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| Province of the  EASTERN CAPE  EDUCATION  **DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**  **HOME SCHOOLING SELF-STUDY QUESTIONS AND ANSWER BOOK**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 06 April – 16 April 2020 | | **TOPIC** | **Term 1-2 Content (Only Income Statement for Term 2)** | **TERM 1 REVISION** | | | | | **TIME ALLOCATION** | **Maximum 2 Hours Per Activity** | **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 Per Activity** | |

**RECONCILIATION**

**QUESTION 1: BANK RECONCILIATION TOTAL MARKS: 30**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **REQUIRED:** | | | |  |
| 1.1 | (a) | Complete the Cash Receipts Journal and Cash Payments Journal of Gold  Traders for February 2016. | | | (14) |
|  | (b) | Post to the bank account in the General Ledger. | | | (8) |
|  | (c) | Prepare the Bank Reconciliation Statement on 28 February 2016. | | | (8) |
|  |  | | | | **[30]** |
|  | **INFORMATION:** | | | |  |
| 1. | **Extract from the Bank Reconciliation Statement on 31 January 2016** | | | |  |
|  |  | | | R |  |
|  | Balance as per statement (favourable) | | | 1 400 |  |
|  | Credit late deposit | | | 1 650 |  |
|  | Debit outstanding cheques | | No.170 | 250 |  |
|  |  | | No. 178 | 1 800 |  |
|  |  | | No. 183 | 1 200 |  |
|  | Balance as per bank account | | | ? |  |
|  |  | | | |  |
| 2. | The following provisional totals were extracted from the cash journals on  28 February 2016:   * Cash Receipts Journal R28 680. * Cash Payments Journal R22 760. | | | |  |
| 3. | On comparison of the bank statement from Money Bank for February 2016 with the cash journals for February 2016 and the Bank reconciliation statement as at 31 January 2016, the following differences were revealed: | | | |  |
|  | * Cheque no 178 was presented for payment on 17 February 2016. * Cheque no. 183 was issued to Young Chess Club as a donation. The Club has since closed down and the cheque must be cancelled. * A deposit of R1 650 appeared on the bank statement on 1 February 2016 and not in the journals for February 2016. | | | |  |
| 4 | No entry has been made for cheque no. 191, R1 260, dated 22 March 2016, issued in favour of Ron Traders for stock purchased. This cheque has not been presented for payment as yet. | | | |  |
| 5. | In the Cash receipts journal an entry was made on 28 February in respect of a deposit, R3 460, which did not appear on the bank statement. | | | |  |
| 6. | Cheque no. 195, R700, issued to Nandi Stores was lost in the post. The cheque was stopped and replaced by cheque no. 199. The entries have been made, but the cheque has not yet been presented to the bank for payment. | | | |  |
| 7 | A cheque, drawn by a debtor, B Loss, was dishonoured by the bank due to insufficient funds. The cheque was received in settlement of his debt of R550. R50 discount was allowed to B Loss. | | | |  |
| 8. | Cheque no. 203 for R1 670, issued to creditor JWED Traders, appeared on the bank statement. The cheque was however, recorded as R1 760 in the Cash Payments Journal. | | | |  |
| 9. | A tenant, Rose Florist, had deposited the rent for February 2016, directly into the current account, R2 400. | | | |  |
| 10. | Bank charges amounting to R800 was charged by the bank. | | | |  |
| 11. | A deposit of R2 800 appeared on the bank statement. This was incorrectly recorded in the account of the business. The bank will correct their error. | | | |  |
| 12 | On 28 February 2016 the bank statement showed a credit balance of R8 400. | | | |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NAME:** | | **MARKS** |  | | **30** |
| **1.1** | **BANK RECONCILIATION** | | |  | | |
| **(a)** | **CASH RECEIPTS JOURNAL OF GOLD TRADERS FOR FEBRUARY 2016** | | | |  | | --- | |  | | **14** | | | |
|  | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **No.** | **D** | **DETAILS** | **BANK** | **SUNDRY ACCOUNTS** | | | | **AMOUNT** | **F** | **DETAILS** | |  | **28** | **TOTALS** | **28 680** |  |  |  | |  |  |  |  |  |  |  | |  |  |  |  |  |  |  | |  |  |  |  |  |  |  | |  |  |  | **32 370** |  |  |  | | | |
|  | **CASH PAYMENTS JOURNAL OF GOLD TRADERS FOR FEBRUARY 2016** | | |
|  | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **No.** | **D** | **DETAILS** | **BANK** | **SUNDRY ACCOUNTS** | | | | **AMOUNT** | **F** | **DETAILS** | |  | 28 | **TOTALS** | **22 760** |  |  |  | |  |  |  |  |  |  |  | |  |  |  |  |  |  |  | |  |  |  |  |  |  |  | |  |  |  | **25 320** |  |  |  | | | |

