on sales | 45% | 45% |
| % operating expenses on sales | ? | 30% |
| % operating profit on sales | 18% | 22% |
| % net profit on sales | 15% | 17,7% |
| Stock turnover rate | ? | 4 times p.a. |
| Stock on hand | ? | 91,3 days |
| Average debtors' collection period | 55 days | 65 days |
| Average creditors' payment period | 91 days | 59 days |

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 | |
| $\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1} \text{ or } \frac{12}{1}$ | $\frac{\text{Average creditors}}{\text{Credit purchases or Cost of sales}} \times \frac{365}{1} \text{ or } \frac{12}{1}$ | |
| $\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365}{1} \text{ or } \frac{12}{1}$ | $\frac{\text{Cost of sales}}{\text{Average inventories}}$ | |
| Non-current Liabilities: Partners' equity | Total assets: Total liabilities | |





GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2023

GRADE 11

**ACCOUNTING
PAPER 2
ANSWER BOOK**

TIME: 2 hours

MARKS: 150

11 pages

| | |
|------------------|--|
| Name of school: | |
| Name of learner: | |
| Date: | |

| Question | Topic | Marks | Marks obtained | Moderated marks |
|--------------|---------------------------------|------------|----------------|-----------------|
| 1. | Bank Reconciliation | 40 | | |
| 2. | Creditors' Reconciliation | 25 | | |
| 3. | Fixed Assets and Asset Disposal | 55 | | |
| 4. | Financial Indicators | 30 | | |
| TOTAL | | 150 | | |

QUESTION 1: BANK RECONCILIATION

(40 marks; 32 minutes)

QUESTION 1.1: TRUE AND FALSE

| | ANSWER |
|-------|---------------|
| 1.1.1 | |
| 1.1.2 | |
| 1.1.3 | |
| 1.1.4 | |
| 1.1.5 | |

| |
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| 5 |

QUESTION 1.2

| Update the CRJ and CPJ totals in the table provided. | |
|---|------------------------------|
| CASH RECEIPTS JOURNAL | CASH PAYMENTS JOURNAL |
| 116 400 | 132 500 |
| | |
| | |
| | |
| | |
| | |
| | |

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| |
| 14 |

| | |
|--------------|---|
| 1.2.4 | Explain why the accountant should be concerned about the deposit of R12 700 on 20 June 2023. Provide TWO points. |
| | |

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| |
| 4 |

| |
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| |
| 40 |



QUESTION 3: FIXED ASSETS AND ASSET DISPOSAL (55 marks; 44 minutes)

3.1 FIXED ASSETS AND ASSET DISPOSAL

| | ANSWER |
|--------------|---------------|
| 3.1.1 | |
| 3.1.2 | |
| 3.1.3 | |
| 3.1.4 | |
| 3.1.5 | |

| |
|----------|
| |
| 5 |

| 3.2.1 DEPRECIATION CALCULATION | Amount for this year |
|---|-----------------------------|
| NEW: | |
| SOLD: | |
| Year 1: | |
| Year 2: | |
| Year 3: | |
| Total: | |
| OLD: | |
| Total depreciation for the year: | |

| |
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| |
| 16 |

| 3.2.2 | | | | | | | | | | |
|--------------|--|-------------------------------|--|--|--|--|--|-----------|----------|-----------|
| Dr | | Asset Disposal Account | | | | | | N6 | | Cr |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | 8 | |

| 3.2.3 Fixed Assets | Land and buildings | Vehicles |
|---------------------------|---------------------------|-----------------|
| Carrying value 1/7/2022 | | |
| Cost | | |
| Accumulated depreciation | | |
| Movements | | |
| Additions | | |
| Disposals | | |
| Depreciation | | |
| Carrying value 30/6/2023 | | |
| Cost | | |
| Accumulated depreciation | | |

3.3 INTERNAL CONTROL OF ASSETS

| | | |
|-------|--|-----|
| 3.3.1 | Jeanette is aware that most assets lose value due to normal wear and tear. Which fixed asset does not normally depreciate at the end of the financial year? Briefly explain why this asset does not depreciate. | (2) |
| | | |
| 3.3.2 | Jeanette takes the laptops home every day for her children to use so they can access their online lessons. Explain how the depreciation will be dealt with for these laptops. Refer to the applicable GAAP principle in your answer. | (3) |
| | | |
| 3.3.3 | Jeanette noticed that one of the mini van's kilometre reading is higher than it should be. Give ONE practical solution on how she can solve this issue. | (2) |
| | | |

