

**GRADE 10**

**DEBTORS CONTROL**

**CREDITORS CONTROL**

**TRADING STOCK**

**SALARIES**

**ANALYSIS OF TRANSACTION**

**QUESTION PAPER**

**Question 3**

**Control Accounts [Marks: 54; Time: 34]**

The information was extracted from the accounting records of Big Dan Traders.

**3.1 Debtors’ Control Account [19]**

**Information**

|  |
| --- |
| Debtors’ Control Account |
| Jan | 01 | Balance | b/d | 145000 | Jan | 31 | Bank [receipts] | CRJ | 27300 |
|  | 31 | Sales  | DJ | 107000 |  |  | Discount allowed | CRJ | **Nil** |
|  |  | Bank | CPJ | 11090 |  |  | Debtors allowances | DAJ | 35420 |
|  |  | Journal debits | GJ | 7510 |  |  | Journal credits | GJ | 2380 |
|  |  |  |  |  |  |  | Balance | c/d | 205500 |
|  |  |  |  | 270600 |  |  |  |  |  |
| Feb | 01 | Balance | b/d | 205000 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**Required**

Study the Debtors’ Control Account and answer the following questions:

3.1.1 Provide **one** reason for not allowing any discounts to debtors. [02]

3.1.2 Do you think that the business is managing its debtors accounts

 efficiently? Substantiate your answer by making references to

**opening and closing balances**; **bank** [receipts] and any one

other relevant point. [07]

3.1.3 List two possible entries that could have been included in Bank

 on the debit side. **Do not** list **‘correction of errors’** as one of

your answers. [04]

3.1.4 Suggest three measures that business could take to reduce the

amount owed by debtors.. [06]

**3.2 Creditors’ Control Account [15]**

**Information**

|  |
| --- |
| Creditors’ Control Account |
| Jan | 31 | **A** | CPJ | 19100 | Jan | 01 | Balance | b/d | 22300 |
|  |  | Discount received | CPJ | 1050 |  | 31 | **C** | CJ | 35900 |
|  |  | **B** | CAJ | 720 |  |  | Journal credits | GJ | 1700 |
|  |  | Journal debits | GJ | 530 |  |  |  |  |  |
|  |  | Balance | c/d | **?** |  |  |  |  |  |
|  |  |  |  | **?** |  |  |  |  | **?** |
|  |  |  |  |  | Feb | 01 | Balance | b/d | **?** |
|  |  |  |  |  |  |  |  |  |  |

**Required**

3.2.1 Provide details for **A, B** and **C.** [06]

3.2.2 Calculate the amount owed to creditors on 31 January 2012 [02]

3.2.3 Briefly explain how you would verify that the amount owed to

 creditors is correct.[03]

3.2.4 Mention two possible entries that could have been included in the

amount of R1 700. [04]

**3.3 Trading Stock Account [20]**

**Information**

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| --- |
| Trading Stock Account |
| Jan | 01 | Balance | b/d | 34500 | Jan | 31 | Cost of sales | CRJ | 7 100 |
|  | 31 | **?** | CPJ | 12100 |  |  | Cost of sales | DJ | 11 900 |
|  |  |  | CJ | 8400 |  |  | **?** | CAJ | 400 |
|  |  | **?** | DAJ | 900 |  |  |  |  |  |
|  |  | **?** | PCJ | 300 |  |  | Balance | c/d | 37000 |
|  |  | Stationery | GJ | 600 |  |  |  |  |  |
|  |  |  |  | 56400 |  |  |  |  | 53400 |
| Feb | 01 | Balance | b/d | 37000 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**Required**

Study the Trading Stock Account and answer the following questions:

3.3.1 Below are three multiple choice questions. Choose the correct

answer and place the alphabet relating to the answer in your

answer book. **Do not re-write the answer.** [06]

3.3.1.1 The source document for the entry of R8 400 is the:

 A Original invoice

 B Duplicate invoice

 C Cash purchases invoices

 D None of the above

3.3.1.2 The source document for the entry of R400 is the:

 A Original debit note

 B Duplicate debit note

 C Original credit note received from the creditor

 D Duplicate credit note issued to the debtor

3.3.1.3 The entry of R600 in respect of Stationery could possibly have

been recorded as a result of:

 A A correction of an error.

