

MEMORANDUM**MARKS: 300****TIME: 3 HOURS****QUESTION I****1****CSI TRADERS****CREDITORS RECONCILIATION STATEMENT ON 31 MARCH 20.9****R**

Balance as per creditors statement on 31 March 20.9	✓✓ 18 386
Correction of balance on statement	✓✓✓ (4 500)
Invoice not reflected on statement: No. 134	✓✓ 2 000
Payment not reflected on statement Cheque no. 288	✓✓ (5 000)
Returns not reflected on statement Debit note no. 67	✓✓ (400)
Balance as per Creditors ledger on 31 March 20.9	✓✓ 10 486

NB: amounts can be shown separately in a debit and credit column

(13)

2**CREDITORS LEDGER OF CSI TRADERS**

VRIES STORES					
Day	Details	Fol.	Debit	Credit	Balance
20.9					
Mar 31	Balance/Account rendered	b/d			✓ 12 120
	Journal voucher – invoice 123	GJ	✓ 900		✓ 11 220
	Journal voucher – discount cancelled chq 201	GJ		✓ 1 250	✓ 12 470
	Journal voucher – interest	GJ		✓ 156	✓ 12 626
	Journal voucher – credit note 145	GJ	✓✓ 740		✓ 11 886
	Journal voucher – correction of error	GJ	✓ 600		✓ 11 286
	Journal Voucher – trade discount	GJ	✓✓ 800		✓ 10 486

(15)

3

There must be different person to receive goods and another person for the return of goods.

Documents received and written out must be accurately recorded in the journals and posted to the General Ledger and subsidiary ledger.

The creditors control account must be properly balanced and reconciled against the creditors list on a monthly basis.

Creditors must be paid promptly within the stipulated period of payment to avoid been charged interest.

Accept any reasonable answer ✓✓ ✓✓ ✓✓

(6)

QUESTION 2

- 1 Item 3 Rent income R3 600 ✓✓ Item 6 Cancelled cheque no. 1077 for R1 200 ✓✓ (4)
- 2 Item 4 Bank charges R450 ✓✓ Item 5 Dishonoured cheque R520 ✓✓ (4)
- 3 **BANK RECONCILIATION STATEMENT ON 31 MAY 20.9**

Credit balance as per Bank Statement ✓
 Credit late deposit ✓
 Debit outstanding cheques ✓
 No. 2854
 No. 3215
 No. 3217
 Credit balance as per Bank account ✓

Debit R	Credit R
	✓✓ 1 100
	✓✓ 11 300
✓✓ 8 000	
✓✓ 6 200	
✓✓ 8 400	
	✓✓ 10 200
22 600	22 600

- 4 Add to BANK ✓✓ Add to CREDITORS ✓✓ (16)
- 5.1 The cashier received the R7 500 and recorded only R6 000 as receipts and pocketed the R1 500. Accept any reasonable answer ✓✓ (4)
- 5.2 Check accuracy of entries. Assist in internal control. Avoid fraud. Accept any reasonable answer ✓✓✓ ✓✓✓ each (2)

QUESTION 3

- 1.1 Calculate the rate of interest on capital
 $\left(\frac{1}{2} \text{ year } \% \times R100\,000\right) \checkmark + \left(\frac{1}{2} \text{ year } \% \times R150\,000\right) \checkmark = R20\,000$
 $R50\,000x \checkmark + R75\,000x \checkmark = R20\,000$
 $R125\,000x \checkmark = R20\,000$
 $x = \frac{R20\,000}{R125\,000} \checkmark$
 $= 0.16 \checkmark \times 100 \checkmark$
 $= 16\% \checkmark$ (9)
- 1.2 $R20\,000 \checkmark + R48\,000 \checkmark = R68\,000 \checkmark \checkmark$ (4)
- 1.3 $R27\,875 \checkmark \checkmark$ (2)
- 1.4 $\frac{16}{100} \times \frac{R150\,000}{1} \times \frac{9}{12} = R18\,000 \checkmark$ (if learner uses % obtained in 3.1.1 – give marks accordingly)
 $\frac{16}{100} \times \frac{R100\,000}{1} \times \frac{3}{12} = \underline{R\,4\,000} \checkmark$
 $\underline{R22\,000} \checkmark$
 $(R40\,290 \checkmark + R22\,000 \checkmark + R48\,000 \checkmark + R27\,875 \checkmark) - R55\,000 \checkmark$
 $= R138\,165 \checkmark - R55\,000 = R83\,165 \checkmark \checkmark$ (11)
- 1.5 $R20\,000 \checkmark + R22\,000 \checkmark + R48\,000 \checkmark + R48\,000 \checkmark + R27\,875 \checkmark + R27\,875 \checkmark$
 $= R193\,750 \checkmark \checkmark$ (8)

