

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

**HOME SCHOOLING SELF-STUDY MARKING GUIDELINES**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 01-05 June 2020 |
| **TOPIC** | **INVENTORY VALUATIONS, FIXED ASSETS AND RECONCILIATIONS** | **Term 2&3** | | | |
| **TIME ALLOCATION** | **1 Hour** | **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** |

**QUESTION 1: INVENTORY VALUATION AND PROBLEM-SOLVING**

|  |  |  |
| --- | --- | --- |
|  | **INVENTORY CALCULATIONS** |  |
| **1.1.1** | **Calculate the number of hats on-hand on 28 February 2017**, the financial year-end. |  |
|  | (100 + 500) – (100 + 410)  600**✓** - 510**✓**  = 90 hats**✓** | |  | | --- | |  | | **3** | |

|  |  |  |
| --- | --- | --- |
| **1.1.2** | **Calculate the following using the weighted average method:** |  |
|  | **Value of the final stock on-hand on 28 February 2017**    **See 1.1.1**  = R70,00**🗹 one part correct**  R70**🗹** x 90 **🗹**  = R6 300**🗹 one part correct** | |  | | --- | |  | | **7** | |
|  | **Gross profit** |  |
|  | *(510 X R70) / (*4 000 + 38 000 – 6 300)  **one part correct**  R76 500**✓** – R35 700**✓✓🗹**  = R40 800**🗹 one part correct** | |  | | --- | |  | | **5** | |

|  |  |  |
| --- | --- | --- |
| **1.1.3** | **The owner wants to alternate between using the weighted average method and the First-In-First-Out (FIFO) method, depending on which will result in a higher profits.** |  |
|  | **Calculate the following using the FIFO method:**  Value of the final stock on-hand-on 28 February 2017  (40 x R90)  R6 000 **✓**+ R3 600 **✓✓✓**= R9 600**✓** | |  | | --- | |  | | **5** | |
|  | **Gross profit percentage on cost of sales**  See above  R76 500 **✓**+ R9 600 **🗹** – R42 000**✓** = R44 100 | |  | | --- | |  | | **6** | |
|  | **🗹 one part correct** |
|  | Provide TWO reasons why alternating between the two methods of valuing stock does not comply with the requirements of International Financial Reporting Standards (IFRS). | |  | | --- | |  | | **4** | |
|  | **Two valid reasons 🗸🗸 🗸🗸**  The business must stay consistent from one year to the next in order to compare results.  Not ethically correct to manipulate profit by changing policies  Not acceptable practice – SARS will not approve |

**1.2** **GYM TRIM**

|  |  |  |
| --- | --- | --- |
| **1.2.1** | **Calculate the number of days of stock on-hand for Gym Bags. Gym Bags are sold at a mark-up of 25% on cost. The average stock amounted to  R153 600.** |  |
|  | 930 X 350 X  = 215,3 **🗹** one part correct accept 216 days | |  | | --- | |  | | **6** | |

|  |  |  |
| --- | --- | --- |
| **1.2.2** | **Identify ONE different problem in respect of the manner in which each product is managed. Quote figures to support your answer. In each case offer practical advice.** |  |
|  | |  |  |  | | --- | --- | --- | |  | **Problem ✓ ✓ ✓**  **figures✓ ✓ ✓** | **Possible solution✓ ✓ ✓**  One per item | | **Sweatbands** | 120 + 5 600 – 4 800  = 920 – 810 = 110 missing | * Internal control measures to safeguard the stock e.g. Security tags, cameras, display close to paying point, physical stock-taking on a continuous basis | | **Towels** | 840 X R125 = R105 000  R105 000 – R100 00 = R5 000 cash missing | * Investigate and apply disciplinary measures. * Check at exit that the payment for the towels appears on the pay slip / invoice. * Check money before banking. * Division of duties | | **Gym Bags** | Too much stock on hand - 215 / 216 days  **See 5.2.1** | * Revisit sales policy and implement measures to encourage sales. * Discontinue selling gym bags since sales are low even though the mark-up percentage is only 25%. | | |  | | --- | |  | | **9** | |

|  |
| --- |
|  |
| **45** |

**QUESTION 2**

|  |  |  |  |
| --- | --- | --- | --- |
| **2.1** | **Explain the difference between the specific identification method and**  **weighted average method of valuing stock.** |  | |
|  | **Specific identification method** – Each item is assigned a specific cost –  the original purchase price – recorded in a register (or computer data base). Retrieved when item is sold.  |
|  | **Weighted average method –** The average price is calculated taking into account opening stock, purchases, returns and carriage on purchase, divided by the total number of units in relation to the above. Therefore, final closing stock will be calculated on the average cost of the goods.  |
|  |  |
| **4** |

