 Province of the

EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY QUESTIONS AND ANSWER BOOK**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SUBJECT** | **ACCOUNTING** | **GRADE** | 10 | **DATE** | June week2 |
| **TOPIC** | **General Ledger, Debtors’ ledger/control accounts and internal control** | **Term 2** | | | |
| **TIME ALLOCATION** | **4 Hours** | **TIPS TO KEEP HEALTHY**  1. **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%.  2. **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people.  3. **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use.  4. **TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick.  5. **STAY AT HOME.** | | | |
| **INSTRUCTIONS** | **See Required** |

**General Journal / Debtors and Creditors lists and reconciliations**

**Steps in reconciling Debtors’ & Creditors’ control accounts with the Debtors’ & Creditors’ lists**

• **The Debtors' Control account is a summary of individual debtors’ accounts**

• **The Creditors' Control Account is a summary of individual creditors’ accounts**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **DEBTORS’ CONTROL ACCOUNT** | | |  |  | **CREDITORS CONTROL ACCOUNT** | | | |  |  |  |
|  |  |  |  |  |  |  |
|  | **+** | |  | **-** |  | **-** | |  | **+** |  |  |  |  |
|  |  | Sales (DJ) | | Bank and discount | |  | Bank and discount | | Total Purchases (CJ) | | |  |  |
|  |  | Journal Debits (GJ) | | allowed (CRJ) | |  | received (CPJ) | | Journal Credits (GJ) | | |  |  |
|  |  |  |  | Total Returns (DAJ) | |  | Total Returns (CAJ) | |  |  |  |  |  |
|  |  |  |  | Journal Credits (GJ) | |  | Journal Debits (GJ) | |  |  |  |  |  |
|  |  |  |  |  | |  |  |  |  |  |  |  |  |
|  |  | **Reconciliation of Debtors’ control with** | | | |  | **Reconciliation of Creditors’ control with** | | | | |  |  |
|  |  | **Debtors’ list** | | | |  |  | **Creditors list** | | | |  |  |
|  |  |  |  |  | |  |  |  |  |  |  |  |  |
|  |  | \*Interest on overdue debtors | | \*Bad debts written off | |  | \*Correction of error | | **\***Interest on overdue | | |  |  |
|  |  | account | | \*Correction of error | |  | \*A Debtor (who is also your | | creditors account | | |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | \*Correction of error | | \*A Creditor (who is also your | |  | creditor) with a **debit** | | **-**Correction of error | | |  |  |
|  |  |  |  |  | balance in the Debtors | |  |  |  |  |  |
|  |  | \*Dishonoured cheque | | debtor) with a credit balance | |  | **\***A Debtor (who is also | | |  |  |
|  |  |  | Ledger is transferred to the | |  |  |
|  |  | \*A Creditor (who is also your | | in the Creditors Ledger is | |  | your Creditor) with a | | |  |  |
|  |  |  | Creditors Ledger. | |  |  |
|  |  | transferred to the Debtors | |  | **credit** balance in the | | |  |  |
|  |  | debtor) with a **debit** balance | |  |  |  |
|  |  |  |  |  |  |  |
|  |  | Ledger. | |  | \*A Creditor (who is also your | | Debtors Ledger is | | |  |  |
|  |  | in the Creditors Ledger is | |  |  |  |
|  |  |  |  |  | debtor) with a **credit** | | transferred to the Creditors | | |  |  |
|  |  | transferred to the Debtors | | \*A Debtor (who is also your | |  |  |  |
|  |  |  | balance in the Creditors | | Ledger. | | |  |  |
|  |  | Ledger. | | creditor) with a debit | |  |  |  |
|  |  |  | Ledger is transferred to the | |  |  |  |  |  |
|  |  | \*A Debtor (who is also your | | balance in the Debtors | |  | **\***A Creditor (who is also | | |  |  |
|  |  |  | Debtors Ledger | |  |  |
|  |  | Ledger is transferred to the | |  | your debtor) with a **debit** | | |  |  |
|  |  | creditor) with a **credit** | |  |  |  |
|  |  |  |  |  |  |  |
|  |  | Creditors Ledger | |  |  |  | balance in the Creditors | | |  |  |
|  |  | balance in the Debtors | |  |  |  |  |  |
|  |  |  |  |  |  |  | Ledger is transferred to | | |  |  |
|  |  | Ledger is transferred to the | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | the Debtors Ledger | | |  |  |
|  |  | Creditors Ledger | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |  |  |