YELELA TRADERS
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 20.9

	NOTES	R
Sales (R878 550 ✓ – R22 550 ✓ – R500 ✓)	✓✓✓✓	855 500
Cost of sales (R514 800 ✓ – R400 ✓)	✓✓✓	(514 400)
Gross Profit	✓	341 100
Other operating income	✓	25 600
Bad Debts Recovered	✓✓	500
Rent Income (R26 600 ✓ – R3 325 ✓)	✓✓✓	23 275
Profit on sale of Asset (R34 000 ✓ + R825 ✓ + R12 000 ✓ – R45 000 ✓)	✓✓✓✓✓	1 825
Gross Operating Income	✓	366 700
Operating Expenses	✓	(161 290)
Trading stock deficit (R77 300 ✓ + R2 800 ✓ + R400 ✓ – R77 100 ✓)	✓✓✓✓✓	3 400
Stationery (R7 510 ✓ – R1 040 ✓)	✓✓✓	6 470
Provision for bad debts adjustment	✓✓✓	225
Salaries (R86 400 ✓ + R2 400 ✓)	✓✓✓	88 800
Pension fund contribution (R6 400 ✓ + R300 ✓)	✓✓✓	6 700
Repairs (R4 300 ✓ + R5 000 ✓)	✓✓✓	9 300
Insurance (R4 610 ✓ – R1 600 ✓)	✓✓✓	3 010
Depreciation (R14 400 ✓ + R825 ✓ + R18 540 ✓)	✓✓✓✓	33 765
Bad debts	✓✓	1 210
Telephone	✓✓	3 700
Bank Charges	✓✓	4 710
Operating Profit	✓	205 410
Interest income	1✓✓✓	5 440
Profit before operating expenses	✓	210 850
Interest expense	2✓✓✓	(17 100)
Net Profit	✓✓✓	193 750

(65)

3

TRADE AND OTHER PAYABLES	R
Trade Creditors (R21 245 ✓ + R2 800 ✓)	✓✓✓ 24 045
Creditors for wages (R2 400 ✓ – R480 ✓ – R200 ✓)	✓✓✓ 1 720
SARS (PAYE)	✓✓ 480
Pension fund (R200 ✓ + R300 ✓)	✓✓✓ 500
Accrued expenses	✓✓ 3 600
Instalment on loan	✓✓ 20 000
Income received in advance	✓✓ 3 325
	✓ 53 670

(18)

4 Yes/No ✓ Motivation ✓✓

(3)

QUESTION 4

1.1 $\frac{1\ 050}{150} \checkmark = 7$ members ✓ (2)

1.2 $\frac{7\ 150}{65} \checkmark = 110$ members ✓ (2)

1.3 Receipt = R7 025 ✓ Payment = R35 ✓ (2)

1.4 The contra account should be INCOME AND EXPENDITURE. A club uses INCOME AND EXPENDITURE instead of a PROFIT AND LOSS account because a club is normally a non-profitable organisation. ✓✓✓ (3)

- 1.5** A member was transferred and a proportion of his/her membership fees refunded. ✓✓ (2)
- 1.6** Correction of error. Member sold refreshment to the club and asked R30 to be part of his/her membership fees. ✓✓ (2)
- 1.7** $\frac{390}{65} = 6$ members ✓ (2)
- 1.8** The R260 is membership fees due in respect of 20.3. It is a reverse entry only of an adjustment. The R455 is membership fees due in respect in 20.4 and is the adjustment for 20.4. ✓✓✓ (3)
- 1.9** Entrance fees must be paid before the person can become a member. ✓✓ (2)

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SPEED SPORTS CLUB
STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 20.9