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| --- | --- | --- |
| **(b)** | **GENERAL LEDGER OF GOLD TRADERS** |  |
|  | |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Dr.** | | **BANK** | | | | | | | Cr. | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  | | |  | | --- | |  | | **8** | |

|  |  |  |
| --- | --- | --- |
| **(c)** | **BANK RECONCILIATION STATEMENT ON 28 FEBRUARY 2016** |  |
|  | |  |  |  | | --- | --- | --- | |  | **DEBIT** | **CREDIT** | |  |  |  | | **Credit late deposit** |  |  | | **Debit outstanding cheques** |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | | |  | | --- | |  | | **8** | |

**QUESTION 2 CREDITORS RECONCILIATION TOTAL MARKS: 25**

The following relates to Lantern Traders and creditor, Princess Stores.

**REQUIRED**:

|  |  |  |
| --- | --- | --- |
| 2.1 | Draw up the Creditors Reconciliation Statement on 31 March 2016. | (11) |
|  |  |  |
| 2.2 | Show the calculations of the Princess Stores account in the books of Lantern Traders by completing the table in your Answer Book | (10) |
|  |  |  |
| 2.3 | Provide THREE points for the good internal control over Creditors | (4) |
|  |  |  |

**INFORMATION**

|  |  |  |
| --- | --- | --- |
| On comparing the statement from Princess Stores and the Creditors Ledger of Lantern Traders the following errors have been discovered: | |  |
|  |  |  |
| 1. | Balance as per Statement from Princess Stores is R18 386. |  |
|  |  |  |
| 2. | The credit balance in the Creditors Ledger is R12 120. |  |
|  |  |  |
| 3. | Upon investigation it was found that Princess Stores had calculated their balance on the Statement incorrectly as R18 386 instead of R13 886. |  |
|  |  |  |
| 4. | Trading stock purchased on 1 March for R3 450 was recorded incorrectly as R4 350. |  |
|  |  |  |
| 5.1 | Cheque 201 was paid a few days late resulting in no discount granted by Princess Stores. The discount amount of R1 250 was recorded in the Creditors Ledger. |  |
|  |  |  |
| 5.2 | Princess stores then charged the business R156 interest on its overdue account. |  |
|  |  |  |
| 6. | Credit note 133 for R370 from Princess Stores was recorded as invoice 133. |  |
|  |  |  |
| 7. | Invoice 189, R600 was for stationery purchased from Veritas Stores and this was erroneously entered into Princess Stores. |  |
|  |  |  |
| 8. | A 20% discount was approved on the purchases for R4 000 made on 27 March 2015. This was not taken into account by Lantern Traders |  |
|  |  |  |
| 9. | Invoice No 134, R2 000 was not reflected on the Statement from Princess Stores Debit |  |
|  |  |  |
| 10. | Lantern traders made a payment of R5 000 on 30 March was not recorded by Princess Stores. |  |
|  |  |  |
| 11. | Credit Note 144, R400 was not reflected on the Statement from Princess Stores |  |
|  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME:** | **MARKS** |  | **25** |

**QUESTION 2: CREDITORS RECONCILIATION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2.1 | Draw up the Creditors Reconciliation Statement on 31 March 2016 | |  | | --- | |  | | **11** | |
|  | |  |  |  | | --- | --- | --- | | **LANTERN TRADERS** | | | | **CREDITORS RECONCILIATION STATEMENT ON 31 MARCH 2016** | | | | **Balance as per Creditors Statement on 31 March 2016** | **18 386** |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2.2 | Show the calculations of the Princess Stores account in the books of Lantern Traders by completing the table in your Answer Book | |  | | --- | |  | | **10** | |
|  | |  |  |  | | --- | --- | --- | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |

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| --- | --- | --- | --- | --- |
| 2.3 | **Provide TWO points for the good internal control over Creditors** | |  | | --- | |  | | **4** | |

**FIXED ASSETS TOTAL MARKS: 45**

You are provided with a partially completed note to the Balance Sheet of Ling Long Traders on 28 February 2016.

