



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, ✓ <ul style="list-style-type: none"> It is used as an internal control measure to safeguard cash against fraud and theft. ✓✓ It is an internal control measure to pick-up and / or eliminate errors with regards to cash. Any other reasonable answer. 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. ✓ 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 ✓		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
	All dates correct		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 ✓
If both totals are the same <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 Apr 30	Balance				13 266 ✓
	Receipt 417 corrected		600 ✓ ✓		12 666
	Discount corrected – 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	Briefly explain what I. Steale has done. State TWO separate points.	(2)
	<ul style="list-style-type: none"> • He ordered items using the business order form, making the creditors think it was the business that ordered the items. ✓ • When the items were delivered he signed for them and then he stole them. • He expects the business to pay for the items. ✓ <p>Any reasonable answer.</p>	
2.3.2	Explain THREE internal control measures that need to be introduced by Stationery Galore to avoid a recurrence of this.	(6)
	<ul style="list-style-type: none"> • All orders must be authorized by management / senior personnel. ✓✓ • Separation of duties; different employees must order (with authorization), take delivery of the items when delivered, make payments for the items. ✓✓ • All deliveries must be checked against the order form, the delivery note and the invoice. ✓✓ <p>Any other reasonable answer. Award one mark for incomplete answers.</p>	
2.3.3	Mention TWO actions Stationery Galore can take against I. Steale, other than a disciplinary hearing.	(4)
	<ul style="list-style-type: none"> • I. Steale can be dismissed, as he was stealing. ✓✓ • Criminal case could be opened at the police station. ✓✓ • Could be given a final written warning. • If he stays, he has to pay for the stolen items. <p>Any other reasonable answer. Award one mark for incomplete answers.</p>	

QUESTION 3: FIXED ASSETS

Marks: 50 Time: 39 minutes

3.1

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

General Ledger of Fruit City

3.2.1

Vehicles B 7

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

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3.2.2

Asset Disposal N 26

Date		Details	Amount	Date		Details	Amount
2018 Oct	01	Vehicles ✓	63 000 ✓	2018 Oct	01	Accumulated depreciation on vehicles ✓	42 350 ✓
		Profit on sale of fixed assets ✓	1 600 ✓			Creditors' control ✓	22 250 <input checked="" type="checkbox"/> ✓
			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) ✓
Movements			
Additions at cost	34 000 ✓✓	180 000 ✓	35 600 ✓✓
Disposal at carrying value		(20 650) <input checked="" type="checkbox"/> ✓	
Depreciation for the year		(39 750) <input checked="" type="checkbox"/> ✓	(19 950) <input checked="" type="checkbox"/> ✓
Carrying value on 28 February 2019	450 000	207 600 <input checked="" type="checkbox"/>	77 650 <input checked="" type="checkbox"/>
Cost	450 000 ✓	267 000 ✓	133 600✓
Accumulated depreciation		(59 400) ✓	(55 950) ✓

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

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

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

4.4	The business has revised its debt collection policy in January 2019. Was this a good idea? Give ONE reason for your answer.	(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. Award one mark for incomplete answer.</p>	
4.5	The business is considering its creditors later than the 30 days term agreed upon. Mention TWO factors that must be considered before this happens.	(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. Award one mark for incomplete answers.</p>	
4.6	Comment on the stock holding period. Mention TWO points.	(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. Award one mark for incomplete answers.</p>	