

Province of the

**EASTERN CAPE**

EDUCATION

**NATIONAL**

**SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2010**

|  |
| --- |
| **ACCOUNTING** |

**MARKS: 300**

**TIME: 3 hours**

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| This question paper consists of 16 pages. |

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| **INSTRUCTIONS AND INFORMATION** | |  |
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| 1. | This question paper comprises 6 compulsory questions. |  |
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| 2. | Answer ALL the questions in the special answer book provided. |  |
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| 3. | Where applicable, workings must be shown in order to achieve part-marks. |  |
|  |  |  |
| 4. | Non-programmable calculators may be used. |  |
|  |  |  |
| 5. | You may use a dark pencil or black/blue pen in to answer the questions. |  |
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| 6. | A breakdown of the questions is provided. You must attempt to comply with the suggested time allocation for each question. |  |

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| Use the information given in the table below as a guide when answering the question paper. Try NOT to deviate from it. | |  |
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| **QUESTION 1: (32 marks; 19 minutes)** | |  |
| **Topic of the question** | **Learning outcomes covered:** |  |
| Bank Reconciliation | **LO1 - Financial Information**  AS4 – Prepare the Bank Reconciliation  **LO3 – Managing Resources**  AS6 – Internal Audit Processes |  |

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| **QUESTION 2: (90 marks; 54 minutes)** | |
| **Topic of the question** | **Learning outcomes covered:** |
| Partnerships | **LO1 – Financial Information**  AS1 – Accounting concepts  AS2 – Recording information  AS5 – Financial Statements  **LO3 Managerial Accounting**  AS3 – Asset Disposal |

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| **QUESTION 3: (45 marks; 27 minutes)** | |
| **Topic of the question** | **Learning outcomes covered:** |
| Non-Profit Organisations (Clubs) | **LO1 – Financial Information**  AS2 – Sports Club information  **LO3 – Managing Resources**  AS6 – Internal Audit Processes |

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| **QUESTION 4: (40 marks; 24 minutes)** | |
| **Topic of the question** | **Learning outcomes covered:** |
| Manufacturing Concerns | **LO2 – Managerial Accounting**  AS2 – Costing principles |

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| **QUESTION 5: (43 marks; 26 minutes)** | |
| **Topic of the question** | **Learning outcomes covered:** |
| Cash Budgets | **LO2 – Managerial Accounting**  AS3 – Preparing Cash Budgets |

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| **QUESTION 6: (50 marks; 30 minutes)** | |
| **Topic of the question** | **Learning outcomes covered :** |
| Inventory Systems and  Tangible Assets | **LO3 – Managing Resources**  AS3 – Tangible Assets  AS4 – Stock Recording systems |

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| **QUESTION 1** |  |

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| **BANK RECONCILIATION (32 marks; 19 minutes)** |  |

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| The following information appeared in the books of Jomo Stores. |  |

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| **INSTRUCTIONS:** |  |

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| 1.1 | Calculate the Bank Balance that would appear in the General Ledger after taking into account the information below.  *(Show detailed workings to obtain part marks.)* | (16) |
|  |  |  |
| 1.2 | Prepare the Bank Reconciliation Statement on 31 July 2010. | (8) |
|  |  |  |
| 1.3 | Give TWO examples of deductions on the bank statement that makes up (constitutes) bank charges. | (2) |
|  |  |  |
| 1.4 | Explain to the new cashier why you insist that a bank reconciliation must be done every month. *(Three points)* | (6) |
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| **INFORMATION:** |  |

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| 1. | Information from the Bank Reconciliation on 30 June 2010: |  |

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| Credit balance as per Bank Statement | 4 670 |
| Deposit not yet recorded by the Bank | 980 |
| Outstanding Cheques: No 123  No 147  No 152 | 200  520  1 380 |
| Incorrect debit entry on the Statement | 250 |
| Balance as per the Bank Account | **?** |