**2.2**

|  |  |  |  |
| --- | --- | --- | --- |
| **2.2.1** | **Calculate the Stock Holding Period in days. Use Closing Stock in your**  **calculation.** |  | |
| 56 950  X 365 264 650  1  = 78,5 days | |
|  |  |
| **4** |
|  | |

|  |  |  |  |
| --- | --- | --- | --- |
| **2.2.2** | **Comment on your findings in response to the manager’s feelings.** |  | |
| Stock holding period decreased / improved  from 125 days to 78,5 days  or Stock Turnover rate increased / improved from 2.9 to 5.7 times   One mark for incomplete answer  Stock is selling faster  *Any other suitable answer can be accepted* | |
|  |  |
| **3** |
|  | | | |
|

|  |  |  |  |
| --- | --- | --- | --- |
| **2.3** | **Calculate the value of the closing stock of tents.** |  | |
| 14 x R1 400 = R 19 600   7 x R1 680 = R 11 760   7 x R1 540 = R 10 780   R 42 140  | |
|  |  |
| **7** |
|  | |

|  |  |
| --- | --- |
| **2.4** | **If the mark-up percentage is 25% on cost price, calculate the total sales**  **of tents for the period.** |
| 14 x 1 260 x 1,25 = R 22 050   28 x 1 400 x 1,25 = R 49 000   28 x 1 680 x 1,25 = R 58 800   35 x 1 540 x 1,25 = R 67 375   R197 225  operation, one part correct)  OR: (17 640 + 39 200  + 47 040  + 53 900 ) x     = R197 225  (One part correct) | |

|  |
| --- |
| 24 |

QUESTION 3

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **3.1** | **3.1.1** | | **Value of the closing stock on 28 February 20.6, using the first-in-first-out (FIFO) method of stock valuation** | **(7)** |
| 620 x R65 = R40 300  320 x R60 = R19 299  = R59 500☑ [One part correct]  **OR**  620 x R60 = R37 200  320 x R55 = R17 600  940 x R5 = R4 700  = R59 500☑ [One part correct] | | | | |
| **3.1.2** | | **Total number of units sold** | | **(4)** |
| (830 + 3 470 -80)- 940  4 270- 940 = 3 280☑ [One part correct] | | | | |
| **3.1.3** | | **Cost of Sales** | | **(8)** |
| 53 950 + 223 760 - (80 x R77\*) + (3 470 x R5) – 59 500☑ [See 3.1.1]  53 950 + 223 760 – 6160 + 17 350 – 59 500  = R229 400☑ [One part correct]  \*Includes the transport cost of R5  **OR**  (830 x R65) + (1 270 x R77) + (R980 x R67) + (200 x R60)  53 950 + 97 970 + 65 660 + 12 000  = R229 400☑ [One part correct] | | | | |
|  | **3.1.4** | | **Total sales amount** | **(5)** |
| (300 x R75) [25% below the cost] + (2 980☑ x R100)  22 500 + 298 000 = R320 500☑ [One part correct] | | | | |
|  | **3.1.5** | | **Gross profit** | **(2)** |
| 320 500 – 229 400 = R91 100☑[One part correct]  [Sales – Cost of sale = Gross profit] | | | | |
| **3.2** | | | **With regards to the fixed selling price, what advice would you offer Dean about his pricing policy?** | **(2)** |
| Any **one** valid response.   * Reduce the mark-up percentage to attract more customers * Have different mark-up % for latest stock which is in demand. * Sell old stock in clearance sales. | | | | |
| **3.3** | | | **Give an example of the type of practices that may take place in this industry that result in unfair competition.** | **(2)** |
| Any valid explanation.    * Copying of CD’s and selling them at flea markets (piracy) * Sale of illegal copies (“black market” sales). * Downloading from the internet and distributing to friends. | | | | |

