

**KZN-DEPARTMENT OF EDUCATION
GREENBURY SECONDARY SCHOOL
JUNE EXAMINATION-2016
ACCOUNTING-GRADE 10**

**DURATION : 2 HOURS
MARKS : 200**

**EXAMINER : A.RAJOO
MODERATOR: C.MAHARAJ**

INSTRUCTIONS AND INFORMATION:

1. This question paper consists of 8 pages.
2. You are provided with a question paper and an answer booklet.
3. This question paper consists of **Six** compulsory questions. Answer **ALL** questions.
4. Use the format provided to answer the questions.
5. Workings must be shown in order to earn part-marks.
6. You must attempt to comply with the suggested time allocation.
7. Non-programmable calculators may be used.
8. You may use black/blue ink to answer the questions.
9. Use the information given in the table below as a guide when answering the questions.

QUESTION	TOPIC	MARKS	SUGGESTED TIME
1.	SOURCE DOCUMENTS/ ACCOUNTING EQUATION	40	24 MIN.
2.	RECONCILIATION	45	27 MIN
3.	SALARIES AND WAGES	30	18 MIN.
4.	FINAL ACCOUNTS	55	33 MIN.
5.	TANGIBLE ASSETS	15	9 MIN.
6.	VAT AND PROBLEM SOLVING	15	9 MIN.
	TOTAL	200	120

QUESTION ONE: SOURCE DOCUMENTS/JOURNALS/TRANSACTION ANALYSIS (40 MARKS; 24 MIN)

1.1 SOURCE DOCUMENTS AND JOURNALS (10 marks)

Provide the source document and journal for each transaction.

- 1.1.1 Purchased stationery and paid by cheque.
- 1.1.2 Bank charges for the month.
- 1.1.3 Sold goods on credit to a debtor.
- 1.1.4 Returned goods to a creditor.
- 1.1.5 Depreciation for the year.

1.2 Transaction analysis: (30 marks)

Analyse the following transactions according to the columns provided on the special answer book. Assume bank is favourable.

- 1.2.1 Received a cheque from a tenant for R 3 800.
- 1.2.2 A debtor A. Adam who owed R 3 000 was declared insolvent. His estate paid a dividend of 60 cents in the rand . Write off the balance. (2 entries)
- 1.2.3 The owner took goods for personal use , selling price R850 ; cost of sales R 650.
- 1.2.4 Packing material on hand at the end of the year; R 350.
- 1.2.5 A debtor P.Naidoo who owed R 960 was charged interest on his overdue account at 10% p.a for 3 months.

QUESTION TWO: RECONCILIATION (45 MARKS; 27 MIN.)

REQUIRED: Use the information given below to:

- 2.1 Prepare the correct Debtors Control Account for July 2016. Balance the account. (21)
- 2.2 Prepare the corrected Debtors List on 31 July 2016. (15)
- 2.3 Are debtors being managed properly? Mention two points to substantiate your answer. Quote figures. (5)
- 2.4 List two internal control measures that can be applied to ensure that debtors pay their account on time. (4)

INFORMATION:

The following information was taken from the accounting records of Gumede Traders. The balance of the Debtors Control in the General Ledger and Debtors List does not correspond on 31 July 2016.

1. Debtors Control

2016 July	1	Balance	b/d	17100	2016 July	31	Sales	DJ	40 200
	31	Bank	CRJ	10520		.	Bank	CPJ	5 080
	.	Debtors allowance	DAJ	12000		.	Sundry accounts	GJ	690
	.	Discount allowed	CRJ	750		.	Balance	c/d	?
	.	Sundry accounts	GJ	3 000					

2. Debtors List on 31 July 2016.

T.Tenza	18 440
N.Ntuli	16 900
S.Shaka	8 000
D.Dumi	500 credit
	?

3. After investigating , the following errors and omissions were identified.

- 3.1 The Debtors Allowances journal was overcast by R 100.
- 3.2 An amount of R 1 320 received from T.Tenza was recorded correctly in the journal but was not posted to his account in the subsidiary ledger.
- 3.3 Credit note no. 286 for R 1 900 was issued to N.Ntuli. This was entered as R 190 in the relevant journal and posted as such.
- 3.4 S.Shaka account was overdue for 3 months. No entry was made for the interest of R 300 to be charged on his overdue account.
- 3.5 There was no entry for the transfer of the account of Dumi from his account in the debtors ledger to his account in the creditors ledger.
- 3.6 Goods sold to T.Tenza was posted to the account of N.Ntuli, R 1 400.

QUESTION THREE: SALARIES AND WAGES**(30 MARKS; 18 MIN.)**

The following totals appear in the wage journal of Save – rite Stores for the week ended 30 June 2016. All employees are paid the same rate-R 25 per hour for normal time and R 30 per hour for overtime.