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| 2. | The provisional totals from the cash journals on 31 July 2010 was as follows:  Cash Receipts Journal 5 280  Cash Payments Journal 7 770 |  |
|  |  |  |
| 3. | A deposit of R1 250 on 30 July 2010 in the CRJ did not appear on the statement. |  |
|  |  |  |
| 4. | Cheques No. 167 for R430, No. 178 for R540 and No. 182 for R725 from the Cash Payments for July 2010 were not presented for payment. Cheque No. 182 was issued to B. Thomas for painting and renovating the storeroom. He informed the business that the cheque was lost. The cheque must be cancelled. A new cheque for this expense will only be issued in August 2010. |  |
|  |  |  |
| 5. | Cheque No. 123 (dated 1 December 2009) was issued to KWT Youth Club as a donation. It was established that the club no longer exists. |  |
|  |  |  |
| 6. | Cheque No. 152 was issued to a Creditor, XG Suppliers in settlement of our account. The cheque was dated 25 August 2010. |  |
|  |  |  |
| 7. | The following were noted on the Bank Statement received:   * Bank charges, R55. * Direct deposit of R140 for Interest on Fixed Deposit. * Debit order payment to the BC Municipality for municipal services, R840. * An entry for R250 being the correction of an error from the previous month. * Cheque No.147 for R250 (the correct amount of the cheque) for the owner’s personal insurance account.      * A debtor’s cheque for R350 which was dishonoured. This was received in settlement of an outstanding account of R380. |  |
|  |  |  |
| 8. | The balance on the Bank Statement was not clear. This amount must be calculated. |  |
|  | **[32]** | |

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| **QUESTION 2** |  |

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| **PARTNERSHIPS – FINANCIAL STATEMENTS (90 marks; 54 minutes)** |  |

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| 2.1 | **Income Statement** |  |

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| **INSTRUCTION** |  |

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| The following information was extracted from the records of Lumka Traders on  28 February 2010, the financial year-end. Use the information to do the following: |  |

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| 2.1.1 | Post to the Asset Disposal Account in the General Ledger.  *(Refer to point 2.3. in the adjustments below.)* | (7) |
|  |  |  |
| 2.1.2 | Prepare the **Income Statement** for the year ended on that date.  *(Show all workings in brackets to earn part-marks*.*)* | (36) |

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| **INFORMATION:** |  |

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| 1. | The following Profit and Loss Account was prepared by an inexperienced bookkeeper. An investigation revealed that the adjustments were not taken into account. A few errors were also noted. |  |

FINAL ACCOUNTS SECTION

**PROFIT AND LOSS ACOUNT**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Feb 28 | Rates and taxes | 3 600 | Feb 28 | Trading Account | 57 000 |
|  | Insurance | 2 340 |  | Rent Income | 20 150 |
|  | Salaries and Wages | 12 660 |  | Discount Received | 680 |
|  | Consumable Stores | 2 940 |  | Debtors Control | 370 |
|  | Telephone | 2 330 |  | Interest Income | 1 400 |
|  | Depreciation | 4 220 |  | Proceeds on disposal of fixed assets | 1 000 |
|  | Trading Stock | 22 480 |  | Provision for Bad Debts | 900 |
|  | Bad Debts | 720 |  |  |  |
|  | Sundry Expenses | 8 430 |  |  |  |
|  | Interest on loan | 3 000 |  |  |  |
|  |  |  |  |  |  |
|  | APPROPRIATION | 19 280 |  |  |  |
|  |  |  |  |  |  |
|  |  | 82 000 |  |  | 82 000 |
|  |  |  |  |  |  |