**QUESTION 4**

|  |  |  |
| --- | --- | --- |
| **4.1.1** | **Give ONE different between the perpetual stock system and the periodic stock system** | **(2)** |
|  | Any ONE valid difference with comparison.  Expected responses:   |  |  | | --- | --- | | **Perpetual stock system** | **Periodic stock system** | | * Cost of sales calculated at point of sale. | * Cost of sales calculated at end of financial period. | | * Stock value can be determined/ identified at any time ( from records). | * Stock value determined/identified by stock count. | | * Cost of sales account used. | * Purchases account used. | | * Stock bought regarded as an asset. | * Stock bought regarded as an expense |   Incomplete / one-system only explanation: 1 mark |  |

|  |  |  |
| --- | --- | --- |
| **4.1.2** | * **The value of the stock on hand ( closing stock)** | **(8)** |
| [You had 70 M15’s but they were all sold so there is no stock.]  J15: 245 – 218 = 27 x 3 700 = R99 900  [27 items left over x the cost price of 3 700]  D15: 205 – 5 – 175 = 25  x 4 400 = R110 000 [Minus the returns]  F16: 190 – 147 = 43 x 4 600 = R197 800  R407 700☑ (One part correct)  [Make sure your understand this method and that the calculate is different from the FIFO and weighted average method, otherwise you will not earn and marks in the examination. This method is used again in Question 38. Ensure that you understand and can apply all three of stock valuation.] | | |
|  | * **The costs of sales** | **(5)** |
| 280 000 + 2 682 500 – (5 x 4 400) – 407 700 ( see 4.1.2)  280 000  + 2 682 500 – 22 000 - 407 700☑ = R2 532 800☑ (One part correct) | | |
|  | * **The gross profit** | **(5)** |
| (70 + 540)  x 6 450   3 934 500  - 2 532 800☑ = R1 401 700☑ ( One part correct) | | |
| **4.1.3** | **What advice would you offer him? Give TWO points.** | **(4)** |
| Any TWO reasons.   * Weighted average will not be suited for high valued, individual products (bicycles). * It is unethical to change to manipulate financial results. * He will not be able to use the figures for comparisons. * A change must have valid motivation and application with SARS, etc. | | |

**4.2 Buyiswe Supplies**

|  |  |  |
| --- | --- | --- |
| **4.2.1** | **Calculate the value of the closing stock using the weighted average method.** | **(8)** |
| Weighted average = 14 000 + 293 300 + 19 460  400 + 7 380  = 326 760  7 780  = R42  R42 x 270 = R11 340☑ (One part correct) | | |
| **4.2.2** | **Calculate the number of the shirts missing.** | **(5)** |
| 400 + 7 380  - 270  - 7 200  = 310☑ (One part correct) | | |
| **4.2.3** | **Give TWO points of advice to improve the internal control over stock.** | **(4)** |
| Any two valid points.   Expected responses for 2 marks:   * Count stock regularly / randomly and check against stock records. * Order smaller quantities, but more frequently. * Improve physical security, e.g. control at entrance / security cameras. * Claims on insurance policy.   Expected responses for 1 marks:  Stock counts / Security cameras / Insurance | | |

|  |  |  |  |
| --- | --- | --- | --- |
| **QUESTION 5** | | |  |
|  | |  |  |
| **5.1** | | **INVENTORY VALUATION** |  |
|  | |  |  |
| **5.1.1** | | **Calculate the value of the closing stock of Smart television sets on 28 February 2018.** | |
|  | | 4 750 one mark + 125 two marks  R411 750🗸 + (55🗸 x R4 875🗸🗸🗸)  = R679 875 ☑ one part correct | |
|  | |  | |
| **5.1.2** | | **Calculate the Cost of sales for the year ended 28 February 2018.** | |
|  | | R385 000🗸+ 1 765 500🗸–14 625🗸 – 679 875 ☑= R1 456 000 ☑ one part correct  see 2.1.1 | |
|  | |  | |
| **5.1.3** | | **Calculate how long (in days) it will take to sell the closing stock of 145 Smart television sets.** | |
|  | | 145🗸/276🗸 x 365 🗸 = 191,7 or 192 days ☑ one part correct | |
|  |  | | |