**REQUIRED**

|  |  |  |
| --- | --- | --- |
| 3.1 | Use the additional information below to complete the Fixed Asset Note to the Balance Sheet on 28 February 2016. | (25) |
|  |  |  |
| 3.2 | Prepare the Asset Disposal Account to record the sale of the Equipment. | (12) |
|  |  |  |
| 3.3 | The owner is not happy that the equipment was sold at a loss. The market value indicates that he should have received R110 000. Provide two reasons why the loss was incurred and suggest two measures that could in future be taken to avoid such losses. | (8) |

**ADDITIONAL INFORMATION:**

|  |  |  |
| --- | --- | --- |
| 1. | Depreciation is written off as follows:   * Vehicles at 15% p.a. on cost price * Equipment at 20% p.a. on diminishing balance method |  |
|  |  |  |
| 2. | During the year an invoice was received from Pegasus Wholesalers for the following:   * Repairs R12 000 * A garage built R50 000   The full amount had incorrectly been debited to repairs. |  |
|  |  |  |
| 3. | A new bakkie was bought on credit for R180 000 on 1 November 2015. The owner also paid for the installation of a sound system costing R12 000 and for the license of R540. |  |
|  |  |  |
| 4. | On 31 August 2015 equipment was traded in against new equipment which cost R240 000 at a loss of R12 160. The equipment that was traded in was bought on 1 March 2003 for R160 000. |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME:** | **MARKS** |  | **45** |

**LING LONG TRADERS**

**NOTES TO FINANCIAL STATEMENTS - FIXED ASSETS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Land and buildings** | **Vehicles** | **Equipment** |
| **Carrying value beginning of the year** | **1 800 000** | **160 000** |  |
|  |  | **1 080 000** | **900 000** |
|  |  |  | **(360 000)** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
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|  |  |  |  |
|  |  |  |  |
| **Carrying value at the end of the year** |  |  |  |
|  |  |  |  |
|  |  |  |  |

**25 MARKS**

**3.2** **GENERAL LEDGER OF LING LONG TRADERS**

**Dr Asset disposal Cr**

|  |  |  |  |  |  |  |  |  |  |
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**12 MARKS**

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| --- | --- | --- | --- | --- |
| **3.3** | **The owner is not happy that the equipment was sold at a loss. The market value indicates that he should have received R110 000. Provide two reasons why the loss was incurred and suggest two measures that could in future be taken to avoid such losses.**  **Reasons:**  **Suggestions:** | |  | | --- | |  | | **8** | |

**PARTNERSHIP**

**QUESTION 1: LEDGER ACCOUNTS TOTAL MARKS: 50**

|  |  |  |
| --- | --- | --- |
| **REQUIRED:** | |  |
| 1.1 | Complete the following ledger accounts of Chai Latte Traders |  |
| 1.1.1 | Current account: C Chai | (17) |
| 1.1.2 | Drawings: L Latte | (8) |
| 1.1.3 | Appropriation | (21) |
| 1.2 | Do you think the business has proper internal control procedures?  Give a reason for your answer | (4) |
|  |  |  |
|  | The perpetual stock system is in use.  Estimate all calculations to the nearest Rand where necessary |  |
|  |  |  |
| **INFORMATION** | |  |
| **1.** | **Balances on 1 March 2015** |  |
|  | |  |  | | --- | --- | | Capital: C Chai | R100 000 | | Capital: L Latte | R70 000 | | Current account: C Chai | R1 800 (Dr.) | | Current account: L Latte | R2 500 (Cr.) | |  |
|  |  |  |
| 2.1 | The Income statement showed a net profit of R680 000 on 29 February 2016 |  |
| 2.2 | C Chai took goods worth R800 per month for his private use from 31 March 2015 and thereafter on the last day of each month |  |
| 2.3 | On the same dates L Latte took goods worth R900 each month. |  |
| 2.4 | No entries were made in the books of these transactions. |  |
|  | The private telephone account of R3 600 was paid with a business cheque on behalf of L Latte on 31 August 2015. This cheque was posted to the Telephone account |  |
| 2.5 | **Additional information and stipulations of the partnership agreement:** |  |
| 2.5.1 | The partners are entitled to an annual salary of R144 000. Of this R132 000 was paid by 31 January 2016 per cheque to each of them, and was recorded in the partners’ drawings accounts |  |
| 2.5.2 | Both partners are entitled to a 15% interest per annum on their capital contribution at the first day of the financial year. On 28 February 20.9 L Latte deposited R30 000 into the partnership’s bank account to increase his capital |  |
| 2.5.3 | Partners were paid a bonus of R20 000 each. |  |
| 2.5.4 | The capital account of C Chai stayed unchanged. |  |
| 2.5.6 | The remaining profit must be divided in the ratio of the partners’ capital account balances on the last day of the financial year. |  |
|  |  |  |

***Adapted from Successful Accounting – Oxford University Press***

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME:** | **MARKS** |  | **50** |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Dr.** | | **CURRENT ACCOUNT C CHAI** | | | | | | | **Cr.** |
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**17 MARKS**

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| **Dr.** | | **DRAWINGS L LATTE** | | | | | | | **Cr.** |
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**8 MARKS**

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| **Dr.** | | **APPROPRIATION** | | | | | | | **Cr.** |
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**21 MARKS**