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| 2. | **Additional Information and Adjustments:** |  |
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| 2.1 | The debtors control amount is a receipt from a debtor whose account was previously written off. |  |
|  |  |  |
| 2.2 | The Trading Stock amount is the final stock figure according to the annual stock-take on 28 February 2010. The Trading Stock balance according to the General Ledger was R23 680. |  |
|  |  |  |
| 2.3 | The proceeds on disposal of fixed asset represents the cash received for an  old desk sold to an employee, on 1 September 2009. The desk was sold for  R1 550. The balance is still outstanding. The cost of the desk was R4 200.  Its accumulated depreciation on 1 March 2009 was R2 700.  Depreciation on equipment is calculated at 10% p.a. on cost. |  |
|  |  |  |
| 2.4 | The depreciation amount does not take into account the sale of the desk.  It represents 10% of the equipment balance on 1 March 2009.  Equipment is the only fixed (tangible) asset of the business. |  |
|  |  |  |
| 2.5 | The Provision for Bad Debts amount represents the balance on  1 March 2009.  The Provision for Bad Debts must be adjusted to 4% of the Debtors Control balance at the end of each year.  The Debtors Control balance at the end of this year was R18 500. |  |
|  |  |  |
| 2.6 | The telephone account for February, R470 was unpaid. |  |
|  |  |  |
| 2.7 | Insurance includes as annual premium of R840 paid for on 1 May 2009. |  |
|  |  |  |
| 2.8 | The interest on loan must still be paid for the last two months (January and February 2010). |  |
|  |  |  |
| 2.9 | The rent for March 2010 was received and deposited. |  |
|  |  |  |
| 2.10 | Unused consumable stores amounted to R440. |  |
|  |  |  |
| 2.11 | The business maintains a profit mark-up of 50% on cost of goods bought for  resale. This has been achieved. |  |

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| 2.2 | **Balance Sheet concepts and interpretation.** |  |

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| The information presented was taken from the books of AB Stores (with partners Apple and Banana) for the financial year ended 30 June 2010. Study the information and answer the questions set. |  |

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| **INSTRUCTIONS** |  |

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| 2.2.1 | List TWO advantages of partnerships as a form of business ownership. | (4) |
|  |  |  |
| 2.2.2 | Complete the Capital and Current Account notes. | (28) |
|  |  |  |
| 2.2.3 | What is the total amount earned by Apple? | (2) |
|  |  |  |
| 2.2.4 | Calculate the percentage return on Apple’s equity. | (5) |
|  |  |  |
| 2.2.5 | Should Apple be satisfied with her earnings? What criteria or financial indicators can she use to justify her feelings? | (2) |
|  |  |  |
| 2.2.6 | Comment on the financial risk (gearing) of this business. Use an appropriate ratio to motivate your answer. The gearing ratio of the previous year was **0,8:1**. | (6) |

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| **INFORMATION** |  |

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| 1. | Balances and totals (amongst others) |  |

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| --- | --- |
| **30 June 2010** | **30 June 2009** |
| Capital: Apple | ? | 150 000 |
| Capital: Banana | 160 000 | 200 000 |
| Current Account: Apple | ? | 6 666 | (Dr) |
| Current Account: Banana | ? | 5 432 |
| Drawings: Apple | 70 992 |  |
| Drawings: Banana | 66 960 |  |
| Fixed Deposit | 15 000 |  |
| Loan: ZZ Bank | 250 000 |  |
| Profit and Loss Account (Net Profit) | 189 736 |  |

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| 2. | On 1 January 2010, both partners made adjustments to their capital contributions. Apple increased her capital contribution by 15%. | |  |
|  |  |  |  |
| 3. | The Partnership agreement makes provision for the following: | |  |
|  | * **Partners’ Salary**   The partners draw their salary allowances on a monthly basis. This is reflected by their Drawings balance above. Apple has drawn her salary for the year, but Banana has not drawn his salary for June 2010. Salaries are increased by 8% pa on 1 April each year.   * **Interest on Capital**   Interest on Capital is provided for at 12% p.a. on capital balances.   * **Remaining Profit/Loss**   It was agreed that the remaining profit or loss be shared in the ratio of the partners’ capital balances at the *beginning* of the year. | |  |
|  | **[90]** | | |