**QUESTION 6**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **6.1** | **Calculate the value of the closing stock on 28 February 2017 using the weighted-average method.** | | |  |  |
|  |  | R312 900🗸 + R1 375 000🗸 – R13 500🗸🗸  610🗸 + 2 400 🗸 - 20 🗸 | | |  |  |
|  |  |  | | |  |  |
|  |  | 1 674 400 (4 marks)  2 990 (3 marks) | | |  |  |
|  |  | (7 marks) | | |  |  |
|  |  | R560 X 420🗸 = R235 200☑ closing stock Operation one part correct | | |  |  |
|  |  |  | | |  | **9** |
|  |  |  | | |  |  |
|  | **6.2** | **Calculate the average stock-holding period (in days) on**  **28 February 2017.** | | |  |  |
|  |  | See 2.2.1 | | |  |  |
|  |  | ½ 🗸 ( 312 900🗸 + 235 200☑) x 365  1 439 200🗸 ☑ 1 | | |  |  |
|  |  | See 2.2.1 ( 1 674 400 – 235 200) | | |  |  |
|  |  | 274 050 (3 marks) x 365  1 439 200 1 | | |  |  |
|  |  |  | | |  |  |
|  |  | 69,5 days☑ | | |  |  |
|  |  | Operation one part correct | | |  | **6** |
|  |  |  | | |  |  |
|  | **6.3** | **Comment on the stock-holding period and explain how this would affect the business.** | | |  |  |
|  |  | **Comment** | | |  |  |
|  |  | Any relevant answer 🗸🗸 | | |  |  |
|  |  | Improved from 100 days (2016) to 69.5 days. Jackets are seasonal wear and 69.5 days is a relatively good period. | | |  |  |
|  |  |  | | |  |  |
|  |  |  | | |  |  |
|  |  | **How this would affect the business.** | | |  |  |
|  |  | Any relevant answer🗸🗸 | | |  |  |
|  |  | Increase in sales volume thereby increasing profits made by the business. | | |  |  |
|  |  |  | | |  |  |
|  |  |  | | |  | **4** |
|  |  |  | | |  |  |
|  | **6.4** | **Calculate the value of the closing stock by using the FIFO method.** | | |  |  |
|  |  | 380🗸 x R675 🗸 = R256 500🗸 | | |  |  |
|  |  | 40🗸 x R640🗸 = R25 600🗸 | | |  |  |
|  |  | = R282 100☑ | | |  |  |
|  |  | Operation one part correct | | |  | **7** |
|  |  |  | | |  |  |
|  |  |  | **TOTAL MARKS** |  |  |  |
|  |  |  | **26** |  |  |  |
|  |  |  | | |  |  |

**QUESTION 7**

**7.1**

**GENERAL LEDGER**

**ASSET DISPOSAL**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2013  Oct | 1 | Vehicle |  | 70 000 | 2013  Oct | 1 | Acc depr on Vehicles  (66 000 + 3 999)❶ |  | 69 999 |
|  |  |  |  |  |  |  | Donation |  | 1 |
|  |  |  |  | 70 000 |  |  |  |  | 70 000 |
|  |  |  |  |  |  |  |  |  |  |

**❶** 70 000 x 20% x 9/12 = R10 500

Accumulated depreciation (66 000 + 10 500) becomes higher than the cost price (70 000) which would result in a negative value.

Depreciation amount must therefore be adjusted to reflect a carrying value R1.

**7.2 TANGIBLE / FIXED ASSETS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Land and buildings** | **Vehicles** | **Equipment** |
| **Carrying value at beginning of the year** | 1 200 000 | ☑476 000 | ☑107 000 |
| Cost | **1 200 000** | **820 000** | **195 000** |
| Accumulated depreciation | - | (344 000) | (88 000) |
| **Movements** | 250 000 | (154 000) | 4 300 |
| Additions at cost | 250 000 |  | 22 000 |
| Disposal at Carrying Value |  | (1) |  |
| Depreciation |  | ☑(153999) | (17700) |
| **Carrying value at the end of year** | 1 450 000 | ☑322 000 | ☑111 300 |
| Cost | **1 450 000** | 750 000 | 217 000 |
| Accumulated depreciation | - | ☑(428 000) | ☑(105 700) |

|  |  |  |
| --- | --- | --- |
| **7.3** | **Briefly explain TWO possible reasons why the directors decided on this method of disposing of the vehicle.** |  |
| *Any TWO valid points.*     * The vehicle was only worth R1 so it did not have much value. * Part of corporate governance is that business need to contribute to the society/ environment that sustains the business. * Promote the image of the company and to create goodwill. * The benefit to the Children’s Home and the publicity should outweigh the cash/profit made in the long run. | | |