QUESTION 4: FINANCIAL INDICATORS

(30 marks; 24 minutes)

| | | |
|-----|--|-----|
| 4.1 | Calculate the mark-up on cost that the business achieved for the year ended 30 June 2023. | (3) |
| 4.2 | Refer to your answer to QUESTION 4.1. Is there cause for concern? Give ONE reason for your answer. | (2) |
| | YES/NO | |
| 4.3 | If the business does not achieve the intended mark-up of 100%, it does not always indicate problems. | |
| | 4.3.1 Give ONE possible reason where not achieving the intended mark-up is NOT a cause for concern. | (1) |
| | 4.3.2 Give ONE possible reason where not achieving the intended mark-up IS a cause for concern. | (1) |

| | | |
|-----|--|-----|
| 4.4 | Calculate the operating expenses on sales for the year ended 30 June 2023. | (3) |
| 4.5 | Refer to your answer to QUESTION 4.4. In your opinion, has the business been able to control its operating expenses well? Give ONE reason, with figures, for your answer. | (2) |
| | YES/NO | |
| 4.6 | The partners are of the opinion that the profitability of the business has deteriorated from last year. State TWO indicators, with figures and trends, to support their opinion. | (4) |
| 4.7 | Calculate the stock turnover rate for the year ended 30 June 2023. | (3) |



PROVINCIAL EXAMINATION

JUNE 2023

GRADE 11

MARKING GUIDELINES

ACCOUNTING PAPER 2

11 pages

Marking principles:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced items). No double-penalty is applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If the answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method-mark for the answer).
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method-marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. In awarding method-marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
10. Be aware of candidates who provide valid alternatives beyond the marking guidelines.
11. Codes: f = foreign item; p = placement/presentation

QUESTION 1: BANK RECONCILIATION

(40 marks; 32 minutes)

QUESTION 1.1: TRUE AND FALSE

| | ANSWER |
|-------|---------|
| 1.1.1 | False ✓ |
| 1.1.2 | False ✓ |
| 1.1.3 | False ✓ |
| 1.1.4 | True ✓ |
| 1.1.5 | False ✓ |

5

QUESTION 1.2

1.2.1 Update the CRJ and CPJ totals in the table provided.

| CASH RECEIPTS JOURNAL | CASH PAYMENTS JOURNAL |
|------------------------------|------------------------------|
| 116 400 | 132 500 |
| 1 800 ✓✓ | 1 150 ✓ + 230 ✓ OR 1 380 ✓✓ |
| 1 000 ✓✓ | 720 ✓✓ |
| 22 500 ✓ | 1 440 ✓ |
| | 1 840 ✓✓ |
| 141 700 ☑ | 137 880 ☑ |
| | |

14

| | |
|--------------|---|
| 1.2.2 | Calculate the correct bank account balance in the General Ledger on 30 June 2023. Show ALL workings. |
| | $21\,800 \checkmark\checkmark + 141\,700 \checkmark - 137\,880 \checkmark = 25\,620 \checkmark$ |

| |
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| 1.2.3 | Prepare the Bank Reconciliation Statement as at 30 June 2023. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|-------|--------|----------------------------------|--|--|-------------------------|--|--|--|--|---|---------------------|--|--|-----|---|--|-----|---|--|-----|---|--|---------------------------|--|---|----------------------------|---|--|--------------------------------|--|--|--|---------------|---------------|
| | <p>Bank Reconciliation Statement of Zulu Stores on 30 June 2023</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center;">Debit</th> <th style="width: 15%; text-align: center;">Credit</th> </tr> </thead> <tbody> <tr> <td>Cr balance as per Bank Statement</td> <td></td> <td style="text-align: right;">10 215 <input checked="" type="checkbox"/></td> </tr> <tr> <td>Cr outstanding deposits</td> <td></td> <td style="text-align: right;">12 700 <input checked="" type="checkbox"/></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">9 200 <input checked="" type="checkbox"/></td> </tr> <tr> <td>Dr outstanding EFTs</td> <td></td> <td></td> </tr> <tr> <td>778</td> <td style="text-align: right;">6 200 <input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>791</td> <td style="text-align: right;">520 <input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>797</td> <td style="text-align: right;">1 260 <input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>Cr amount wrongly debited</td> <td></td> <td style="text-align: right;">1 840 <input checked="" type="checkbox"/></td> </tr> <tr> <td>Dr amount wrongly credited</td> <td style="text-align: right;">355 <input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td>Dr balance as per Bank Account</td> <td style="text-align: right;">25 620 <input checked="" type="checkbox"/></td> <td></td> </tr> <tr> <td style="text-align: right;">One mark for same total <input checked="" type="checkbox"/></td> <td style="text-align: right;">33 955</td> <td style="text-align: right;">33 955</td> </tr> </tbody> </table> | | Debit | Credit | Cr balance as per Bank Statement | | 10 215 <input checked="" type="checkbox"/> | Cr outstanding deposits | | 12 700 <input checked="" type="checkbox"/> | | | 9 200 <input checked="" type="checkbox"/> | Dr outstanding EFTs | | | 778 | 6 200 <input checked="" type="checkbox"/> | | 791 | 520 <input checked="" type="checkbox"/> | | 797 | 1 260 <input checked="" type="checkbox"/> | | Cr amount wrongly debited | | 1 840 <input checked="" type="checkbox"/> | Dr amount wrongly credited | 355 <input checked="" type="checkbox"/> | | Dr balance as per Bank Account | 25 620 <input checked="" type="checkbox"/> | | One mark for same total <input checked="" type="checkbox"/> | 33 955 | 33 955 |
| | Debit | Credit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cr balance as per Bank Statement | | 10 215 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cr outstanding deposits | | 12 700 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 9 200 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr outstanding EFTs | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 778 | 6 200 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 791 | 520 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 797 | 1 260 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cr amount wrongly debited | | 1 840 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr amount wrongly credited | 355 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr balance as per Bank Account | 25 620 <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| One mark for same total <input checked="" type="checkbox"/> | 33 955 | 33 955 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| |
|-----------|
| |
| 12 |