	R
RECEIPTS	✓ 46 638
Membership fees	✓ 25 800
Entrance fees (20 × R150)	✓✓ 3 000
Donations	✓ 2 352
Sale of annual dinner tickets	✓ 3 768
Sale of refreshments	✓ 8 928
Interest on savings account	✓ 130
Interest on fixed deposit (14% × R16 400 ÷ 2)	✓✓ 1 148
Equipment sold	✓ 1 512
PAYMENTS	✓ (38 736)
Wages	✓ 14 320
Purchase of sports equipment	✓ 2 184
Annual dinner expenses	✓ 3 144
Rent expense	✓ 7 280
Refreshments purchased	✓ 3 912
Honorarium	✓ 288
Payment to creditors	✓ 5 064
Stationery	✓ 570
Affiliation fees (R90 × 2)	✓✓ 180
Water and electricity	✓ 1 728
Bank charges	✓ 66
Surplus (deficit) for the year	✓ 7 902
 Opening balances	 ✓ 6 812
Bank	✓ 2 348
Savings account	✓ 4 464
 Closing balances	 ✓ 7 902
Bank	✓ 7 438
Savings account (R4 464 – R4 000)	✓✓ 464
 INVESTMENT IN FIXED DEPOSIT	 R
Balance at beginning of year	✓ 16 400
Change during the year	✓ 4 000
Interest capitalised	0
Balance at end of the year	<u>✓ 20 400</u>

(35)

QUESTION 5

1

GENERAL JOURNAL OF MATIEKI TRADERS FOR JUNE 20.9

Doc	Day	Details	Fol.	General Ledger		Debtors control	
				Debit	Credit	Debit	Credit
	1	Depreciation ✓ (R76 800 ✓ × 20% ✓ × $\frac{3}{12}$ ✓) Accumulated depreciation: Vehicles ✓	N10	✓ 3 840			
		Asset disposal ✓ Vehicles ✓	B7		✓ 3 840		
		Accumulated depreciation: Vehicles ✓ (R73 200 ✓ + R3 840 ✓) Asset disposal ✓	N10	✓ 150 000			
		Ndevu Motors ✓ Asset disposal ✓	B6		✓ 150 000		
		Asset disposal ✓ (R150 000 ✓ – R77 040 ✓ – R75 000 ✓) Profit on sale of asset ✓	B7	✓ 77 040			
			N10		✓ 77 040		
			B8	✓ 75 000		✓✓ 75 000	
			N10		✓ 75 000		
			N10	✓ 2 040			
			N11		✓ 2 040		

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- 2.1** Return on equity increased from 17 to 25.43%. ✓ This is satisfactory. ✓ Adam will not be happy with his return. Percentage decreased from 12% to 4.3% ✓ Callum will be happy. ✓ Percentage increased from 30% to 69.29% ✓ (5)
- 2.2** No ✓. Current ratio appears fine; 2.64 : 1. It is more than the acceptable ratio of 2 : 1 ✓ Acid test ratio = 0.64 : 1 is less than the acceptable ratio of 1 : 1. ✓ Business will experience difficulties in meeting its short-term liabilities ✓ (5)
- 2.3** Solvency situation satisfactory. ✓ Solvency ratio = 1.65 : 1 and has improved from last year of 1.5 : 1 ✓ Business is solvent. ✓ Total assets exceed total liabilities. ✓ (3)
- 3.4** Operating expenses: The partners need to ensure that they do not incur unnecessary expenses. Proper internal control measures must be put into place. Debt: equity ratio is 0.99 : 1 which indicates that that for every R1 equity 99 cents is owing to non-current liabilities. The partners should pay off the liabilities by increasing their capital or considering a new partner. Debtors collection period: The debtors are taking 66 days to pay off debts. The internal control measures should ensure that debtors are timeously sent statements. Encourage debtors to pay within 30 days by offering them a discount. Charge debtors interest on overdue debtors account. Creditors collection period: It seems that payment to creditors is taking place more than 90 days which means that creditors are charging the business interest on overdue creditors account. Negotiate to pay creditors early by getting a discount from them.
✓ mention of ratio and indicator $1 \times 2 = 2$
✓✓✓ Strategies provided $4 \times 2 = 8$
[Total: 300]