**QUESTION 8**

**8.1** **GENERAL LEDGER OF BOONZAIER TRADERS  
 ASSET DISPOSAL**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2015  Mar | 1 | Equipment |  | 90 000 | 2013  Oct | 1 | Acc depr on Equip  (27000 + 6 300) |  | ☑33 300 |
|  |  | Profit on disposal of asset |  | ☑1 500 |  |  | Creditors control  |  | 58 200 |
|  |  |  |  | **91 500** |  |  |  |  | **91 500** |
|  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **8.2** | **Calculate the missing amounts denoted by (a) to (e) on the incomplete Fixed Asset note provided.** | |  |
| **WORKINGS** | | **ANSWER** | |
| **(a)** | 1 750 000 – 1 300 000 | 450 000 | |
| **(b)** | 420 000 – 186 000 | 234 000  | |
| **©** | 90 000 – 33 300☑ | 56 700☑ (Any part correct) | |
| **(d)** | **Disposed:**  (90 000 – 27 000) x 15 % x 8/12 = 6 300☑  New:  160 000 x 15 % x 4/12= R8 000  Old:  (420 000 – 90 000) – ( 186 000 – 27 000) x 15%=  25 650☑ | 6 300 + 8 000 + 25 650 =  39 950☑ | |
| **(e)** | 420 000 + 160 000 – 90 000 | 490 000☑ | |

|  |  |
| --- | --- |
| **8.3** | **Briefly explain why. Provide TWO suitable points.** |
| * Physical count should agree with the Fixed Assets Register. * The internal auditor has to verify the physical presence of items listed in the Fixed Assets Register. * The internal auditor will be able to follow the lifespan of the item of fixed asset and make recommendations for timeous replacements. * Calculations of depreciation amounts can be checked. | |

**QUESTION 9**

|  |  |
| --- | --- |
| **1** | **Three reasons for going through the reconciliation procedure:** |
|  |    Any Three   * To determine the reasons why the bank account and the bank statement balances do not agree * To ensure that no mistakes have been made by the firm or by the bank * To ensure that no fraud has been committed by the firm’s employees or the bank’s employees * To identify the transactions that the firm has not recorded and update the books(e.g. bank charges) |
| **2** | **What does ‘debit balance according to Bank Statement’ mean?** |
| A debit balance means that the firm has an unfavourable balance (overdraft) at the bank, i.e. it is the bank’s debtor. |
| **3** | **Explain how cheque no 3405 it should be treated in the journals and why.** |
| Cheque 3405 is stale which means it is more than 6 months old and is no longer valid. It must be cancelled by writing it back in the CRJ√ using the same wording as was used in the CPJ. |

1. **BANK RECONCILIATION STATEMENT ON 31 DECEMBER**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  |  |  |
| Debit Balance according to Bank Statement  Credit outstanding deposit  Debit outstanding cheques: No. 6721  6790  6802  Debit Balance according to Bank account |  9 380  1 792  1 200  9 600   6 740 |  28 712 |
|  | 28 712 | 28 712 |

|  |  |
| --- | --- |
| **5.** | **Explain how cheque no. 6802 should be treated when preparing the financial statements and why.** |
| This cheque should be reversed in the Financial Statements by debiting Bank and crediting the Creditors Control. It cannot be deposited by the creditor yet, because it will not be a valid payment until 15 January 2015. |
| **6.** | **If cheque no.6721 does not appear in the Bank Statement in January 2015 what would you do?** |
| It would be shown in the January Bank Reconciliation Statement as an outstanding cheque again. |
| **7.** | **Give TWO possible reasons for ‘stopping’ a cheque.** |
| A cheque would be stopped if   * It is lost * If it is was drawn to pay for work done, but the work was not done or was so badly done that payments should not be made to the supplier. |
| **8.** | **Explain how the reconciliation process identifies unethical behavior and give TWO examples of such behavior.** |
| As the records are being check against an external source, the reconciliation process can help to control the movement of cash and fraud can be discovered provided that reconciliation is not done by the person who writes up journals. Every amount in the CRJ and the CPJ is checked against the Bank Statement so that any errors/omissions on the part of the staff handling the money would be noticed. |

QUESTION 10

|  |  |  |
| --- | --- | --- |
| **Cash Receipts**  **Journal** |  | **Cash Payment**  **Journal** |
| **42 620** | **20 921** |
| 8 000  | 4 200  |
|  | 2 160 |
| 1 210 | 273 |
| 2 700 | 172  |
|  | 70 000 |
|  | 1 316 |
| 54 530 |  | 99 042 |

