

**Question 1 Debtors’ Ledger and Internal Control (30 marks; 17 minutes)**

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| **1.1 Debtors’ Ledger of Bufallo Traders** | | | | | | |
| **M. Zihlangu** | | | | | | |
| **Date** | | **Details** | **Fol** | **Dr** | **Cr** | **Balance** |
| **June** | **1** | **Balance** | **b/d** |  |  | **12 520** |
|  | 3 | Invoice no. 379 ✓ | DJ | ✓5 770 |  | ✓18 290 |
|  | 7 | Receipt no. 1231 ✓ | CRJ |  | ✓1 000 | ✓17290 |
|  | 11 | C/N no. 123 ✓ | DAJ |  | ✓320 | ✓16 970 |
|  | 15 | Bank debit note /  Bank statement ✓ | CPJ | ✓3 400 |  | ✓20 370 |
|  |  | Journal voucher  (Discount cancelled) ✓ | GJ | ✓80 |  | ✓20 450 |
|  | 21 | Journal voucher  (Interest) ✓ | GJ | ✓130 |  | 🗹20 580 |

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| **1.2** | **Explain why the total of the Debtors’ List must be equal to the balance on the Debtors’ Control account?** |
|  | The debtors’ control account is a summary of the debtors’ ledger. ✓  Individual entries are made in the individual debtors’ accounts✓ and totals are posted from the journals to the debtors’ control account.✓ |

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| **1.3** | **Is Bufallo Traders managing its credit term policy effectively?**  **State TWO points. Quote figures to support your answer.** |
|  | No ✓  Any two points ✓✓ ✓✓   * His credit limit is R8 000 but he owes R12 520 at the beginning of the month. * The debtor is supplied with goods without settling his debt. * He is not complying with the credit terms of 30 days. |

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| **1.4** | **Provide TWO points of advice to Bufallo Traders with regard to M. Zihlangu’s account.** |
|  | Any two points ✓✓ ✓✓   * Do not supply him with any further goods. * Make arrangements for him to settle his account. * Take back some of the goods that were supplied to him. |

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