



**GAUTENG PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
JUNE 2019  
GRADE 11**

**ACCOUNTING  
PAPER 2  
MARKING GUIDELINES**

**9 pages**

## QUESTION 1: BANK RECONCILIATION

(Marks: 40 Time: 32 minutes)

|       |   |  |     |
|-------|---|--|-----|
| 1.1   | Answer the following questions.   |  |     |
| 1.1.1 | Is it necessary for a small business to prepare monthly Bank Reconciliations? Provide a reason for your answer.   |  | (3) |
|       | Yes, ✓<br><ul style="list-style-type: none"> <li>It is used as an internal control measure to safeguard cash against fraud and theft. ✓✓</li> <li>It is an internal control measure to pick-up and / or eliminate errors with regards to cash.</li> </ul> Any other reasonable answer.<br>Allocate one mark for any correct, but incomplete answer. |  |     |
| 1.1.2 | Explain the procedure that needs to be followed at the end of a financial period regarding a post-dated cheque issued. Which GAAP principle is applied?   |  | (3) |
|       | Bank will increase ✓ and creditors' control will increase. ✓<br>Matching principle. ✓   |  |     |

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1.2.1

## General Ledger of Disney World

## Bank

B 10

| Date        | Details                  | Amount   | Date        | Details                 | Amount   |
|-------------|--------------------------|----------|-------------|-------------------------|----------|
| 2019 Jun 30 | Total receipts           | 26 665 ✓ | 2019 Jun 01 | Balance                 | 2 410 ✓  |
|             | Rent income ✓            | 700 ✓    | Jun 30      | Total payments          | 29 343 ✓ |
|             | Creditors' control ✓     | 475 ✓    |             | Debtors control ✓       | 200 ✓    |
|             | Balance                  | 4 993 ✓  |             | Donations ✓             | 100 ✓    |
|             |                          |          |             | Interest on overdraft ✓ | 34 ✓     |
|             |                          |          |             | Bank charges ✓          | 46 ✓✓    |
|             |                          |          |             | Creditors' control ✓    | 500 ✓✓   |
|             |                          |          |             | Drawings ✓              | 200 ✓    |
|             |                          | 32 833   |             |                         | 32 833   |
|             | <b>All dates correct</b> |          | 2019 Jul 01 | Balance                 | 4 993 ✓  |

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## 1.2.2 Bank Reconciliation Statement of Disney World on 30 June 2019

|  | Debit      | Credit   |
|--|------------|----------|
| Credit balance as per Bank Statement                                   |            | 99 957 ✓ |
| Credit outstanding deposit   |            | 500 ✓    |
| Debit outstanding cheques:   |            |          |
| 601  | 500 ✓      |          |
| 450  | 150 ✓      |          |
| Debit outstanding EFT  | 5 000 ✓    |          |
| Credit amount wrongly debited  |            | 200 ✓✓   |
| Debit amount wrongly credited  | 100 000 ✓✓ |          |
| Credit balance as per Bank account                                     |            | 4 993 ✓  |
| <b>If both totals are the same</b> <input checked="" type="checkbox"/> | 105 650    | 105 650  |

(Max -2 for presentation / details)

**Take note:**

- -F if R400 is recorded anywhere.
- If an item is correct in either the account or Recon. and the candidate wrote it in both: mark the one that is correct right and -F for the other one.

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## QUESTION 2: CREDITORS' RECONCILIATION

Marks: 40 Time: 33 minutes

## Creditors' Ledger of Stationery Galore

## Purple Pencils C 3

| Date           | Details                             | fol | Debit   | Credit     | Balance  |
|----------------|-------------------------------------|-----|---------|------------|----------|
| 2019<br>Apr 30 | Balance                             |     |         |            | 13 266 ✓ |
|                | Receipt 417 corrected               |     | 600 ✓ ✓ |            | 12 666   |
|                | Discount corrected –<br>cheque 1048 |     | 33 ✓ ✓  |            | 12 633   |
|                | Cancel invoice 619                  |     |         | 1 870 ✓ ✓  | 14 503   |
|                | Correct invoice 342                 |     |         | 520 ✓ ✓    | 15 023   |
|                | Cancel invoice 2301                 |     | 4 400 ✓ |            | 10 623   |
|                | Invoice 351                         |     |         | 10 001 ✓ ✓ | 20 624   |
|                | Correct posting error               |     | 405 ✓   |            | 20 219   |
|                | Discount – cheque 1067              |     | 405 ✓   |            | 19 814 ✓ |

