



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
NOVEMBER 2020
GRADE 10**

**ACCOUNTING
PAPER 2**

TIME: 2 hours

MARKS: 150

10 pages

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer **ALL** the questions in the ANSWER BOOK provided.
2. Show **ALL** workings in order to achieve part-marks.
3. Non-programmable calculators may be used.
4. You may use blue/black ink to answer the questions.
5. Where applicable, show **ALL** calculations to **ONE** decimal point.
6. Write neatly and legibly.
7. Use the information in the table below as a guide when answering the question paper. Try **NOT** to deviate from it.

QUESTION 1: 45 marks; 36 minutes	
Topic:	This question integrates:
Concepts and Ledger	Concepts General Ledger Accounts

QUESTION 2: 46 marks; 37 minutes	
Topic:	This question integrates:
Debtors reconciliation Internal control	Debtors' control account Debtors' list Internal control relating to debtors

QUESTION 3: 39 marks; 31 minutes	
Topic:	This question integrates:
Concepts and Fixed Assets	Concepts Fixed Asset Register Depreciation on Fixed Assets Fixed Asset Note

QUESTION 4: 20 marks; 16 minutes	
Topic:	This question integrates:
Internal control and Ethics	Controls on Fixed Assets Controls on Inventory Ethics relating to assets

QUESTION 1: CONCEPTS AND GENERAL LEDGER ACCOUNTS**(45 marks : 36 minutes)****1.1 CONCEPTS**

Choose an answer from the list that completes each statement below. Write only the answer next to the question number (1.1.1 to 1.1.5) in the ANSWER BOOK.

selling price	cost price	income	expense
original invoice	duplicate invoice	credit note	

- 1.1.1 Sales figure is regarded as
- 1.1.2 Goods sold are always recorded at ... price in the Trading Stock account.
- 1.1.3 Trading stock donated by the business is regarded as an
- 1.1.4 The source document used to record credit purchases is
- 1.1.5 The source document used to record credit sales is
- (5 x 1) (5)

1.2 GENERAL LEDGER ACCOUNTS

You are provided with information relating to Molefi Traders for June 2020. The business buys and sells household appliances for cash and on credit. The business is located in Gauteng and their financial year ends on 30 June. The business uses a mark-up of 60% on cost price.

REQUIRED:

Complete the following General Ledger accounts for June 2020 and balance them properly:

- 1.2.1 Trading Stock (23)
- 1.2.2 Creditors' control (17)

INFORMATION A:**Balances on 1 June 2020 in the General Ledger**

- Trading Stock R87 600
- Creditors' control R38 900

INFORMATION B:

Totals in the subsidiary journals on 30 June 2020

Cash Receipts Journal					
Bank	Sales	Cost of Sales	Debtors' control		Sundry accounts
			Receipts	Discount	
R68 200	R42 000	R26 250	R18 400	R600	R?

Cash Payments Journal					
Bank	Trading Stock	Debtors' control	Creditors' control		Sundry accounts
			Payments	Discount	
R44 300	R4 600	R1 800	R22 620	R980	R?

Debtors' Journal	
Sales	Cost of sales
R18 400	R?

Debtors' Allowances Journal	
Debtors' allowances	Cost of sales
R1 800	R1 125

Creditors' Journal				
Creditors' control	Trading Stock	Stationery	Equipment	Sundry accounts
R?	R12 800	R4 400	R8 900	R3 100

Creditors' Allowances Journal				
Creditors' control	Trading Stock	Stationery	Equipment	Sundry accounts
R2 800	R800	R300	R1 200	R?

Petty Cash Journal				
Petty cash	Trading Stock	Stationery	Wages	Sundry accounts
R1 260	R260	R400	R380	R220

General Journal			
Debtors' control		Creditors' control	
Debit	Credit	Debit	Credit
R1 490	R890	R780	R1 420

INFORMATION C:

The accountant did not record the following transactions in the General Journal:

- The owner took goods for R1 650 at cost price per personal use.
- It was discovered that goods bought on credit for R3 200 was wrongly recorded as stationery.

Note: record the transactions directly into the General Ledger accounts.

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QUESTION 2: DEBTORS' RECONCILIATION

(46 marks : 37 minutes)

The information below has been taken from the books of Stephan Stores.

REQUIRED:

2.1 Respond to the following questions below:

- 2.1.1 Why should the Debtors' Control and the Debtors' List always agree? Explain in **ONE** point. (2)
- 2.1.2 Reconcile the Debtors' Control to the Debtors' List for the month of July 2020. (40)
- 2.1.3 Stephan feels that his debtors are not paying timeously. List **TWO** measures he can implement to collect his money earlier from debtors. (4)

INFORMATION:

**GENERAL LEDGER OF STEPHAN STORES
BALANCE SHEET ACCOUNTS SECTION**

DR		DEBTORS' CONTROL				B6		CR
2020 Jul	01	Balance	b/d	212 080	2020 Jul	31	Bank and discount allowed	CRJ 224 550
	30	Sales	DJ	277 300			Debtors' Allowances	DAJ 8 000
		Journal Debits	GJ	4 700			Journal Credits	GJ 2 400
							Balance	c/d 259130
				494 080				494 080
2020 Aug	01	Balance	b/d	259130				

DEBTORS' LIST AT 31 JULY 2020

NAME OF DEBTOR	DEBIT	CREDIT
C. Botha	20 600	
H. Dipho	12 000	
N. Dladla	64 000	
D. Mkhize		3 200
E. Mthimkulu	6 500	
L. Nkozi	73 000	
G. Stuurman	13 400	
B. Zunaid	90 000	
TOTAL	279 500	3 200