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| **QUESTION 3** |  |

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| **NON-PROFIT ORGANISATIONS (CLUBS) (45 marks; 27 minutes)** |  |

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| **INSTRUCTIONS** |  |

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| 3.1 | Refer to **Information A.** | |  |
|  |  |  |  |
|  | 3.1.1 | Post to the Membership Fees (subscriptions) in the General Ledger. | (18) |
|  |  |  |  |
|  | 3.1.2 | The treasurer reported that she was not satisfied with the way in which the collection of fees is managed. Give TWO reasons why you think she feels this way. | (4) |
|  |  |  |  |
|  | 3.1.3 | Recommend TWO ways in which the situation can be improved. | (2) |
|  |  |  |  |
|  | 3.1.4 | The treasurer was not sure about the total cash spent on Refreshments purchased. You are requested to assist her in determining this amount.  *(Workings must be shown to score part marks.)* | (8) |
|  |  |  |  |
|  | 3.1.5 | The chairperson feels that the Club should be making more money from the sale of refreshments. He is not happy about the kiosk manager being solely responsible for the control of the refreshments. Suggest TWO ways in which he can improve the internal controls of this function. | (4) |
|  |  |  |  |
| 3.2 | Refer to **Information B.** | |  |
|  |  |  |  |
|  | For each transaction, fill the **amounts only**, in the appropriate column/s in the table provided. Refer to the example. | | (9) |

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| ***Information A*** |  |

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| The following information was extracted from the records of Braelynn Tennis Club for the financial year ended 31 December 2009; |  |

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| 1. | Balances on 1 January 2009 *(amongst others)*  Accrued Income (Membership Fees) 960  Income Received in Advance (Membership Fees) 240  Stock of Refreshments 940 |  |

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| 2. | Extract from the Receipts and Payments Journal on 31 December 2009: |  |

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| --- | --- | --- | --- |
| **RECEIPTS** | | **PAYMENTS** | |
| Membership Fees 2008 | 640 | Membership Fees refunded | 80 |
| 2009 | 2 310 | Refreshments purchased | ? |
| 2010 | 210 |  |  |
| Refreshment Sales | 7 100 |  |  |
| Entrance Fees | 1 050 |  |  |

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| 3. | **Fees Structure**:   * Entrance fee is R150 per new member, payable within 30 days of joining the club. * Membership fee is R80 per member, per year. * New members joining the club before 30 June must pay the full amount of R80, and those joining after 30 June pay R50. | |  |
|  |  | |  |
| 4. | **Membership Fees information**:   * On 1 January 2009, the club had 42 members on record. * 4 new members joined during April and May 2009 and 3 new members joined in September 2009. All new members paid their entrance and membership fees in full. * The fees refunded, was in respect of a member who paid her fees in 2008 for 2009. She married and moved to another town. * The membership fees outstanding for 2008 must be written off and the membership of the defaulting members must be terminated. * The Secretary requested that part of his honorarium be used for his 2009 membership fees * Some members did not pay their fees for this year. | |  |
|  |  |  |  |
| 5. | **Refreshments** :   * Refreshments valued at R650 were used for the Club’s Annual Meeting. * Refreshments bought on credit amounted to R2280. * Stock of refreshments on 31 December 2009 was R1860. * Refreshments are sold at a constant mark-up of 25% on cost. | |  |

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| ***Information B*** |  |

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| *Example: Received R180 from a member for membership fees. R120 is for the current financial year and R60 is for the outstanding balance of last year.* |  |