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## Creditors' Reconciliation Statement of Purple Pencils on 30 April 2019

|  | Amount      |
|--|-------------|
| Balance as per Creditor's Statement      | 26 727 ✓    |
| Discount corrected – receipt 1112        | (121) ✓ ✓   |
| Correct credit note 143                  | (27) ✓ ✓    |
| Cancel invoice 347                       | (2 310) ✓ ✓ |
| Cheque 1067                              | (4 050) ✓ ✓ |
| Discount – cheque 1067                   | (405) ✓ ✓   |
| Balance as per Creditor's Ledger account | 19 814 ✓ ✓  |

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|-------|--|-----|
| 2.3.1 | <b>Briefly explain what I. Steale has done. State TWO separate points.</b>   | (2) |
|       | <ul style="list-style-type: none"> <li>• He ordered items using the business order form, making the creditors think it was the business that ordered the items. ✓</li> <li>• When the items were delivered he signed for them and then he stole them.</li> <li>• He expects the business to pay for the items. ✓</li> </ul> <p>Any reasonable answer.</p>  |     |
| 2.3.2 | <b>Explain THREE internal control measures that need to be introduced by Stationery Galore to avoid a recurrence of this.</b>  | (6) |
|       | <ul style="list-style-type: none"> <li>• All orders must be authorized by management / senior personnel. ✓✓</li> <li>• Separation of duties; different employees must order (with authorization), take delivery of the items when delivered, make payments for the items. ✓✓</li> <li>• All deliveries must be checked against the order form, the delivery note and the invoice. ✓✓</li> </ul> <p>Any other reasonable answer.<br/>Award one mark for incomplete answers.</p> |     |
| 2.3.3 | <b>Mention TWO actions Stationery Galore can take against I. Steale, other than a disciplinary hearing.</b>  | (4) |
|       | <ul style="list-style-type: none"> <li>• I. Steale can be dismissed, as he was stealing. ✓✓</li> <li>• Criminal case could be opened at the police station. ✓✓</li> <li>• Could be given a final written warning.</li> <li>• If he stays, he has to pay for the stolen items.</li> </ul> <p>Any other reasonable answer.<br/>Award one mark for incomplete answers.</p>  |     |

## QUESTION 3: FIXED ASSETS

Marks: 50 Time: 39 minutes

## 3.1

| Calculation of depreciation                         |  |               |          |
|---|--|---------------|----------|
| <b>Vehicles</b>                                     |  |               |          |
| <b>OLD</b>  |  |               | 17 400√√ |
| 150 000 – 6 300 = 87 000 X 20%                      |  |               |          |
| <b>NEW</b>  |  |               | 15 000√  |
| 180 000 X 20% X 5/12☑                               |  |               |          |
| <b>SOLD</b>   |  |               | 7 350√   |
| 63 000 X 20% X 7/12                                 |  |               |          |
| <b>Total depreciation on vehicles for the year.</b> |  | <b>39 750</b> | <b>5</b> |
| <b>EQUIPMENT</b>                                    |  |               |          |
| <b>OLD</b>  |  |               | 15 500√√ |
| 98 000 – 36 000 X 25%                               |  |               |          |
| <b>NEW</b>  |  |               | 4 450√√  |
| 35 600 X 25% X 6/12                                 |  |               |          |
|   |  |               | <b>4</b> |

## General Ledger of Fruit City

## 3.2.1

## Vehicles B 7

| Date             | Details            | Amount    | Date           | Details        | Amount    |
|------------------|--------------------|-----------|----------------|----------------|-----------|
| 2018<br>March 01 | Balance            | 150 000 √ | 2018<br>Oct 01 | Asset disposal | 63 000 √  |
| Oct 01           | Creditors' Control | 180 000 √ |                | 31             | Balance   |
|                  |                    | 330 000   |                |                | 267 000 √ |
|                  |                    |           |                |                | 330 000   |
| 2018<br>No 01    | Balance            | 267 000 √ |                |                |           |

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## 3.2.2

## Asset Disposal N 26

| Date        |    | Details                          | Amount   | Date        |    | Details                                | Amount    |
|-------------|----|----------------------------------|----------|-------------|----|--|-----------|
| 2018<br>Oct | 01 | Vehicles ✓                       | 63 000 ✓ | 2018<br>Oct | 01 | Accumulated depreciation on vehicles ✓ | 42 350 ✓  |
|             |    | Profit on sale of fixed assets ✓ | 1 600 ✓  |             |    | Creditors' control ✓                   | 22 250 ✓✓ |
|             |    |                                  |          |             |    |  |           |
|             |    |                                  | 64 600   |             |    |  | 64 600    |
|             |    |                                  |          |             |    |  |           |