**Possible errors**

* If the mistake took place on the Document or in the Journals we will have to correct both the Debtor’s Control and the Debtor’s Ledger accounts (i.e. the List).
* If the mistake was totalling of the journals, then only the Debtor’s control account must be corrected.
* If the mistake was in the posting, it will mean that either the Debtor’s control or Debtor’s Ledger will have to be corrected depending on to which account the posting was made in the first place.
* If there is a calculation mistake in either the Debtor’s control or Debtor’s Ledger the calculation will simply be rectified i.e. added correctly.

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity 1: ANALYSIS OF TRANSACTIONS (25 marks; 15 minutes)** | | | |
|  | | | |
| **INFORMATION:** | | | |
|  | | | |
| Davo Langley is the owner of Langley Suppliers. The business uses a mark-up of 25% on cost of goods sold. | | | |
|  | | | |
| **REQUIRED:** | | | |
|  | | | |
| Analyse the transactions for April 2019 according to the answer book provided. The first transaction has been done for you as an example. | | | |
|  | | |  |
| **Transactions:** | | | |
|  | | | |
| Assume the bank always has a favourable balance. | |  |
|  |  |  |
| **Eg.** | **Paid the water and electricity account by cheque, R450.** |  |
|  |  |  |
| 1. | M. Gloria returned damaged stock with a cost price of R2 400. Issued a credit note. |  |
|  |  |  |
| 2. | M. Gloria settled her account of R2 200 full less 10% cash discount. |  |
|  |  |  |
| 3. | The business sends R2 750 goods back to the supplier. Received a debit note. |  |
|  |  |  |
| 4. | Paid postage from petty cash, R45. |  |
|  |  |  |
|  |  | **25** |
|  |  |  |

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| --- |
| **Activity 1: Answer Book** |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | **GENERAL LEDGER** | | **ACCOUNTING EQUATION** | | | |  | **ACCOUNT DEBITED** | **ACCOUNT CREDITED** | **ASSET** | **OWNER’S**  **EQUITY** | **LIABI-**  **LITY** | | ***Eg.*** | ***Water and Electricity*** | ***Bank*** | ***- 450*** | ***- 450*** | ***0*** | |  |  |  |  |  |  | | **1** |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | | **2** |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | | **3** |  |  |  |  |  | |  |  |  |  |  |  | | **4** |  |  |  |  |  | |  |  |  |  |  |  | |

**[25]**

|  |
| --- |
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|  |

|  |
| --- |
| **TOTAL MARKS** |
|  |
| **25** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Activity 2 20 marks** | |  |
| 2.1 | **GENERAL LEDGER** | |  |
|  |  |  |  |
|  | The information provided below is taken from the books of Tello Traders for the month ending 30 April 2019. The business uses a mark-up of 100% on cost price. | |  |
|  |  |  |  |
|  | **REQUIRED:** | |  |
|  |  |  |  |
|  | 2.1.1 | Use the information provided to prepare the following ledger accounts: |  |
|  |  |  |  |
|  |  | * Trading stock | (13) |
|  |  |  |  |
|  |  | * Sales | (5) |
|  |  |  |  |
|  | 2.1.2 | Tello Traders relies on the Accounting records for the calculation of the stock on hand. Explain how the stock on hand can be verified. | (2) |
|  |  |  |  |
|  | **INFORMATION:** | |  |
|  |  |  |  |
|  | |  |  | | --- | --- | | **Balances on 1 April 2019** | **R** | | Trading stock on hand | 20 600 | | Sales | 44 400 | | |  |
|  |  |  |  |
|  | **Cash Receipts Journal**   |  |  |  |  | | --- | --- | --- | --- | | **Bank** | **Sales** | **Cost of sales** | **Debtors control** | | ? | ? | 7 000 | 3 380 | | |  |
|  |  | |  |
|  | **Cash Payments Journal**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Bank** | **Trading stock** | **Creditors Control** | **Debtors Control** | **Stationery** | | 26 170 | 17 900 | 6 510 | 140 | 1 620 | | |  |
|  |  |  |  |
|  | **Debtors Journal**   |  |  | | --- | --- | | **Sales** | **Cost of Sales** | | 8 800 | 4 400 | | |  |
|  |  |  |  |
|  | **Debtors Allowances Journal**   |  |  | | --- | --- | | **Debtors allowances** | **Cost of Sales** | | 440 | 220 | | |  |
|  |  |  |  |
|  | **Creditors Journal**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Creditors Control** | **Trading stock** | **Stationery** | **Packing Material** | **Sundry Accounts** | | 18 400 | 5 990 | 1 500 | 2 300 | 8 610 | | |  |
|  |  |  |  |
|  | **Creditors Allowances Journal**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Creditors Control** | **Trading stock** | **Stationery** | **Packing Material** | **Sundry Accounts** | | 1 900 | ? | 175 | 155 | 1 000 | | |  |
|  |  |  |  |