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| **TRANSACTIONS** |  |

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|  | 3.2.1 | Entrance fees amounts to R80 per member per year. 17 new members joined the club this year, and all paid their fees in full. It is club policy that 75% of entrance fees be capitalised and the balance used to defray operating expenses. |  |
|  |  |  |  |
|  | 3.2.2 | The Committee voted an honorarium of R500 for the Secretary. The Secretary decided that R240 be used to pay his membership fees for next year. A cheque for the balance was issued to him. |  |
|  |  |  |  |
|  | 3.2.3 | A donation of tennis balls, valued at R320, was received from PK Sports. |  |
|  |  |  |  |
|  | 3.2.4 | A fixed deposit at BX Bank matured. Received a cheque for R9 520. This included interest for the year at 12% p.a. |  |
|  | **[45]** | | |

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| **QUESTION 4** |  |

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| **MANUFACTURING CONCERNS (35 marks; 21 minutes)** |  |

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| The following information relates to Onthego Manufacturing for the year ended  28 February 2010. The business manufactures luggage bags. |  |

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| **INSTRUCTIONS:** |  |

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| 4.1 | Calculate the total Manufacturing Overheads for the year. | | (15) |
|  |  | |  |
| 4.2 | Post to the following accounts in the General Ledger: | |  |
|  |  |  |  |
|  | 4.2.1 | Raw Material Stock Account | (8) |
|  |  |  |  |
|  | 4.2.2 | Work in Process Stock Account. | (8) |
|  |  | |  |
| 4.3 | The business sells the bags at R70 each. | |  |
|  |  |  |  |
|  | 4.3.1 | Calculate the number of bags the business had to produce in order to break-even. | (7) |
|  |  |  |  |
|  | 4.3.2 | Based on your answer above, comment on the level of production achieved by the business. | (2) |

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| **INFORMATION:** |  |

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| 1. | Stock balances |  |

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| **28 February 2010** | **1 March 2009** |
| Raw Material | 14 340 | 12 880 |
| Work in Process | 15 500 | 15 500 |
| Finished Goods | 4 350 | 9 870 |
| Factory Indirect Materials | 980 | 1 230 |
|  |  |  |

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| 2. | Transactions for the period ended 28 February 2010. |  |

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| --- | --- |
| Carriage on Purchases of raw materials paid by cheque. | 4 370 |
| Cash purchases of raw materials | 28 750 |
| Credit purchases of raw materials | 43 250 |
| Damaged raw materials returned to creditors | 2 210 |
| Factory Indirect Materials purchased | 3 450 |
| Insurance | 2 940 |
| Rent Expense | 22 400 |
| Wages – Factory workers (production) | 66 330 |
| UIF –Factory workers | 670 |
| Maintenance of factory plant | 9 500 |
| Indirect labour (factory) | 2 635 |
| Water and Electricity | 11 500 |
| Total administration costs | 45 500 |
| Total selling and distribution costs | 97 800 |

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| 3. | **Additional Information**: | |  |
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| 3.1 | The administration cost and the selling and distribution cost above includes all the adjustments, and represents the final totals for those accounts. | |  |
|  |  | |  |
| 3.2 | The Rent Expense is split between the factory, sales and office in the ratio 4:2:1 and ⅔ of the insurance expense relates to the factory. | |  |
|  |  | |  |
| 3.3 | The factory is charged with 85% of the water and electricity bill.  The remainder is an office expense. | |  |
|  |  | |  |
| 3.4 | Depreciation on Factory Plant and Machinery must be provided at 15% on  carrying value.  Plant and Machinery 77 600  Accumulated Depreciation on Plant and Machinery 23 400 | |  |
|  |  |  |  |
| 3.5 | During the year**,** 4 750 units were produced. | |  |
|  |  |  |  |
| 3.6 | **Cost Classifications:** | |  |

|  |  |  |
| --- | --- | --- |
| Direct Material Cost | | All variable costs |
| Direct Labour Cost | | All variable costs |
| Factory Overhead Costs | | All fixed costs |
| Selling and Distribution Costs | | All variable costs |
| Administration Cost | | All fixed costs |
|  |  | | **[40]** | | |

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| **QUESTION 5** |  |

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| **BUDGETS (43 marks; 26 minutes)** |