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| --- |
| **2. Do you think the business has proper internal control procedures? Give a reason for your answer.** |
|  |

**4 MARKS**

***Adapted from Successful Accounting – Oxford University Press***

**FINANCIAL STATEMENT**

**QUESTION 2: INCOME STATEMENT**

|  |  |  |
| --- | --- | --- |
| Use the information below to prepare the Income Statement of Peppermint Traders on 29 February 2016. | | (55) |
|  |  |  |

**PEPPERMINT TRADERS**

**PRE-ADJUSTMENT TRIAL BALANCE ON 28 FEBRUARY 2016**

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| **Balance Sheet Accounts Section** |  |  |
| Capital: P Pepper |  | 600 000 |
| Capital: M Mint |  | 400 000 |
| Current account: P Pepper |  | 50 000 |
| Current account: M Mint | 7 000 |  |
| Drawings: P Pepper | 96 000 |  |
| Drawings: M Mint | 65 000 |  |
| Land and buildings | 882 800 |  |
| Vehicles | 560 000 |  |
| Equipment | 182 400 |  |
| Accumulated depreciation on vehicles (1 March 2015) |  | 112 000 |
| Accumulated depreciation on equipment (1 March 2015) |  | 42 400 |
| Fixed deposit: Encore Bank | 80 000 |  |
| Trading stock | 153 000 |  |
| Debtors’ control | 32 000 |  |
| Provision for bad debts |  | 1 600 |
| Bank | 7 082 |  |
| Creditors control |  | 35 004 |
| Loan: Villa Bank |  | 180 000 |
|  |  |  |
| **Nominal Accounts Section** |  |  |
| Sales |  | 2 001 600 |
| Debtors’ allowances | 21 040 |  |
| Cost of sales | 870 000 |  |
| Stationery | 32 912 |  |
| Packing material | 17 500 |  |
| Salaries and wages | 376 000 |  |
| Rent income |  | 52 000 |
| Interest on fixed deposit |  | 7 200 |
| Bad debts | 6 136 |  |
| Discount allowed | 1 800 |  |
| Discount received |  | 2 396 |
| Insurance | 36 168 |  |
| Bad debts recovered |  | 1 004 |
| Water and electricity | 35 306 |  |
| Sundry expenses | 23 060 |  |
|  | 3 485 204 | 3 485 204 |

**ADJUSTMENTS AND ADDITIONAL INFORMATION**

|  |  |
| --- | --- |
| 1. | Stock on hand according to a physical count on 29 February 2016:   * Trading stock R142 600 * Stationery R 2 484 |
|  |  |
| 2. | Write off the account of a debtor, F Fable, of R700 as a irrecoverable. |
|  |  |
| 3. | The provision for bad debts must be reduced by R300. |
|  |  |
| 4. | The fixed deposit was invested on 1 March 2015 at an interest rate of 10% p.a. Provide for the outstanding interest. |
|  |  |
| 5. | The water and electricity account for February 2016, R1 872, has not been paid yet. |
|  |  |
| 6. | Insurance amounting to R1 050 was prepaid for the following financial year. |
|  |  |
| 7. | The rent was received for 13 months. |
|  |  |
| 8. | Received R300 from a debtor, M Moshika, whose account had previously been written off as bad. |
|  |  |
| 9. | Depreciation is written off as follows:   * Equipment – 10 p.a. on cost * Vehicles – 15% p.a. on the diminishing balance method |
|  |  |
| 10 | Interest on Loan has been Capitalised to the Loan amount.  Balance Beginning of Year R300 000  Bank (including interest) R165 000  Balance end of year R180 000  It is estimated that R120 000 of the capital portion will be paid for the next financial year |
|  |  |
| 11. | The partnership agreement stipulates the following: |
|  |  |
|  | * **Partners’ salaries**   Each partner earns R168 000 per year. |
|  |  |
|  | * **Interest on capital**   The partners earn interest at 10% per annum. |
|  |  |
|  | * **Partners Bonus**   The partners was paid R10 000 each a bonus |
|  |  |
|  | * **Remaining profits/losses**   The remaining profits/losses are shared between the partners according to the balances on their capital accounts on 29 February 2016. |

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME:** | **MARKS** |  | **55** |

**PEPPERMINT TRADERS**

**INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2016**

|  |  |  |
| --- | --- | --- |
| **Sales** |  |  |
| **Cost of sales** |  |  |
| **Gross profit for the year** |  |  |
| **Other operating income** |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Gross operating income** |  |  |
| **Operating expenses** |  |  |
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| **Operating profit** |  |  |
| **Interest income** |  |  |
| **Profit before interest expense** |  |  |
| **Interest Expense** |  |  |
| **Net profit for the year** |  | **485 800** |