

# PROVINCIAL EXAMINATION

## JUNE 2022

### GRADE 10

#### ACCOUNTING

**TIME:** 2½ hours

**MARKS:** 200

11 pages + a formula sheet and an answer book of 11 pages

Question	Details	Marks	Time in minutes
1	Concepts and Transaction Analysis	40	30 minutes
2	Salaries and Wages	50	38 minutes
3	General Journal	23	17 minutes
4	Creditors' Reconciliation and Internal Control	43	32 minutes
5	General Ledger and Internal Control	44	33 minutes
<b>Total</b>		<b>200</b>	<b>150 minutes</b>

**INSTRUCTIONS AND INFORMATION**

1. Answer ALL the questions.
2. Answer all questions in the ANSWER BOOK provided.
3. Show ALL calculations to earn part-marks.
4. Non-programmable calculators may be used.
5. You may use blue or black ink to answer the questions.
6. A FORMULA SHEET for financial indicators is provided at the back of this question paper. You may use this if necessary.
7. Write neatly and legibly.
8. Use the information in the table below when answering questions.
9. Try NOT to deviate from the time allocated per question.

**QUESTION 1: 40 marks ; 30 minutes**

<b>Topic</b>	<b>This question integrates:</b>
Concepts and Transaction Analysis	Concepts Transaction Analysis of a Sole Trader

**QUESTION 2: 50 marks ; 38 minutes**

<b>Topic</b>	<b>This question integrates:</b>
Salaries and Wages	Concepts on Salaries and Wages Salaries Journal

**QUESTION 3: 23 marks ; 17 minutes**

<b>Topic</b>	<b>This question integrates:</b>
General Journal	Bookkeeping entries

**QUESTION 4: 43 marks ; 32 minutes**

<b>Topic</b>	<b>This question integrates:</b>
Creditors' Reconciliation and Internal Control	Reconciliation of creditors Internal Control

**QUESTION 5: 44 marks ; 33 minutes**

<b>Topic</b>	<b>This question integrates:</b>
General Ledger and Internal Control	General Ledger Internal Control

**QUESTION 1: CONCEPTS AND TRANSACTION ANALYSIS****(40 marks ; 30 minutes)****1.1 CONCEPTS**

Choose the correct word(s) from COLUMN B to match the description in COLUMN A. Write only the letter (A – E) next to the question numbers (1.1.1 – 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 F.

(5)

COLUMN A	COLUMN B
1.1.1 An example of a non-current asset.	A Fairness
1.1.2 The management of a business should treat employees equally regardless of their positions.	B Trial Balance
1.1.3 A summary of balances and totals extracted from all the ledger accounts of a business.	C GAAP
1.1.4 Assets that are convertible into cash within a period of 12 months.	D Fixed Deposit
1.1.5 Commonly accepted guidelines that are followed when financial records are prepared for reporting.	E Current Assets

**1.2 ANALYSIS OF TRANSACTIONS**

The following transactions for March 2022 appeared in the books of Naledi Traders. The business buys and sells electrical appliances to customers. Naledi Traders uses a mark-up of 80% on cost price.

**REQUIRED:**

Analyse the following transactions according to the headings provided in the ANSWER BOOK.

(35)

**NOTE:** The business has a favourable bank balance at all times.

Example: Paid R. Motloung R500 cash for washing the windows of the building.

**TRANSACTIONS:**

- 1.2.1 Bought goods on credit from Ralefe Stores for R10 800 less 10% trade discount.
- 1.2.2 Paid R450 out of the petty cash to RSA Distributors for goods delivered to a debtor, S. Small. The amount must be debited to his account.
- 1.2.3 Sold goods on credit to K. Samuels for R4 500 and issued an invoice.
- 1.2.4 A printer bought on credit for office use for R2 400 from Rossouw Traders in February 2022 had a defect (was faulty). After consultation with Rossouw Traders, the printer was returned to them. No transaction was recorded.
- 1.2.5 Received R3 400 from K. Abrahams (a debtor) in settlement of her account of R3 500.
- 1.2.6 A loan repayment of R44 000 to Perm Bank included an interest of 10% per annum for one year. Funds were paid via EFT.

<b>Total Marks</b>
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<b>40</b>
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**QUESTION 2: WAGES AND SALARIES****(50 marks ; 38 minutes)****2.1 WAGES – HILLTOP PACKAGING**

Hilltop Packaging employs only one employee, Jonas Shibangu, who is paid weekly. The information is extracted from the week ending 22 April 2022.

**REQUIRED:**

Use the information provided below to answer the following questions.