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| **INSTRUCTIONS** |  |

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| The following information comes from the records of Cassinga Traders.  Use the information to do the following: |  |

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| 5.1 | A Debtors Collection Schedule, showing the amount expected to be collected from debtors during the budget period, June and July 2010. | | (10) |
|  |  |  |  |
| 5.2 | A Cash Budget for the months of June and July 2010. | | (26) |
|  |  |  |  |
| 5.3 | 5.3.1 | The owner feels that the debtors are not being managed efficiently.  Give ONE point from the information provided, to justify his feelings. | (2) |
|  |  |  |  |
|  | 5.3.2 | Suggest ONE way in which the business can improve the situation. | (2) |
|  |  |  |  |
| 5.4 | Is the owner justified in decreasing his capital contribution by R50 000?  Motivate your answer. | | (3) |

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| **INFORMATION:** |  |

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| 1. | The balance in the Current Bank account on 31 May 2010 was R3 200 (overdraft). |  |

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| 2. | Sales figures are as follows: |  |

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| --- | --- | --- |
| **Months of Sales** | **TOTAL SALES** | |
| **ACTUAL** | **BUDGETED** |
| March | 125 000 |  |
| April | 186 000 |  |
| May | 156 000 |  |
| June |  | 204 000 |
| July |  | 188 000 |

|  |  |  |
| --- | --- | --- |
| 3. | 25% of total sales are cash sales. |  |
|  |  |  |
| 4. | The pattern of collection of credit sales is as follows:   * 25% pay after 30 days (month following the transaction) * 50% pay after 60 days * 20% pay after 90 days * 5% is normally written off as irrecoverable. |  |

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| 5. | Purchases figures are as follows: |  |

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| --- | --- | --- |
| **Months of Purchases** | **TOTAL PURCHASES** | |
| **ACTUAL** | **BUDGETED** |
| March | 65 000 |  |
| April | 90 000 |  |
| May | 86 000 |  |
| June |  | 100 000 |
| July |  | 75 000 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | * Cash purchases are 30% of the total purchases. * Creditors are paid 60 days after the transaction. | |  |
|  |  | |  |
| 6. | The business intends to sell old furniture (cost R6 000) for R2 500 cash in  June 2010. | |  |
|  |  | |  |
| 7. | Salaries and wages amount to R26 000 per month. This will be increased by 8% on 1 July 2010. | |  |
|  |  | |  |
| 8. | The owner withdraws stock for R1 200 and cash of R2 800 per month for his personal use. | |  |
|  |  | |  |
| 9. | The owner has decided that he would decrease his capital contribution by making a cash transfer of R50 000 to his personal account on 5 July 2010. | |  |
|  |  | |  |
| 10. | Interest on Fixed Deposit amounts to R14 760 p.a., received quarterly on 30 April, 31 July, 31 October and 31 January. | |  |
|  |  | |  |
| 11. | Part of the building is rented to Hi Style Salon for R3 500 per month. This increases by 10% on the 1 July each year. | |  |
|  |  | |  |
| 12. | Sundry Operating Expenses amounts to R21 500 per month and includes R2 300 depreciation on tangible assets. | |  |
|  |  | |  |
|  |  | **[43]** | |

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| **QUESTION 6** |  |

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| **INVENTORY SYSTEMS / TANGIBLE ASSETS (50 marks; 30 minutes)** |  |

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| 6.1 | **INVENTORY SYSTEMS** |  |

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| 6.1.1 | BB Stores uses the periodic inventory system to record stock.   * Analyse the following transactions according to the headings provided in the answer book. * Assume that the Bank balance is unfavourable for all transactions. | (24) |