10.1.2 Prepare the Bank Reconciliation Statement on 31 July 2018

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| Balance as per Bank Statement |  | 10 790 |
| Outstanding deposit |  | 11 800 |
| Outstanding cheques: |  |  |
| * No. 671 | 1 760 |  |
| Outstanding EFT | 3 380 |  |
| Debit balance as per bank account | 17 450 |  |
| Mark for both totals  | 22 590 | 22 590 |

|  |  |  |
| --- | --- | --- |
| **10.1.3** | **Internal control of cash is lacking in SA Traders. Identify TWO problems and provide suitable advice to improve internal control.** | |
| **Problem with internal control**  Any valid point | | **Advice to improve internal control**  Good advice, two separate points |
| **Problem**   * R70 000 is missing and will affect the cash flow and liquidity. / Likelihood of theft by Malcolm the previous bookkeeper. * The deposit of R23 140 was late. It should have reflected on the bank statement within a day. * The problem of late deposits appears from month to month and it has not been addressed. | | **Advice**   * Separation of duties. The person responsible for cash receipts should not do bank deposits. * The internal control process must be improved through regular inspections and audits by additional people. * Register for SMS notification from the bank to ensure that deposits are made daily. |

6

4

**QUESTION 11**

|  |  |
| --- | --- |
| **11.1** | **Calculate of the correct debtors’ control balance** |
| 179 500 + 2 500 – 900 + 500 = 181 600 | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **11.2** | **The correct amounts owing to debtors** | | | |
| **DEBTORS** | | **CALCULATIONS** | **BALANCE** |
| **M COLEY** | |  | 60 200 |
| **J RAMSAY** | | 37500 – 4 300 +8 350 + 150 | 41 700 |
| **W SMITH** | | 19 500 + 2500 – 2 700 | 19 300 |
| **D CUMMINGS** | |  | 42 000 |
| **C PRINCE** | | 3 900 + 4 300 + 5 100 + 5 100 | 18 400 |
| **TOTAL** | |  | 181 600 |

**11.3**

|  |
| --- |
| Landa Traders has the telephone numbers of all their debtors. What other information should they obtain before allowing customers to open accounts? **State TWO points with a reason in EACH case.** |
| **Point 1 Salary advice slip / Proof of income**   * To set credit limits for each possible debtor To determine affordability |
| **Point 2 Proof of residence / Address**   * To be able to trace debtors not adhering to credit terms and conditions To avoid fictitious debtors To be able to do a proper background check on each new debtor Constant reminders of amount owed To ensure that statements are sent to correct addresses |
| **Contact details of family / friend**   * To track the debtor if other information is incorrect / changes OR Bank statement / balance To check how the debtor is managing his finances |
| **Identity document**:   * Ensure that correct personal details of customers are on record |
| **Credit references / Credit history** :   * To check that they will not sell to bad debtors * To check **credit worthiness** |
| ***NB: Do not accept Telephone number of debtor.*** |

**QUESTION 12**

|  |  |
| --- | --- |
|  | **DEBTORS' RECONCILIATION** |

|  |  |  |
| --- | --- | --- |
| **12.1** | **Provide ONE reason why the balance of the Debtors' Control Account and the total of the Debtors' List should be the same.** |  |
| One valid reason 🗸🗸 Award part-marks for unclear/incomplete explanation   * The Debtors' control account is a summary of the Debtors' List. * The Debtors control account and the list are prepared from the same transactions/source documents and should be the same. * Debtors' transactions from journals are posted to debtors' accounts in the debtors' ledger and totals are posted to the general ledger. | |  | | --- | |  | | **2** | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **12.2** | **Calculate the correct Debtors' Control Account balance after taking into account the relevant errors and omissions.** | | |  |
|  | 34 320 – 29 140  **111 000** – 5 180 + 900 + 7 500 = 114 220  🗸🗸 🗸 🗸🗸 🗹 one part correct | | | |  | | --- | |  | | **6** | |
|  |  | | |  |
| **12.3** | **Debtor** | **Workings** | **Balance** | |  | | --- | |  | | **8** | |
|  | **B Tom** | 1 500 one mark 1 500 one mark  **51 300** + 900 🗸 + 3 000 🗸🗸 | 55 200 🗹  one part correct |
|  | **C Dick** | 5 900 – 9 500  **55 120** + 7 500 🗹 – 3 600 🗸🗸  same as above | 59 020 🗹  one part correct |
|  |  | | |  |