**Activity 2: Answer Book**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2.1.1 GENERAL LEDGER OF TELLO TRADERS**  **DR TRADING STOCK CR**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Apr** | **1** | **Balance** | **b/d** | **20 600** |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |      |  | | --- | |  | | **13** | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **DR SALES CR**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |      |  | | --- | |  | | **4** | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2.1.2 | **Tello Traders relies on the Accounting records for the calculation of the closing balance of stock. In your opinion, briefly explain how the stock balance could be verified.** | |  | | --- | |  | | **2** | |

|  |
| --- |
| **TOTAL MARKS** |
|  |
| **20** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity 3: DEBTORS RECONCILIATION AND INTERNAL CONTROL**  **(35 marks; 20 minutes)** | | | |
|  |  |  |  |
| The following information was extracted from the accounting records of Pinky Dealers for May 2019. | | |  |
|  |  |  |  |
| At the end of the month, the Debtors Control account and the Debtors List could not be reconciled. As the internal auditor of Pinky Dealers you were asked to help with the reconciliation process. | | |  |
|  |  |  |  |
| **REQUIRED:** | | |  |
|  |  |  |  |
| **3.1** | Calculate the correct balance for the Debtors Control Account by using  ” +” signs for an increase, a ” -” for a decrease and ”0” for no effect. | | (11) |
|  |  |  |  |
| **3.2** | Prepare the correct Debtors List for May 2019. | | (16) |
|  |  |  |  |
| **3.3** | Mention TWO measures that should be implemented by the business before they can grant credit to customers. | | (4) |
|  |  |  |  |
| **3.4** | Name TWO ways in which you can encourage debtors to pay their accounts on time. | | (4) |
|  |  |  |  |
| **INFORMATION:** | | |  |
|  |  |  |  |
|  | A | **Balances of Pinky Traders on 1 May 2019:**   |  |  | | --- | --- | | Debtors Control Account | R21 020 | |  |
|  |  |  |  |
|  | B | |  |  | | --- | --- | | **Debtors list on 31 May 2019** | **R** | | M. Mary | 3 810 | | P. Paper | 4 790 | | G. Gordon | 8 340 | | D. Daniels | 2 690 | |  | 19 630 | |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | C | **The following errors and omissions were discovered:** | |  |
|  |  |  |  |  |
|  |  | (i) | P. Papers’ account must be written off as he cannot be traced. |  |
|  |  |  |  |  |
|  |  | (ii) | A cheque received from M. Mary for R1 500 was recorded correctly in the Journal and General ledger but was not posted to his personal account. |  |
|  |  |  |  |  |
|  |  | (iii) | The total of the sales column in the Debtors Journal was overstated by R2 210. |  |
|  |  |  |  |  |
|  |  | (iv) | The total of the Debtors allowances journal was understated by R280. |  |
|  |  |  |  |  |
|  |  | (v) | D. Daniels returned goods to the value of R1 110 but the bookkeeper incorrectly treated this as a credit sale and posted it accordingly. |  |