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| **TRANSACTIONS:** |  |

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| --- | --- | --- | --- | --- |
| A. | Cash sales according to the cash register, R1 120 | | |  |
|  |  | | |  |
| B. | Bought merchandise from Jumbo Traders on credit, R2 280 less 5% trade discount. | | |  |
|  |  | | |  |
| C. | The owner took goods from stock for his personal use, R250. | | |  |
|  |  | | |  |
| D. | Z. Nortje (a debtor) returned defective goods. Issued credit note for R65. | | |  |
|  |  | | |  |
| E. | Issued cheque for R380 to HGT Transport for delivery cost on goods purchased from Jumbo Traders above. | | |  |
|  |  | | |  |
| F. | Returned goods not according to order to Peter’s Wholesalers and received their credit note for R230. | | |  |
|  |  | | |  |
| 6.1.2 | | Woods Stores uses the perpetual inventory system to record their stock. | |  | |
|  | |  | |  | |
|  | | 6.1.2.1 | What is the difference between the periodic system, and the perpetual system of recording stock? *(Two points)* | (4) | |
|  | |  |  |  | |
|  | | 6.1.2.2 | The following Account appears in their General Ledger.  Fill in the appropriate details and the amounts labelled **A** to **D.** | (5) | |

|  |  |
| --- | --- |
| GENERAL LEDGER OF WOODS STORES |  |

**TRADING STOCK (B4)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2010 Mar | 1 | Balance | b/d | 12 450 | Jun | 30 | Creditors Control | CAJ | 740 |
| June | 30 | Bank | CPJ | 23 470 |  |  | Cost of Sales | DJ | **C** |
|  |  | Creditors Control | CJ | 17 770 |  |  | **A** | CRJ | 9 110 |
|  |  | Cost of Sales | DAJ | 560 |  |  | **B** | GJ | 520 |
|  |  |  |  |  |  |  | Balance | c/d | **D** |
|  |  |  |  | 54 250 |  |  |  |  |  |
| Jul | 1 | Balance | b/d | ? |  |  |  |  |  |

|  |  |
| --- | --- |
| Credit sales for the March amounted to R20 215. Goods are marked up by 30% on cost. It was discovered that office files and receipt books purchased for R520 was posted in error to the Trading Stock Account. A General Journal entry was made and the error corrected. |  |

|  |  |  |
| --- | --- | --- |
| 6.2 | **TANGIBLE ASSETS:** |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | The following incomplete ledger accounts appeared in the books of VCR Stores. The financial year ends on 28 February each year. Study the information and answer the questions. | |  |
|  |  | |  |
|  | 6.2.1 | Complete the Tangible Assets note for Motor Vehicles.  *(Show all workings)* | (9) |
|  |  |  |  |
|  | 6.2.2 | You have been appointed as the Internal Auditor of the business.  Briefly outline the role of an Internal Auditor. *(Two points)* | (4) |
|  |  |  |  |
|  | 6.2.3 | The owner feels that there is a lack of effective control over the business vehicles, and suspects that certain vehicles are being misused. In assessing the control of assets, what internal control aspects would you investigate? *(Two points)* | (4) |

|  |  |
| --- | --- |
| **INFORMATION:** |  |

**GENERAL LEDGER OF VCR STORES**

**MOTOR VEHICLES (B6)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2009  Mar | 1 | Balance | b/d | 120 000 | 2009 Sep | 1 | Drawings | GJ | **?** |
| Dec | 1 | Creditors Control | CJ | 80 000 |  |  | Balance | c/d | 170 000 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**ACCUMULATED DEPRECIATION ON VEHICLES (B7)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2009 Sep | 1 | Asset Disposal | GJ | 23 340 | 2009 Mar | 1 | Balance | b/d | 72 600 |
|  |  |  |  |  | Sep | 1 | Depreciation | GJ | ? |
|  |  |  |  |  | 2010 Feb | 28 | Depreciation | GJ | ? |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| * The owner gave an old motor vehicle to his son who recently obtained his licence. * Vehicles are depreciated at 20% p.a. on carrying value. | | |  | |
|  |  |  | |  |
|  |  | **[50]** | | |
|  |  |  | |  |
|  |  | **TOTAL: 300** | | |