- 2.1.1 List TWO differences between *salaries* and *wages*. (4)
- 2.1.2 To which organisation is PAYE paid? Write your answer in full. (1)
- 2.1.3 What is the difference between *deductions* and *contributions*? (4)
- 2.1.4 Calculate the total number of overtime hours worked by Jonas for the week. (6)
- 2.1.5 Name the statutory or legal deduction that has NOT been made from Jonas's wages. Do not abbreviate your answer. (1)
- 2.1.6 Refer to QUESTION 2.1.5. How much should have been deducted from Jonas's wages? (2)
- 2.1.7 Refer to QUESTIONS 2.1.5 and 2.1.6. How much is owed to the Department of Labour at the end of the month? (Assume there were four weeks in the month.) (2)

**INFORMATION**

- A. Jonas's normal time rate is R13,50 per hour and if required to work overtime he earns R20,25 per hour.
- B. The following is an extract from his wages earned for the week 18 to 22 April 2022.

<b>Wages</b>	
Normal time	32 hours
Overtime	?
Total wage (normal time and overtime)	R675,00
<b>Deductions</b>	
Medical aid	R125,00
Pension Fund (7,5% of basic wages)	?

## 2.2 SALARIES JOURNAL

### RAPID REALTORS

Rapid Realtors sells houses. They employ two sales representatives, J. Smith and H. Sonum, who earn the same basic salary and a commission of 0,5% for every house sold. Commission is only earned once all the documents for the sale have been signed by both the buyer and the seller.

#### REQUIRED:

- 2.2.1 Complete the Salaries Journal for the month of March 2022 in the ANSWER BOOK provided. (30)

#### INFORMATION

- A. On 01 March, J. Smith sold a house for R500 000. All sale and transfer documents were signed on 27 March.
- B. H. Sonum sold a house on 25 March for R800 000. The documents were signed on 05 April 2022.
- C. Both employees belong to a medical aid fund. The total premium paid for each member towards the medical aid fund is R2 700 per month. Rapid Realtors agreed to contribute double what the employees pay.
- D. Pension fund contribution is 15% per month on their basic salary. The employees pay 7,5% while the employer contributes the rest.
- E. UIF deductions and contributions are as per statutory requirements.

<b>Total Marks</b>
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<b>50</b>
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**QUESTION 3: GENERAL JOURNAL****(23 marks ; 17 minutes)**

3.1 The information for December 2021 presented below is taken from the books of Jevon Stores. The business is owned by J. Mahlangu.

**REQUIRED:**

Record the transactions in the General Journal for December 2021, and close off the journal properly.

**(23)**

Refer to the **INFORMATION** below:

**NOTE:** Narrations are not required.

**INFORMATION****A. Provisional totals**

General Journal			
Debtors' Control		Creditors' Control	
Debit	Credit	Debit	Credit
825	116	268	384

**B. Transactions on 31 December 2021**

- (i) A debtor, G. Molefe, who owes R2 400, was declared insolvent. His estate paid 40c in the rand. (This has been recorded in the books of the business.)  
The remainder must be written off as irrecoverable.
- (ii) Transfer a debit balance of R280 in the account of M. Naude from the Debtors' Ledger to his account in the Creditors' Ledger. M. Naude is both a customer and supplier to Jevon Stores.
- (iii) The owner, J. Mahlangu took trading stock at a cost price of R1 200. The transaction was not recorded yet.
- (iv) The business received an amount for R35 000 from RSA Bank via EFT for a fixed deposit that matured on 31 December 2021. Included in the amount is interest on fixed deposit of R3 000. The total amount of R35 000 has been credited to the Fixed Deposit Account. Correct the error.
- (v) Goods returned by G. Chetty (a debtor) as per credit note for R280, was incorrectly posted to the account of G. Levy (a debtor).
- (vi) Charged interest of 6% per annum for three months to the overdue account of M. Smith, he owes the business R6 800.

**Total Marks****23**

**QUESTION 4: CREDITORS' RECONCILIATION AND INTERNAL CONTROL**  
(43 marks ; 32 minutes)

**4.1 BLUE WATER TRADERS**

The bookkeeper of Blue Water Traders made errors when posting to the Creditors' Control Account on 31 March 2022. The balance in the Control Account did not correspond with the Creditors' List extracted from the Creditors' Ledger.

**REQUIRED:**

Take into account the errors and omissions provided in **INFORMATION C** and prepare the following:

- 4.1.1 Correct the Creditors' Control Account for March 2022 in the General Ledger. Balance the account correctly. (17)
- 4.1.2 Correct the list of creditors as at 31 March 2022. (18)

**INFORMATION A**

**GENERAL LEDGER OF BLUE WATER TRADERS**

BALANCE SHEET ACCOUNTS SECTION									
DR		CREDITORS' CONTROL				B6		CR	
Mar	31	Bank and Discount received	CPJ	34 250	Mar	01	Balance	b/d	4 380
		Journal debits	GJ	3 290		31	Creditors' Allowances	CAJ	2 108
		Balance	c/d	15 038			Total purchases	CJ	44 800
							Journal credits	GJ	1 290
				<b>52 578</b>					<b>52 578</b>
					Apr	01	Balance	b/d	15 038