 B Redundant [old] office stationery being transferred to Trading

 Stock to be sold.

 C Returning stationery that was drawn from Trading Stock

 for use in the office.

 D All of the above

3.3.2 Calculate the amount of cash sales for the month. [04]

 [The business uses a mark-up of 50% on cost]

3.3.3 Mention the inventory system that the business is using. [02]

3.3.4 Briefly explain the term Internal Control. [02]

3.3.5 Explain what the business should do to make sure that the

balance on the Trading Stock account is correct? [06]

**Question 4**

**Salaries [Marks: 44; Time: 26 mins. ]**

The information provided below was taken from the financial records of Sipho Traders.

**Required**

4.1 Complete the accounts listed below for the month of April 2012.

**Note:** Opening balances / totals on 1 April 2012 are provided next

 to each account.

4.1.1 Salaries R90 000 [03]

4.1.2 SARS: PAYE R13 500 [04]

4.1.3 SARS: UIF R 1 800 [08]

4.1.4 Pension Fund R 7 200 [05]

4.1.5 Medical Aid Fund R15 000 [08]

4.1.6 Creditors for salaries Nil [06]

**N.B. Do not balance or total the accounts**

4.2 **Scenario**

Employees discovered that management had not paid over their Pension

Fund deductions and contributions to the Pension Fund Association.

This practice has been going on for a year.

Read the above scenario and do the following:

* Comment on the conduct of management.
* Suggest two possible solutions to the problem. [10]

**Information**

1. On 5 April 2012 all amounts due to SARS, Pension Fund and the Medical Aid Fund were paid.
2. The gross monthly salaries is R90 000.

**Note:** The business has 10 employees

1. Details relating to salaries on 30 April 2012 are as follows:

**Deductions and Contributions**

|  |  |  |
| --- | --- | --- |
|  | **Deductions** | **Contributions** |
| PAYE | 15% of gross salary |  |
| UIF | 1% of gross salary | Rand for Rand |
| PensionFund | 8% of gross salary |  |
| Medical Aid | R1000 per employee | R500 per employee |
|  |  |  |

1. On 30 April 2012 all employees were paid their salaries through electronic funds transfers [EFT’s] into their personal banking accounts

**Question 5**

**Analysis of Transactions [Marks: 50 ; Time:30 mins. ]**

The transactions listed below were extracted from the accounting records of Phumzile Traders.

**Required**

Analyse the transaction according to the table provided in the answer booklet.

**Note:**

1. The bank balance must be regarded as favourable unless otherwise stated.
2. The business uses a mark-up of of 40% on cost.

**Transactions**

1. The owner took goods with a selling price value of R3 640 and handed it to Gugile Old Age Home as a personal donation.
2. Issued a cheque for R4 000 to Money Bank in respect of the monthly instalment on the loan.
3. The fixed deposit matured. North Bank transferred an amount of R37 200

Including interest of R4 200 into the current account of the business.

[Two entries]

1. Charged S. Blue interest at 18% p.a. on his overdue account of R5 400 for three months.
2. Issued a cheque for R370 to restore the Petty cash amount.
3. Received a cheque for R1500 from the tenant for the monthly rental.
4. Goods to the value of R170 returned to a supplier was wrongly recorded

in the Creditors Journal.

1. The owner increased his capital from R220 000 to R250 000 during the year. The bank balance was overdrawn.
2. Packing Material to the value of R250 was wrongly debited to the Trading

Stock account. Correct the error.

**ANSWER SHEET**

**Question 3**

**3.1**

|  |  |
| --- | --- |
| **3.1.1** | **Provide one reason for not allowing any discounts to debtors.**  |
|  |  |  |
|  |  |  |
|  |  | **2** |

|  |  |
| --- | --- |
| **3.1.2** | **Do you think that the business is managing its debtors accounts efficiently? Substantiate your answer by making references to opening and closing balances; bank [receipts] and any one other relevant point.**  |
|  |  |  |
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|  |  |  |
|  |  | **7** |

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| **3.1.3** | **List two possible entries that could have been included in Bank on the debit side. Do not list ‘correction of errors’ as one of your answers.**  |
|  |  |  |
|  |  |  |
|  |  | **4** |

|  |  |
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| **3.1.4** | **Suggest three measures that business could take to reduce the amount owed by debtors.**  |
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|  |  | **6** |