| | |
|-------|--|
| 1.2.4 | Explain why the accountant should be concerned about the deposit of R12 700 on 20 June 2023. Provide TWO points. |
| | <ul style="list-style-type: none">• The deposit was made on 20 June 2023 and the bank statement was only printed and sent to the business on 25 June 2023. There was enough time for the deposit to reflect on the bank statement. ✓✓• This could mean that the money was never deposited by the employee in charge of doing the deposits. ✓✓ |
| | |
| 4 | |



QUESTION 2: CREDITORS' RECONCILIATION

(25 marks; 20 minutes)

| 2.1 | | Creditors' Ledger of Sunrays Nurseries Rose Traders | | | | |
|--------|---------------------|--|-----------------------------|-----------|---------|--|
| Date | Details | Fol. | Debit | Credit | Balance | |
| Apr 30 | Incorrect balance | | | | 3 266 | |
| | Receipt 417 | | 600 ✓ | | | |
| | Invoice 619 | | | 1 870 ✓✓ | | |
| | Discount 1048 | | 33 ✓✓ | | | |
| | Invoice 342 | | | 520 ✓✓ | | |
| | Invoice 2301 | | 4 400 ✓✓ | | | |
| | Invoice 351 | | | 10 001 ✓✓ | | |
| | Correction of error | | 810 ✓✓ (or 405 + 405) | | 9 814 ✓ | |
| | | | | | | |
| 14 | | | | | | |

| 2.2 | | Creditors' Reconciliation Statement of Sunrays Nurseries on 30 April 2023 | |
|-------------------------------------|--|--|------------|
| Balance as per Creditors' Statement | | | 16 727 |
| Debit note 72 | | | (27) ✓✓ |
| Invoice 347 | | | (2 310) ✓✓ |
| Discount on receipt 1112 | | | (121) ✓✓ |
| EFT 1067 | | | (4 050) ✓✓ |
| Discount omitted | | | (405) ✓✓ |
| | | | 9 814 ☑ |

11

25

QUESTION 3: FIXED ASSETS AND ASSET DISPOSAL

(55 marks; 44 minutes)

3.1

| | ANSWER |
|-------|--------|
| 3.1.1 | D ✓ |
| 3.1.2 | B ✓ |
| 3.1.3 | G ✓ |
| 3.1.4 | F ✓ |
| 3.1.5 | E ✓ |

5

| 3.2.1 DEPRECIATION CALCULATION | Amount for this year |
|---|--|
| NEW: $150\,000 \times 20\% \checkmark = 30\,000 / 12 \times 6 \checkmark =$ | 15 000 <input checked="" type="checkbox"/> |
| SOLD: Year 1: 1/7/20 – 30/6/21 $100\,000 \times 20\% = 20\,000 \checkmark$ Year 2: 1/7/21 – 30/6/22 $(100\,000 - 20\,000) \times 20\% = 16\,000 \checkmark\checkmark$ Year 3: 1/7/22 – 31/12/22 $(100\,000 - 20\,000 - 16\,000) \times 20\% = 12\,800 / 12 \times 6 =$ | 6 400 <input checked="" type="checkbox"/> |
| TOTAL: $20\,000 \checkmark + 16\,000 \checkmark + 6\,400 \checkmark = 42\,400$ | |
| OLD: COST: $300\,000 - 100\,000 = 200\,000 \checkmark\checkmark$ ACC DEP: $76\,000 - 36\,000 = 40\,000 \checkmark\checkmark$ $200\,000 - 40\,000 = 160\,000 \times 20\% =$ | 32 000 <input checked="" type="checkbox"/> |
| Total depreciation for the year: | 53 400 |