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## 3.3

## Fruit City

## Notes to Financial Statements on 28 February 2019

| Fixed Assets                              | Land and Buildings | Vehicles    | Equipment   |
|---|--------------------|-------------|-------------|
| Carrying value on 01 March 2018           | 416 000            | 88 000 ✓    | 62 000 ✓    |
| Cost                                      | 416 000 ✓          | 150 000 ✓   | 98 000 ✓    |
| Accumulated depreciation                  |                    | (62 000) ✓  | (36 000) ✓  |
| <b>Movements</b>                          |                    |             |             |
| Additions at cost                         | 34 000 ✓✓          | 180 000 ✓   | 35 600 ✓✓   |
| Disposal at carrying value                |                    | (20 650) ✓✓ |             |
| Depreciation for the year                 |                    | (39 750) ✓✓ | (19 950) ✓✓ |
| <b>Carrying value on 28 February 2019</b> | 450 000            | 207 600 ✓   | 77 650 ✓    |
| Cost                                      | 450 000 ✓          | 267 000 ✓   | 133 600 ✓   |
| Accumulated depreciation                  |                    | (59 400) ✓  | (55 950) ✓  |

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| 3.4 | <b>What is the main purpose of the Fixed Assets Register in a business?</b>  | (2) |
|     | It is an internal control measure to safeguard fixed assets from fraud and theft. ✓✓<br><br>Any other reasonable answer.<br>Award one mark for an incomplete answer. |     |

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**QUESTION 4: INTERNAL CONTROL****Marks: 20 Time: 16 minutes**

|     |   |     |
|-----|---|-----|
| 4.1 | <b>The business has changed its pricing policy. Is the statement true or false? Provide ONE reason for your answer.</b>   | (3) |
|     | True ✓<br><br>The mark-up % has been increased from 20 % to 40 %. ✓✓<br><br>Any other reasonable answer.<br>Award one mark for incomplete answer.   |     |
| 4.2 | <b>With reference to your answer to Question 4.1, motivate whether this was a good decision.</b>  | (3) |
|     | No ✓<br><br>Prices were more expensive, the sales have decreased and this led to the net profit on turnover percentage to decrease from 18 % to 8 %.<br><br>Stock holding period has increased from 28 days to 65 days. Stock is not selling because it is too expensive. ✓✓<br>Any other reasonable answer.<br><br>Award one mark for incomplete answer. |     |
| 4.3 | <b>Does the business have good control over its expenses? Give ONE reason for your answer.</b>  | (3) |
|     | Yes, ✓<br><br>The operating expenses on turnover has increased only slightly from 26 % to 27 %. ✓✓<br><br>Any other reasonable answer.<br>Award one mark for incomplete answer.   |     |



|     |  |     |
|-----|--|-----|
| 4.4 | <b>The business has revised its debt collection policy in January 2019. Was this a good idea? Give ONE reason for your answer.</b>   | (3) |
|     | <p>No, ✓</p> <p>The debtors' collection period has increased from 30 days to 45 days. ✓✓</p> <p>Debtors take 15 days longer to pay than before.</p> <p>Any other reasonable answer.<br/>Award one mark for incomplete answer.</p>  |     |
| 4.5 | <b>The business is considering its creditors later than the 30 days term agreed upon. Mention TWO factors that must be considered before this happens.</b>   | (4) |
|     | <p>The terms for creditors is 30 days. This agreement needs to be discussed with creditors. Business cannot just pay later. ✓✓</p> <p>Business might lose discount for early payment if the business pays later. ✓✓</p> <p>Business might get charged interest if accounts are paid later.</p> <p>Any other reasonable answer.<br/>Award one mark for incomplete answers.</p>                |     |
| 4.6 | <b>Comment on the stock holding period. Mention TWO points.</b>  | (4) |
|     | <p>The stock holding period has increased from 28 days to 65 days. ✓✓</p> <p>The business now has much more stock in the business. This could be due to the increase in prices. ✓✓</p> <p>It is not good to keep too much stock. The stock could become damaged; could get stolen; could become obsolete.</p> <p>Any other reasonable answer.<br/>Award one mark for incomplete answers.</p> |     |