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|  |
| **19** |

**3.2**

|  |  |
| --- | --- |
| **3.2.1** | **Provide details for A, B and C.** |
|  | * A -
 |  |
|  | * B -
 |  |
|  | * C -
 |  |
|  |  |  |
|  |  | **6** |

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| --- | --- |
| **3.2.2** | **Calculate the amount owed to creditors on 31 January 2012** |
|  |  |  |
|  |  |  |
|  |  | **2** |

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| **3.2.3** | **Briefly explain how you would verify if the amount owed to creditors is correct**  |
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|  |  | **3** |

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| **3.2.4** | **Mention two possible entries that could have been included in the amount of R1 700.** |
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|  |  |  |
|  |  | **4** |
|  |
| **15** |

**3.3**

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| **3.3.1** | **Multiple Choice** |
| 3.3.3.1 |  |  |
| 3.3.3.2 |  |  |
| 3.3.3.3 |  |  |
|  |  |  |
|  |  | **6** |

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| **3.3.2** | **Calculate the amount of cash sales for the month.** |
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|  |  | **4** |

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| **3.3.3** | **Mention the inventory system that the business is using.** |
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|  |  | **2** |

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| **3.3.4** | **Briefly explain the term ‘internal control’.** |
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|  |  | **2** |

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| **3.3.5** | **What should management do to make certain that the balance on the Trading Stock account is correct.** |
|  |  |  |
|  |  |  |
|  |  | **4** |

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| **3.1** | **3.2** | **3.3** | **Total** |
| **19** | **15** | **20** | **54** |
|  |  |  |  |

**Question 4**

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| --- |
| **4.1.1 Salaries** |
| **Apr** | **01** | **Total** | **b/f** | **90 000** |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  | **3** |

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| **4.1.2 SARS: PAYE** |
|  |  |  |  |  | **Apr** | **01** | **Balance** | **b/d** | **13 500** |
|  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  | **4** |

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| **4.1.3 SARS: UIF** |
|  |  |  |  |  | **Apr** | **01** | **Balance** | **b/d** | **1 800** |
|  |  |  |  |  |  |  |  |  |  |
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| **4.1.4 Pension Fund** |
|  |  |  |  |  | **Apr** | **01** | **Balance** | **b/d** | **7 200** |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **5** |

|  |
| --- |
| **4.1.5 Medical Aid Fund** |
|  |  |  |  |  | **Apr** | **01** | **Balance** | **b/d** | **15 000** |
|  |  |  |  |  |  |  |  |  |  |
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| **4.1.6 Creditors for Salaries** |
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|  |  |  |  |  |  |  |  |  | **6** |

|  |  |
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| **4.2** | **Scenario** |
|  | **Comment on the conduct of management.** |  |
|  |  |  |
|  | **Suggest two possible solutions to the problem** |  |
|  |  |  |
|  |

|  |  |  |
| --- | --- | --- |
| Poor Response | Average Response | Excellent response |
| 0 - 3 | 4 - 7 | 8 - 10 |
|  |  |  |

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|  |  |  |
|  |  | **10** |

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|  |
| **44** |

**Question 5**

**Example:** Bought Stationery for Cash, R500.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **G e n e r a l L e d g er** | **Amount in Rands** | **Equation** |
| **Account Debit** | **Account Credit** | **A** | **OE** | **L** |
| **e.g.** | **Stationery** | **Bank** | **500** | **---** | **---** | **0** |
| 1 |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 4 |  |  |  |  |  |  |
| 5 |  |  |  |  |  |  |
| 6 |  |  |  |  |  |  |
| 7 |  |  |  |  |  |  |
| 8 |  |  |  |  |  |  |
| 9 |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |
|  |  |  |  |  |  | **50** |

**MEMORANDUM**

**Question 3**

**3.1**

|  |  |
| --- | --- |
| **3.1.1** | **Provide one reason for not allowing any discounts to debtors.**  |
|  | * Debtors are not settling their accounts on time. ✓
* Goods are sold at highly competitive prices. Hence, it is not profitable to allow debtors discounts on settlement.