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| 3.2.2 | | | | | | | | | | |
|--------------|----|------------------------|----|-----------|--------------|----|--|----|----------|----|
| Dr | | Asset Disposal Account | | | | | | N6 | | Cr |
| 2023 June | 30 | Vehicles ✓ | GJ | 100 000 ✓ | 2023 June | 30 | Accumulated depreciation on vehicles ✓ | GJ | 42 400 ✓ | |
| | | | | | | | Creditors' Control ✓ | GJ | 55 000 ✓ | |
| | | | | | | | Loss on sale of asset ✓ | GJ | 2 600 ✓ | |
| | | | | 100 000 | | | | | 100 000 | |
| | | | | | | | | | | |
| | | | | | | | | | 8 | |

| 3.2.3 Fixed Assets | Land and buildings | Vehicles |
|--|-----------------------|-------------|
| Carrying value 1/7/2022 | 400 000 | ✓ 224 000 |
| Cost | ✓ 400 000 | ✓ 300 000 |
| Accumulated depreciation | | ✓ (76 000) |
| Movements | | |
| Additions | ✓ 120 000 | ✓✓ 150 000 |
| Disposals (100 000 ✓ – 42 400) See 3.2.2 | | ✓✓ (57 600) |
| Depreciation See 3.2.1 | | ✓✓ (53 400) |
| Carrying value 30/6/2023 | 520 000 | ✓✓ 263 000 |
| Cost (300 000 + 150 000 – 100 000) one part correct | ✓ 520 000 | ✓✓ 350 000 |
| Accumulated depreciation | | ✓✓ 87 000 |

3.3 INTERNAL CONTROL OF ASSETS

| | | |
|-------|---|-----|
| 3.3.1 | Jeanette is aware that most assets lose value due to normal wear and tear. Which fixed asset does not normally depreciate at the end of the financial year? Briefly explain why this asset does not depreciate. | (2) |
| | Buildings ✓ They appreciate in value and do not depreciate. ✓ | |
| 3.3.2 | Jeanette takes the laptops home every day for her children to use so they can access their online lessons. Explain how the depreciation will be dealt with for these laptops. Refer to the GAAP principle in your answer. | (3) |
| | GAAP Principle: Business entity principle ✓ The laptops are used for both business and personal use. Therefore the depreciation calculated for the year needs to be split between business expense (depreciation) and personal expense (drawings). ✓✓ | |
| 3.3.3 | Jeanette noticed that one of the mini van's kilometre reading is higher than it should be. Give ONE practical solution on how she can solve this issue. | (2) |
| | She could keep a record sheet on the mileage per driver to see if the drivers are using the mini vans only for work purposes and not for personal reasons. Install trackers to monitor the drivers' movements. Drivers need to keep a log book. ✓✓ Any relevant answers. | |

QUESTION 4: FINANCIAL INDICATORS

(30 marks; 24 minutes)

| | | |
|-----|---|------------------------------|
| 4.1 | Calculate the mark-up on cost that the business achieved for the year ended 30 June 2023. | (3) |
| | $\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$ $\frac{4\,000\,000 - 2\,200\,000}{2\,200\,000} \times \frac{100}{1}$ $\frac{1\,800\,000}{2\,200\,000} \times \frac{100}{1}$ <p>81,8% <input checked="" type="checkbox"/></p> | |
| 4.2 | Refer to your answer to QUESTION 4.1. Is there cause for concern? Give ONE reason for your answer. | (2) |
| | <p>Yes <input checked="" type="checkbox"/>, there is cause for concern.</p> <ul style="list-style-type: none"> The achieved mark-up has decreased from 97% to 81,8%. <input checked="" type="checkbox"/> The achieved mark-up of 81,8% is nearly 20% less than the intended mark-up. <p style="text-align: right;">(any other relevant answer)</p> | |
| 4.3 | <p>If the business does not achieve the intended mark-up of 100%, it does not always indicate problems.</p> <p>4.3.1 Give ONE possible reason where not achieving the intended mark-up is NOT a cause for concern.</p> <ul style="list-style-type: none"> If the business offers discounts, it will not achieve the intended mark-up. However, the quantity of its sales will increase. <input checked="" type="checkbox"/> <p>4.3.2 Give ONE possible reason where not achieving the intended mark-up IS a cause for concern.</p> <ul style="list-style-type: none"> If the achieved mark-up is a lot less than the intended mark-up, it could be an indication that a lot of unauthorised discounts are given. <input checked="" type="checkbox"/> <p style="text-align: right;">(any other relevant answer)</p> | (1) (1) |