**QUESTION 13**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **13.1** | |  |  |  | | --- | --- | --- | |  | **Creditors' Ledger Account of Styles Suppliers** | **Statement of account received from Styles Suppliers** | | **Balance before errors/omissions** | **12 160** | **41 380** | | **A** | (8 700) 🗸 | (8 700) 🗸 | | **B** |  | (950) 🗸 | | **C** | 1 540 🗸 |  | | **D** |  | 1 800 🗸🗸 | | **E** | 5 930 🗸 |  | | **F** | 9 400 🗸🗸 |  | | **G** |  | (2 925) 🗸🗸 | | **H** |  | (10 275) 🗸 | | **Balance after errors/omissions** | 20 330 🗹  one part correct | 20 330 🗹  one part correct |   -1 per line if written in both columns except A. Must earn a mark on that line before you deduct a mark. | |  | | --- | |  | | **14** | |

|  |  |  |  |
| --- | --- | --- | --- |
| **13.2** | **Refer to information E:** | |  |
|  | **Suggest TWO possible actions that the business can take against the storeman.** |  |
|  | Any two valid points ✓✓ ✓✓  Award part-marks for unclear/incomplete explanation   * Open a criminal case/Take legal action. * Deduct the amount from his salary. * Subject the employee to a disciplinary hearing. * Suspend the employee pending the outcome of the hearing. * Dismiss the employee due to his misconduct.   **For 1 mark**  Fire him/dismiss him/warning/redeploy him/sue him/take legal action | |  | | --- | |  | | **4** | |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **13.3** | **Provide THREE internal control measures that the business can use to prevent similar incidents in future.** |  |
|  | Any three valid points 🗸🗸 🗸🗸 🗸🗸 Must be 3 separate points;  Award part-marks for unclear/incomplete explanation   * Division of duties so that each person serves as a check on another/get someone else to authorise these transactions. * Rotate duties so that employees do not have permanent control over an aspect/function of the business. * Conduct internal audits/check documents to detect any fraud and errors. * Physical stock control (to records)/check stock on hand to stock records. * When goods are received, the receiving officer must check the stock received to the invoice and order form. * Inform suppliers of the procedure for delivering goods to the business and do not deviate from this. | |  | | --- | |  | | **6** | |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **QUESTION 14** | | | | |  |
|  |  |  | | | |  |
| **14.1.1** | **CREDITORS' LEDGER OF KAROO TRADERS** | | | | |  |
|  | **DM SUPPLIERS (CL7)** | | | | |  |
|  | **Balance per Ledger Account** | | | **47 064** |  | |  | | --- | |  | | **8** | |
|  | Invoice 346 corrected | | | (1 512) | 🗸🗸 |
|  | Correction of discount on Cheque 207 | | | 1 000 | 🗸🗸 |
|  | Invoice 135 corrected | | | (6 929) | 🗸🗸 |
|  | Interest | | | 29 | 🗸 |
|  | one part correct | | | 39 652 | ☑ |
|  |  | | | | |  |
| **14.1.2** | **CREDITORS’ RECONCILIATION STATEMENT ON 30 JUNE 2018** | | | | |  |
|  | **Balance as per Creditor's Statement** | | **40 271** | |  |  |
|  | Credit note incorrectly recorded (816 x 2) | | (1 632) | | 🗸🗸 | |  | | --- | |  | | **7** | |
|  | Discount not yet recorded | | (2 532) | | 🗸🗸 |
|  | Trade discount omitted | | (981) | | 🗸 |
|  | Invoice issued after statement date | | 4 526 | | 🗸 |
|  | Balance as per Creditors Ledger one part correct | | 39 652 | | ☑ |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **14.1.3** | **Explain TWO benefits of using electronic funds transfer (EFT) system rather than using cheques for direct payments to creditors.** |  |
|  | Any TWO suitable valid response 🗸🗸 🗸🗸   * Cheaper than cheque payments or debit orders * Less fraud and theft than with cheques * Payments can be made at any time * Funds quicker available | |  | | --- | |  | | **4** | |
|  |  |  |
| **14.1.4** | **State TWO consequences for the business if they do not pay the amount due to creditors on time.** |  |
|  | Any TWO suitable valid response 🗸🗸 🗸🗸   * Business can be charged interest * Credit rating of the business can be affected * The business can be blacklisted | |  | | --- | |  | | **4** | |
|  |  |  |