[Any 1 X 2] |  |
|  |  |  |
|  |  | **2** |

|  |  |
| --- | --- |
| **3.1.2** | **Do you think that the business is managing its debtors accounts efficiently? Substantiate your answer by making references to opening and closing balances; bank [receipts] and any one other relevant point.**  |
|  | No.✓ |  |
|  | * Closing balance increased by R60 000. Debtors are not settling their accounts promptly.
* Only R27 300 was received from debtors whilst R107 000 worth of goods was sold on credit.
* R35 420 worth of goods were returned. This is too high in relation to sales.
* R11 090 worth of cheques were dishonoured out of

R27 300 received from debtors.[Any 3 X 2 = 6] |  |
|  |  |  |
|  |  | **7** |

|  |  |
| --- | --- |
| **3.1.3** | **List two possible entries that could have been included in Bank on the debit side. Do not list ‘correction of errors’ as one of your answers.**  |
|  | * Dishonoured cheques✓✓
* Refunds to debtors✓✓
 |  |
|  |  |  |
|  |  | **4** |

|  |  |
| --- | --- |
| **3.1.4** | **Suggest three measures that business could take to reduce the amount owed by debtors.**  |
|  | * Send monthly statements
* Regular reminders through sms’s etc.
* Written reminders.
* Do not supply goods to debtors who do not pay their accounts.
* Debtors who are experiencing difficulties with their payments must be approached to make payment arrangements.

[Any 3 X 2 = 6] |  |
|  |  |  |
|  |  | **6** |

|  |
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|  |
| **19** |

**3.2**

|  |  |
| --- | --- |
| **3.2.1** | **Provide details for A, B and C.** |
|  | * A - Bank✓✓
 |  |
|  | * B - Total allowances✓✓
 |  |
|  | * C - Total purchases✓✓
 |  |
|  |  |  |
|  |  | **6** |

|  |  |
| --- | --- |
| **3.2.2** | **Calculate the amount owed to creditors on 31 January 2012** |
|  | R38 500✓✓ |  |
|  |  |  |
|  |  | **2** |

|  |  |
| --- | --- |
| **3.2.3** | **Briefly explain how you would verify if the amount owed to creditors is correct**  |
|  | * Compare t✓ the total of the creditors list t✓ with the balance on the Creditors’ Control account✓
* **The two balances have to be the same because of the principle of double and triple entries.**
 |  |
|  |  |  |
|  |  | **3** |

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| **3.2.4** | **Mention two possible entries that could have been included in the amount** **of R1 700.** |
|  | * Interest charged on business overdue account✓
* Correction of errors✓
* Transferring of accounts from one ledger to the other✓

[Any 2 x 2] |  |
|  |  |  |
|  |  | **4** |
|  |
| **15** |

**3.3**

|  |  |
| --- | --- |
| **3.3.1** | **Multiple Choice** |
| 3.3.3.1 | A✓✓ |  |
| 3.3.3.2 | B✓✓ |  |
| 3.3.3.3 | D✓✓ |  |
|  |  |  |
|  |  | **6** |

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| --- | --- |
| **3.3.2** | **Calculate the amount of cash sales for the month.** |
|  | 150✓ / 50✓ X 7 100✓ = R21 300✓ |  |
|  |  |  |
|  |  | **4** |

|  |  |
| --- | --- |
| **3.3.3** | **Mention the inventory system that the business is using.** |
|  | * Perpetual or continuous inventory system✓✓
 |  |
|  |  |  |
|  |  | **2** |

|  |  |
| --- | --- |
| **3.3.4** | **Briefly explain the term ‘internal control’.** |
|  | Internal control is the processes put in place to safeguard the assets. ✓✓ |  |
|  |  |  |
|  |  | **2** |

|  |  |
| --- | --- |
| **3.3.5** | **What should management do to make certain that the balance on the Trading Stock account is correct.** |
|  | * Do physical stock taking ✓✓
* Compare the total of the stock sheets with the balance on the Trading stock account✓✓
* Determine shortages or surpluses✓✓

[Any 2 x 2] |  |
|  |  |  |
|  |  | **4** |

|  |  |  |  |
| --- | --- | --- | --- |
| **3.1** | **3.2** | **3.3** | **Total** |
| **19** | **15** | **20** | **54** |
|  |  |  |  |