| | | |
|-----|---|------------|
| 4.4 | Calculate the operating expenses on sales for the year ended 30 June 2023. | (3) |
| | $\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$ $\frac{1\,888\,000\checkmark}{4\,000\,000\checkmark} \times \frac{100}{1}$ <p>47,2% <input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/> – one part correct</p> | |
| 4.5 | Refer to your answer to QUESTION 4.4. In your opinion, has the business been able to control its operating expenses well? Give ONE reason for your answer, with figures. | (2) |
| | <p>No, <input checked="" type="checkbox"/> the business has not properly controlled its expenses.</p> <ul style="list-style-type: none"> • It increased from 30% to 47,2%. <input checked="" type="checkbox"/> • Nearly 50% of its sales are used to cover the expenses. <p style="text-align: right;"><input checked="" type="checkbox"/> (any other correct answer)</p> | |
| 4.6 | The partners are of the opinion that the profitability of the business has deteriorated from last year. State TWO indicators, with figures and trends, to support their opinion. | (4) |
| | <p>Indicator: 1 mark each Trend: 1 mark each (take into account the answer in QUESTION 4.5.)</p> <ul style="list-style-type: none"> • The percentage operating profit on sales has decreased from 22% to 18%. • The percentage net profit on sales has decreased from 17,7% to 15%. <p><input checked="" type="checkbox"/> Do not accept % gross profit on sales.</p> | |
| 4.7 | Calculate the stock turnover rate for the year ended 30 June 2023. | (3) |
| | $\frac{\text{Cost of sales}}{\text{Average inventory}}$ $\frac{2\,200\,000}{(600\,000 + 400\,000)/2}$ $\frac{2\,200\,000\checkmark}{500\,000\checkmark}$ <p>4,4 times per annum <input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/> – only if one part of the calculation is correct</p> | |

| | | |
|-------------|---|-------------------------------------|
| 4.8 | <p>Refer to your answer to QUESTION 4.7. Is there cause for concern? Give ONE reason for your answer.</p> | (2) |
| | <p>No, ✓ there is no cause for concern.</p> <p>This is a clothing store. There are 4 seasons. And it seems as if the business managed to sell new clothes every season. ✓</p> <p>The stock turnover rate increased from last year to this year by 0,4%. (any relevant answer)</p> | |
| 4.9 | <p>Calculate the number of days for which there is stock on hand.</p> | (3) |
| | $\frac{\text{Average stock}}{\text{Cost of sales}} \times \frac{365}{1}$ $\frac{500\,000}{2\,200\,000} \times \frac{365}{1}$ <p>83 days <input checked="" type="checkbox"/> (✓ – only if one part correct)</p> | |
| 4.10 | <p>Refer to your answer to QUESTION 4.9. Is there cause for concern? Give ONE reason for your answer.</p> | (2) |
| | <p>Yes, ✓ there is cause for concern.</p> <p>There are only about 60 days left of the winter season, while there are 83 days of winter stock left. May not be able to sell the winter stock, before winter ends. ✓</p> <p style="text-align: center;">OR</p> <p>Although the number of days stock on hand decreased from 91,3 days to 83 days there is still too much stock on hand. (any relevant answer)</p> | |
| 4.11 | <p>How can the business improve its control over its debtors and creditors? Mention ONE way to improve control over debtors and ONE way to improve control over creditors.</p> | |
| | <p>Debtors:</p> <ul style="list-style-type: none"> • Discount for early settlement of accounts could be offered. ✓✓ • Interest could be charged on late payment of accounts. • Do not sell on credit again to a debtor whose account is not paid on time. (any relevant answer) <p>Creditors:</p> <ul style="list-style-type: none"> • Ensure that accounts are paid on time to take advantage of the discounts offered and to avoid the interest charges. ✓.✓ <p style="text-align: right;">(any other relevant answer)</p> | <p>(2)</p> <p>(2)</p> |