



Education and Sport Development

Department of Education and Sport Development
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NORTH WEST PROVINCE

PROVINCIAL ASSESSMENT

GRADE 10

ACCOUNTING

JUNE 2018

MARKS: 200

TIME: 2 hours

This question paper consists of 12 pages.



Demo

NW/JUNE/ACCG/ EMIS/6*****

INSTRUCTIONS AND INFORMATION:

Read the instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue ink to answer the questions.
6. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.



QUESTION 1: 10 marks; 05 minutes	
Main topic of the question	This question integrates:
Financial accounting; Managing resources	Concepts GAAP Internal control

QUESTION 2: 45 marks; 25 minutes	
Main topic of the question	This question integrates:
Financial accounting	Accounting Equation

Question 3: 40 marks; 25 minutes	
Main topic of the question	This question integrates:
Financial accounting Managing resources	Debtors control and debtors list Internal control

QUESTION 4: 30 marks; 20 minutes	
Main topic of the question	This question integrates:
Financial accounting	Salaries Journal

QUESTION 5: 60 marks; 35 minutes	
Main topic of the question	This question integrates:
Financial accounting Managing resources	Final Accounts Internal Control

QUESTION 6: 15 marks; 10 minutes	
Main topic of the question	This question integrates:
Financial accounting	VAT Ethics



QUESTION 1: CONCEPTS (10 marks; 05 minutes)

Choose the concept in column B which matches the explanation in **column A**. Write **ONLY** the letter, e.g. 1.1. A.

COLUMN A	COLUMN B
1.1 The source document used when goods are returned to a supplier.	A. Internal control
1.2 Money the owner gives to start the business.	B. Creditors
1.3 The GAAP principle that says that assets purchased by the business are entered at cost price in the accounting records.	C. PAYE
1.4 The action taken by the business to prevent fraud, losses and to ensure that the business achieve its aims and goals.	D. Debit note
1.5 The employer must deduct income tax from his employees.	E. Fixed Assets
1.6 Basic salary plus birthday bonus.	F. Expense
1.7 Other businesses to which the business owes money for purchasing stock.	G. Gross salary
1.8 Assets that have a reasonably long life span.	H. Capital
1.9 The business will continue to operate in the future.	I. Historical cost
1.10 The discount allowed to a debtor for early payment is classified as a / an.....	J. Drawings
	K. Going concern concept

(10x1)10



QUESTION 2:**(45 marks; 25 minutes)****ACCOUNTING EQUATION**

Analyze the transactions of Calib Stores according to the example given below.

Assume the bank balance is favorable unless otherwise stated.

Example

Bought packaging material and paid by cheque, R590.

No.	Journal	General Ledger					
		Account debited	Account credited	A	OE	L	
e.g.	CPJ	Packaging material	Bank	-590	-590	0	

TRANSACTIONS:

2.1 Received a cheque for R 4 900 from a debtor in settlement of her account of R 5 000.

2.2 Returned equipment bought on credit for R8 000 to a supplier as it was damaged.

2.3 Sold stock on credit for R2 400.

2.4 A debtor has had an outstanding balance of R900 for three months. It has been decided to charge interest at 12% per year.

2.5 The owner has taken stationery of R 32 home for personal use.

2.6 Pay wages R560 cash.

2.7 Buy a vehicle on credit R130 000. (45)



QUESTION 3:**(40 marks; 25 minutes)****CONTROL ACCOUNTS**

The following information appeared in the books of Madikizella Traders on 30 April 2018.