**Question 4**

|  |
| --- |
| **4.1.1 Salaries** |
| **Apr** | **01** | **Total** | **b/f** | **90 000** |  |  |  |  |  |
|  | 30 | Sundry Accounts✓✓ | SJ | ✓90 000 |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  | **3** |

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| **4.1.2 SARS: PAYE** |
| Apr | 05 | Bank✓ | CPJ | ✓13 500 | **Apr** | **01** | **Balance** | **b/d** | **13 500** |
|  |  |  |  |  |  | 30 | Salaries✓ | SJ | ✓13 500 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **4** |

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| **4.1.3 SARS: UIF** |
| Apr | 05 | Bank✓ | CPJ | ✓1 800 | **Apr** | **01** | **Balance** | **b/d** | **1 800** |
|  |  |  |  |  |  | 30 | Salaries✓ | SJ | ✓✓900 |
|  |  |  |  |  |  |  | UIF contributions✓ | SJ | ✓✓900 |
|  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  | **8** |

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| **4.1.4 Pension Fund** |
| Apr | 05 | Bank✓ | CPJ | ✓7 200 | **Apr** | **01** | **Balance** | **b/d** | **7 200** |
|  |  |  |  |  |  | 30 | Salaries✓ | SJ | 🗹✓7 200 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **5** |

|  |
| --- |
| **4.1.5 Medical Aid Fund** |
| Apr | 05 | Bank✓ | CPJ | ✓15 000 | **Apr** | **01** | **Balance** | **b/d** | **15 000** |
|  |  |  |  |  |  | 30 | Salaries✓ | SJ | ✓10 000 |
|  |  |  |  |  |  |  | Medical aid contributions✓ | SJ | ✓5 000 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **8** |

|  |
| --- |
| **4.1.6 Creditors for Salaries** |
| Apr | 30 | Bank✓ | CPJ | ✓🗹58 400 | Apr | 30 | Salaries✓ | SJ | ✓🗹58 400 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **6** |

|  |  |
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| **4.2** | **Scenario** |
|  | **Comment on the conduct of management.** |  |
|  | * Unethical
* Fraudulent
* Loss of integrity
* Loss of trust
* Deceptive / misleading behavior on the part of the employers
 |  |
|  | **Suggest two possible solutions to the problem** |  |
|  | * Refund the monies to employees so that they can invest on their own and manage their own Pension Fund.
* Cancel the pension fund.
* Arrange for payment into a reputable pension organization that reports to the employees on a monthly basis.
 |  |
|  |

|  |  |  |
| --- | --- | --- |
| Poor Response | Average Response | Excellent response |
| 0 - 3 | 4 - 7 | 8 - 10 |
|  |  |  |

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|  |  | **10** |

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| **44** |

**Question 5**

**Example:** Bought Stationery for Cash, R500.

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| --- | --- | --- | --- |
| **No.** | **G e n e r a l L e d g er** | **Amount in Rands** | **Equation** |
| **Account Debit** | **Account Credit** | **A** | **OE** | **L** |
| **e.g.** | **Stationery** | **Bank** | **500** | **---** | **---** | **0** |
| 1 | Drawings✓ | Trading Stock✓ | 2 600✓✓ | ---✓ | ---✓ | 0 |
| 2 | Loan: Money Bank✓ | Bank✓ | 4 000 | ---✓ | 0 | ---✓ |
| 3 | Bank✓ | Fixed deposit: North Bank✓ | 33 000✓ | **0**✓ | 0 | 0 |
|  | Bank✓ | Interest on Fixed Deposit✓ | 4 200✓ | +✓ | +✓ | 0 |
| 4 | Debtors’ Control✓ | Interest income | 243✓✓✓ | +✓ | +✓ | 0 |
| 5 | Petty cash✓ | Bank✓ | 370 | **0**✓ | 0 | 0 |
| 6 | Bank✓ | Rent Income✓ | 1 500 | +✓ | +✓ | 0 |
| 7 | Creditors’ Control✓ | Trading Stock✓ | **340**✓✓ | ---✓ | 0 | ---✓ |
| 8 | Bank✓ | Capital✓ | 30 000✓ | 0 | +✓ | ---✓ |
| 9 | Packing Material✓ | Trading Stock✓ | 250 | ---✓ | ---✓ | 0 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  | **50** |