**Activity 3: Answer Book**

|  |  |  |  |
| --- | --- | --- | --- |
| **3.1** | **DEBTORS RECONCILIATION** | |  |
|  | |  |  |  | | --- | --- | --- | | **DETAILS** | | **DEBTORS CONTROL** | | **Balance** | | **21 020** | | **(i)** |  |  | | **(ii)** |  |  | | **(iii)** |  |  | | **(iv)** |  |  | | **(v)** |  |  | |  |  |  | | | |  | | --- | |  | | **11** | |
|  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **3.2** | **DEBTORS LIST FOR 31 MAY 2019** | |  |
|  | |  |  | | --- | --- | | **DEBTORS** | **AMOUNTS** | | M. Mary |  | | P. Papers |  | | G. Gordons |  | | D. Daniels |  | |  |  | | | |  | | --- | |  | | **16** | |
|  |  |  |  |
| **3.3** | **Refer to transaction no.(i) mention TWO control measures that should be implemented by the business before they can grant credit to customers.** | | |  | | --- | |  | | **4** | |
|  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **3.4** | **Name TWO ways in which you can encourage debtors to pay their accounts on time.** | |  | | --- | |  | | **4** | |

|  |
| --- |
| **TOTAL MARKS** |
|  |
| **35** |

**Activity 4: 25 marks**

|  |  |  |  |
| --- | --- | --- | --- |
| 4.1 | **DD TRADERS**  The business is owned by R. Rebecca. | | |
|  |  | | |
|  | **REQUIRED:** | | |
|  |  |  | |
|  | 4.1.1 | Provide ONE reason why the balance in the Debtors’ Control Account must agree with the balance of the Debtors’ List. (2) | |
|  |  | |  | | --- | |  | | |
|  | 4.1.2 | List the corrections that the bookkeeper must make to the Debtors' Control  Account on 31 October 2019 in the General Ledger. (5) | |
|  |  |  | |
|  | 4.1.3 | Prepare the correct Debtors List on 31 October 2019. Indicate the changes that must be made to the balances of each debtor. Show each change by with a + or – sign. (18) | |
|  |  |  | |
|  | **INFORMATION**: | | |
|  |  |  | |
|  | A. | On 31 October 2019, the Debtors Control account had a balance of  **R48 900.** | |
|  |  |  | |
|  | B. | Debtors List on 31 October 2019:   |  |  | | --- | --- | |  | **R** | | D. Damien | 15 800 | | N. Nocanda | 8 600 | | M. Mochela | 12 400 | | K. Katlego | 10 900 | |  | **47 700** | | |
|  |  |  | |
|  | C. | The following differences were identified: | |
|  |  |  | |
|  |  | * An invoice for R6 400 issued to D. Damien was not recorded in the books of DD Traders. | |
|  |  |  |  |
|  |  | * A EFT payment of R8 450 by N. Nocanda for settling her account of R8 600 had been left out of the CRJ. | |
|  |  |  |  |
|  |  | * An invoice for R4 489 issued to M. Mochela was posted incorrectly to the account of K. Katlego. Rectify the error. | |
|  |  |  |  |
|  |  | * A cheque for R8 700 originally received from D. Damien as partial payment of her account, was returned by the bank, marked R/D. No entries were recorded in the books. | |
|  |  |  |  |
|  |  | * An invoice for R4 500 issued to M. Mochela was recorded correctly in the Debtors' Journal, but posted as R5 400 to his account in the Debtors' Ledger. | |
|  |  |  |  |
|  |  | * An invoice for R1 050 to K. Katlego was treated as a return of goods when posting it to the Debtors' Ledger Account of K. Katlego. The Debtors Control account is correct. | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4.1.1 | **Provide ONE reason why the balance in the Debtors’ Control Account must agree with the balance of the Debtors’ List.** | |  | | --- | |  | | **2** | |
|  |

**Activity 4: Answer Book**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4.1.2 | **List the corrections that the bookkeeper must make to the Debtors' Control Account on 31 October 2019 in the General Ledger.** | |  | | --- | |  | | **5** | |
|  | **48 900** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 4.1.3 | **Prepare the correct Debtors List on 31 October 2019.**   |  |  | | --- | --- | | **D. Damien** |  | | **N. Nocanda** |  | | **M. Mochela** |  | | **K. Katlego** |  | |  |  | | |  | | --- | |  | | **18** | |