**INFORMATION B**

LIST OF CREDITORS AS AT 31 MARCH 2022			
Name	Debit		Credit
PE Traders			3 890
Together Stores			1 300
Lindiwe Traders			4 512
Number One Motors			3 100
Frans Distributors	260		
	260		12 802

**INFORMATION C****ERRORS AND OMISSIONS**

- (i) Invoice 154 received from Together Stores for R1 480 was posted to the account of Lindiwe Traders in the Subsidiary Ledger.
- (ii) The business decided to transfer the balance of Frans Distributors to the Debtors' Ledger. No entry was made.
- (iii) Invoice 278 received from PE Traders for merchandise purchased on credit for R2 300 was incorrectly recorded in the Creditors' Journal as R3 200.
- (iv) The business returned some parts bought for the delivery van to the value of R860 to Number One Motors. The amount was correctly recorded in the Creditors' Allowances Journal but it was posted to the Creditors' Ledger as credit purchases.
- (v) PE Traders supplies goods to Blue Water Traders and also buys from Blue Water Traders. The debit balance of R640 on their account in the Debtors' Ledger is to be transferred to their account in the Creditors' Ledger.

**4.2 INTERNAL CONTROL**

Blue Water Traders buys goods in large quantities from Lindiwe Traders. The stock received from Lindiwe Traders normally include damaged goods or goods that were not ordered.

Goods purchased from Lindiwe Traders are also delivered late and Blue Water Traders has lost customers as a result of this. Blue Water Traders have decided to change the supplier because they do not receive any discount from Lindiwe Traders.

- 4.2.1 Provide TWO internal control measures that can be implemented by Lindiwe Traders to manage stock effectively. (4)
- 4.2.2 Suggest the actions that should be taken by Lindiwe Traders to retain (keep) his customers. Provide TWO points. (4)

<b>Total Marks</b>
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<b>43</b>
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**QUESTION 5: CONCEPTS, GENERAL LEDGER AND INTERNAL CONTROL**  
**(44 marks ; 33 minutes)**

**5.1 CONCEPTS**

Indicate if the following statements are TRUE or FALSE. Write only 'True' or 'False' next to the numbers (5.1.1 – 5.1.4) in the ANSWER BOOK. (1 x 4) (4)

- 5.1.1 According to historical cost principle, goods purchased must be recorded at cost price.
- 5.1.2 When a debtor has a credit limit of R10 000, it means that R10 000 is the maximum amount he can spend on goods and services on credit.
- 5.1.3 The prudence principle applies when the business provides for known expenses or losses to avoid the overstating of profit.
- 5.1.4 To evaluate the debtor's credit worthiness before goods are sold on credit is a good internal control measure that a business applies.

**5.2 GENERAL LEDGER AND INTERNAL CONTROL**

**Solly Wholesalers**

The bookkeeper of Solly Wholesalers was suddenly hospitalised and could not complete some of the General Ledger accounts for May 2022. He was able to post the General Journal to the General Ledger Accounts. The business uses a mark-up percentage of 100% on cost price.

**REQUIRED:**

- 5.2.1 Complete and balance the following accounts in the General Ledger for May 2022:
  - Debtors' Control Account (10)
  - Trading Stock Account (16)
  - Stationery (8)
- 5.2.2 The owner of Solly Wholesalers noticed that some debtors do not comply with the credit terms as part of their contractual agreement with the business.
  - (a) Explain the meaning of the concept *credit term*. (2)
  - (b) Provide TWO measures that can be implemented by the business to encourage early payments. (4)

## INFORMATION

Totals in the Subsidiary Journals for May 2022:

<b>Cash Receipts Journal</b>					
Bank	Sales	Cost of Sales	Discount Allowed	Debtors' Control	Current Income
88 400	44 000	22 000	270	4 280	?

<b>Cash Payments Journal</b>					
Bank	Trading Stock	Discount Received	Creditors' Control	Wages	Stationery
65 350	27 900	620	36 510	?	1 620

<b>Debtors' Journal</b>	
Sales	Cost of Sales
12 800	6 400

<b>Debtors' Allowances Journal</b>	
Debtors' Allowances	Cost of Sales
1 200	600

<b>Creditors' Journal</b>				
Creditors' Control	Trading Stock	Stationery	Packing Material	Sundry Accounts
58 400	25 990	1 500	2 300	?

<b>Creditors' Allowances Journal</b>				
Creditors' Control	Trading Stock	Stationery	Packing Material	Sundry Accounts
6 900	4 800	175	?	1 155

<b>Petty Cash Journal</b>				
Petty Cash	Trading Stock	Debtors' Control	Stationery	Sundry Accounts
960	380	280	150	?

<b>Total Marks</b>
<b>44</b>

**TOTAL: 200**

**END**

**GRADE 10 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET**

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Net profit}}{\text{Owners' equity}} \times \frac{100}{1}$	Total assets : Total liabilities	

EXEMPLAR