ERRORS AND OMISSIONS

- A The balance of the Debtors' Control account was overstated on 01 July by R1 080.
- B The credit balance of D. Mkhize in the Debtors' List must be transferred to the Creditors' ledger.
- C The total column of sales in the Debtors' Journal was undercast by R25 000.
- D A credit invoice of R7 700 for goods purchased by B. Zunaid has not been recorded.
- E A receipt of R15 000 for L. Nkozi was correctly recorded in the debtors' account, but was omitted from the Subsidiary Journal.
- F An entry of R1 000 in respect of merchandise returned by N. Dladla was not entered in the Subsidiary Journal and was entered on the wrong side of his account.
- G No entry has been made for a refund of R5 000 that was overcharged to C. Botha.
- H E. Mthimkulu returned stock of R4 800. This was correctly recorded in the Subsidiary Journal but was recorded as R3 9 00 in the debtors' account.
- I No entry has been made for interest charged on G. Stuurman's arrears of R8 000. This amount was 3 months in arrears, interest is charged at 5% per annum.
- J H. Dipho issued a cheque of R8 550 towards his account after deducting 5% discount. The discount was recorded in the Ledger but not in the Subsidiary Journal.

QUESTION 3: CONCEPTS AND FIXED ASSETS**(39 marks; 31 minutes)****3.1 CONCEPTS**

Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (3.1.1 to 3.1.4) in the ANSWER BOOK.

- 3.1.1 Fixed assets are tangible assets that are purchased by the business for the purpose of resale.
- 3.1.2 The accumulated depreciation is recorded in the Income Statement.
- 3.1.3 An Asset Register is a record of all the assets owned by the business.
- 3.1.4 The diminishing balance method is used to calculate depreciation for Land and Buildings. (4 x 1) (4)

3.2 FIXED ASSET REGISTER**Colin's Car Dealership**

The information provided is extracted from the financial records of Colin's Car Dealership

REQUIRED:

Use the information below to complete the Fixed Asset Register provided in your ANSWER BOOK. Their financial year ended on 29 February 2020. (8)

INFORMATION:

Colin's Car Dealership purchased a delivery van on 31 August 2018 on credit from Falcon Motors for R150 000. Depreciation is calculated at 20% p.a. on the diminishing balance method.

3.3 FIXED ASSET NOTE**Martin Logistics**

The information relates to Martin Logistics for the financial year ended 29 February 2020.

REQUIRED:

- 3.31 Calculate the total depreciation for equipment for the year ending 29 February 2020. (6)
- 3.3.2 Calculate the price of ONE vehicle. (2)

- 3.3.3 Calculate the total depreciation for vehicles for the year ending 29 February 2020. (5)
- 3.3.4 Complete the Fixed Asset Note. (14)

INFORMATION:

A

EXTRACTED FROM TRIAL BALANCE ON 29 FEBRUARY 2020:		
Balance Sheet Accounts Section	Debit	Credit
Land and buildings	5 500 000	
Vehicles (cost)	1 000 000	
Equipment (cost)	2 000 000	
Accumulated depreciation on vehicles (1/3/2019)		375 000
Accumulated depreciation on equipment (1/3/2019)		1 200 000

B ADJUSTMENTS AND ADDITIONAL INFORMATION:

Land and buildings

During the year a payment for R500 000 was made to Gifts Renovators, R300 000 was for a new storeroom and the balance of R200 000 was for repairs to the roof of the old warehouse.

Equipment

On 01 December 2019 a new 3D printer was purchased for R90 000. A technician was hired to install and setup the printer before it could be used. The business was invoiced R25 000 for the installation and setup. The installation and setup were completed on the day the printer was bought.

Vehicles

The business owns **THREE** identical delivery vans. All three were purchased on the same day and at the same price. A new delivery van was purchased on 1 September 2019 at the same price of each of the other vans. This purchase has already been recorded.

Depreciation for the year is as follows:

- Equipment at 10% per annum on the diminishing balance method.
- Vehicles at 25% per annum on cost.

QUESTION 4: INTERNAL CONTROL AND ETHICS ON FIXED ASSETS AND INVENTORY

(20 marks; 16 minutes)

41 Read the scenario and answer the questions below:

Rogers Mokoena is the owner of Rogers Traders. The business has two delivery vehicles. According to the vehicles' policy of the business, drivers are allowed to drive the delivery vehicles home especially when the last delivery to customers finishes late. The policy clearly states that the delivery vehicles must not be used for private trips.

The owner discovered that one of the delivery vehicles (driven by John) has travelled 2 000 kilometres more for June 2020 compared to the average kilometres travelled each month. After an investigation, John confessed that he used the delivery vehicle to visit his family in Eastern Cape.

Rogers Traders has two employees who are responsible for the storeroom. They receive stock and issue stock to the sales department. The large orders that need to be delivered to customers are collected by the drivers from the storeroom. After the physical stocktaking at the end of June 2020, it was discovered that 15 gas heaters were missing. The employees responsible for the storeroom could not account for the missing gas heaters.

REQUIRED:

- 4.1.1 Explain how John's unethical conduct will affect the business financially. Provide **TWO** points. (4)
- 4.1.2 Provide **THREE** internal control measures that can be implemented by the owner of the business to avoid any abuse of delivery vehicles by employees. (6)
- 4.1.3 Provide **TWO** steps that can be taken against John for his unethical conduct. (4)
- 4.1.4 Discuss **THREE** internal control measures that can be implemented by the owner to prevent theft of trading stock. (6)

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TOTAL: 150

END