Required:

- 3.1 Calculate the correct balance of the Debtors Control Account in the General Ledger. Show all your calculations. (15)
- 3.2 Prepare an adjusted Debtors List, after the errors and omissions have been taken into account. (21)
- 3.3 List TWO internal control procedures that must be applied in a business to maintain proper control over debts. (4)

INFORMATION**DEBTORS CONTROL ACCOUNT**

2018 April	01	Balance	b/d	4 650	2018 April	30	Bank and discount	CRJ	1 320
	30	Sales	DJ	2 440			Debtors allowance	DAJ	175
		Bank	CPJ	100			Journal Credits	AJ	90
		Journal Debits	GJ	240			Balance	b/d	5 845
				7 430					7 430
May	1	Balance	b/d	5 845					

Debtors	Debit R	Credit R
B. Brewis	1 861	
R. Kelly	450	
F. Frylinck		200
M. Mustafa	715	
J. Jiang	1 980	



Additional information, errors and omissions

- 1 Assume that the opening balance of the Control Account on 1 April 2018 is correct.
- 2 The Debtors journal was under cast by R260.
- 3 A cheque for R150 received from M. Mustafa was posted to the account of J. Jiang in error.
- 4 An invoice for R95 in the Debtors journal was posted to the Account of M. Mustafa as R59.
- 5 A credit note of R35 was recorded correctly in the debtors Allowance Journal, but posted as R53 in R. Kelly's account.
- 6 An invoice issued to B. Brewis for R640 was posted on the wrong side.
- 7 F. Frylinck's credit balance of R200 should be transferred to her account in the creditor's ledger. No entry was made of this.
- 8 Interest of R15 must still be brought into account on overdue account of B. Brewis.
- 9 Discount of R35 was correctly entered in the CRJ but it was left out with posting to R. Kelly's account.

(40)



QUESTION 4: SALARIES JOURNAL**(30 marks; 20 minutes)**

4.1 Brooklyn Traders is a medium-sized supermarket which is situated in a residential area. The owner has two employees who each earn a salary.

Complete the partially completed salaries journal of Brooklyn Traders for the month ending 31 July 2017. Close off the salaries journal. (10)

Name of the business: BROOKLYN TRADERS										
SALARIES JOURNAL: JULY 2017										SJ 7
Employee	Gross salary	Deductions					Net salary	Employer's contribution		
		Pension fund	Medical Aid	SARS (PAYE)	UIF	Total		Pension fund	Medical Aid	UIF
Z.Zinzi	18 000	1 440	450	3 700	150	5740	12 260	3 600	900	180
A.Arthur										

INFORMATION REGARDING A. ARTHUR:

Annual gross salary is R 180 000 per year.

Deductions:

- PAYE: 18% of gross salary.
- Pension fund – 8% of gross salary.
- Medical aid fund – R10 200 per year.
- UIF: 1% of gross salary.

Employer's contributions are as follows:

- Pension fund: 20% of gross salary.
- Medical aid fund: R2 for every R1.
- UIF: 1% of gross salary.

4.2 ANSWER THE QUESTIONS THAT FOLLOW.

4.2.1 What do the following abbreviations stand for?

- PAYE
 - UIF
- (2)

4.2.2 Briefly explain the difference between “*deductions*” and “*contributions*”. (4)

4.2.3 How much money must be paid to the pension fund on 31 July 2017? (3)



- 4.2.4 One of the employees of this business is of the opinion that by joining a pension fund he is wasting his money. Do you agree with him? Provide a reason for your answer. (3)
- 4.2.5 Apart from paying them a salary an employee can also grant “fringe” benefits to his employees. One such example is a housing allowance. Name two other “fringe” benefits which can be provided by employers. (2)
- 4.2.6 Brooklyn Traders issued a cheque to SARS to settle the PAYE for July 2017. Name the accounts to be debited and credited. (2)
- 4.2.7 Name the account to be debited and credited when posting to the net salary from the salaries journal to the general ledger. (2)
- 4.2.8 Name the account to be debited and credited when the pension fund contributions are posted from the salaries journal to the general ledger. (2)
- (30)



QUESTION 5: FINAL ACCOUNTS**(60 marks; 35 minutes)**

Use the information taken from the records of The Scene Stores to complete the following:

- 5.1 Calculate the Gross Profit Amount in the Trading Account (7)
- 5.2 Draw up the Profit and Loss Account for the year ended 28 February 2018. (27)
- 5.3 Draw up the Post Closing Trial Balance on 28 February 2018. (22)
- 5.4 Mr. F. Fikane the owner of The Scene is worried about the high deficit of trading stock. Give two reasons why a deficit can occur and one control measure to have better control over the trading stock in future. (4)

Pre adjustment Trial balance of The Scene Stores on 28 February 2018

Balance Sheet Section	Fol.	DEBIT	CREDIT
Capital	B1		251 000
Land and Buildings	B2	180 980	
Vehicles	B3	91 000	
Equipment	B4	20 500	
Accumulated depreciation on Vehicles	B5		13 650
Accumulated depreciation on Equipment	B6		7 380
Bank	B7	44 000	
Trading Stock	B8	67 540	
Creditors Control	B9		38 820
Mortgage Loan: FNB Bank (14%)	B10		90 000
Debtors Control	B11	21 780	
Drawings	B12	7 100	
Cash Float	B13	500	
Petty Cash	B14	200	
Nominal Account Section			
Sales	N1		300 000
Debtors allowance	N2	1 296	
Cost of Sales	N3	200 000	
Insurance	N4	1 695	
Packing material	N5	6 029	
Interest on Loan	N6	9 000	
Salaries and Wages	N7	48 000	
Rent income	N8		33 000



Delivery costs	N9	10 820	
Telephone	N10	13 510	
Water and electricity	N11	12 000	
Interest income	N12		2 100
		735 950	735 950

ADJUSTMENTS:

Note: Profit mark-up is 50% on cost.

- 1 F. Meyer, a debtor returns goods with a selling price of R 600. The goods were faulty and returned to suppliers. No adjustment was made.
- 2 A Debtor that owed R660 paid 40% of his debt. The rest must be written off as irrecoverable. No adjustment was made for these transactions.
- 3 The telephone account for February, R840 is still outstanding.
- 4 Included in the insurance amount is R570 for the following financial year.
- 5 The Scene Stores rented out offices for the whole year. The rent for February 2016 has not yet been received.
- 6 According to the stock taking on 28 February 2016 the following was still on hand:
 - Trading Stock R51 060
 - Packing Material R310
- 7 Depreciation is calculated as follows:
 Vehicles: 15% per year according to the cost price method.
 Equipment: 20% per year according to the diminishing balance method.

(60)



QUESTION 6**(15 marks; 10 minutes)****VALUE ADDED TAX AND ETHICS**

Refeilwe has bought a cool drink at the tuck shop:

STIBA MINI MARKET	
18 FREEDOM STREET SOUTHEY	
440 ML COCA COLA 1.00 ITEMS	
TOTAL	: 13.80
CASH	: 15.00
Change	: 1.20
-----Tax Invoice-----	
Excl. 12.00, Tax 15.00% 1.80	
TAX Number 3720101763	
.....	
CASH472246 01/04/2018 20:50:06	
Pro Till 1 (2.127)	
Cashier : SHOWAN	
Tran#472301	
THANK YOU- PLEASE CALL AGAIN	

Study the Cash sales slip above and answer the questions that follow:

- 6.1 What is the business's VAT registration number? (1)
- 6.2 Who issued the number to this business? (2)
- 6.3 How much is the VAT on the slip? (1)
- 6.4 How much would he have paid if the owner of the shop was not registered for VAT? (2)
- 6.5 List two zero-rated items that this business would be likely to sell. (2)
- 6.6 Briefly explain the difference between zero-rated items and VAT-exempted items. (4)
- 6.7 Study the scenario below and advise Aquilla as to whether she should accept the offer or not. (give two reasons). (3)

Aquilla is a regular customer at Stiba Mini Market. She wishes to purchase 5 boxes of Simba Chips which are R180 per box (VAT exclusive). The owner has offered her a special price of R950 for all 5 boxes including VAT instead of the total price of R1 035, provided she pays cash and do not require a document. Aquilla is tempted as this seems a good offer.