REQUIRED:

- 3.1 Calculate the gross wage for the week. (5)
- 3.2 How much cash must be withdrawn in order to pay the net wage of the employees? (4)
- 3.3 What percentage of deductions represents gross wage? (2)
- 3.4 On what basis does the business contribute towards:
- 3.4.1 Pension Fund (2)
- 3.4.2 Medical Aid Fund (2)
- 3.5 To which ledger account is the net wage posted. Also indicate whether the account must be debited or credited. (3)
- 3.6 Assume that the medical aid details have not changed during the four weeks in June 2016. Calculate the amount that must be paid to the Medical Aid Fund on 30 June 2016. (4)
- 3.7 State the double entry for the Pension fund contributions made by the employer. (2)
- 3.8 What is the effect of the above (3.7) entry on the accounting equation? (2)
- 3.9 Save-rite Stores employs a number of people. The owner is finding it difficult to monitor the time employees arrive at work. Mention two strategies the owner can implement to solve this problem. (4)

INFORMATION:**Totals in the wages journal for the week ending 30 June 2016**

Total hours (normal time)	2 000 hours
Total hours (overtime)	200
Gross wage	?
Deductions	
Pension fund	3 920
Medical aid fund	2 800
UIF	560
PAYE	14 000
Contributions	
Pension fund	3 920
Medical aid fund	5 600
UIF	560

QUESTION FOUR : FINAL ACCOUNTS**(55marks; 33 min.)****REQUIRED:**

4.1 Prepare the Final Accounts in the General Ledger of UKZN Traders on the last day of the financial year, 28 February 2016.

- Trading Account (13)
- Profit and loss Account (40)

4.2 Briefly explain the following GAAP concept: **Matching Principle.** (2)

INFORMATION:**Pre-Adjustment Trial Balance of UKZN Traders on 28 February 2016.**

Capital	210 000
Drawings	15 600
Vehicles	190 000
Equipment	45 000
Accumulated depreciation on vehicles	55 000
Accumulated depreciation on equipment	10 000
Trading stock	80 100
Bank	25 500
Fixed deposit: Big Bank (12 % p.a)	80 000
Creditors control	30 200
Sales	601 000
Cost of sales	264 400
Debtors allowance	13 900
Rent income	79 950
Insurance	15 080
Packing material	4 170
Water and electricity	9 600
Rates	3 400
Salaries and wages	60 200
Telephone	1 500
Interest on fixed deposit	5 900
Bad debts	520
Stationery	1 950
Discount allowed	425
Discount received	900

ADDITIONAL INFORMATION AND ADJUSTMENTS:

1. Goods sold on credit to a debtor was not recorded, R 2 900. Cost of sales R 1 600.
2. Included in the insurance is an amount of R 560 that was paid for the period 1 January 2016 to 30 April 2016.
3. Stocktaking revealed the following stocks on hand on the 28 February 2016:
 - Trading stock R 75 000
 - Packing material R 370
4. The following accounts were received but not yet paid:
 - * Water and electricity R 1 400
 - * Rates R 900
5. The rent for March 2016 has already been received.
Note: The rent was increased by R 650 with effect from 1 January 2016.
6. Provide for outstanding interest on fixed deposit.
7. Write off the debt of a debtor as irrecoverable, R 270
8. Stationery prepaid . R 480
9. Depreciation must be provided for as follows:
 - on equipment at 10% p.a on cost
 - on vehicles at 15% p.a on carrying value.

QUESTION FIVE: TANGIBLE ASSETS**(15 marks; 9min.)**

Refer to the Fixed Asset Register of Take 'n Pay Stores and answer the questions that follow. The financial year ends on 30 June 2016.

FIXED ASSETS REGISTER- Take'n Pay Stores			
General ledger account: Vehicles		Date Purchased: 1 July 2014	
Item: Toyota 2.5 Hilux TDI		Bought from: McCarthy Motors	
Depreciation policy: 10% p.a on carrying value		Cost Price: R 480 000	
Year	Current depreciation	Accumulated Depreciation	Carrying Value
30 June 2015	48 000	48 000	?
30 June 2016	?	?	?

- 5.1 Calculate the carrying value on 30 June 2015. (3)
- 5.2 Calculate the depreciation for the year ended 30 June 2016. (3)
- 5.3 Provide the account to be debited and credited for the above calculation(5.2) (2)
- 5.4 What is a Fixed Asset Register? (2)
- 5.5 Explain how the Fixed Asset Register assists the internal auditor in his duties. (2)
- 5.6 Mention two internal control measures that should be implemented to prevent abuse of vehicles. (2)
- 5.7 What is the least possible carrying value a tangible asset can have? (1)

QUESTION SIX: VAT AND PROBLEM SOLVING (15marks; 9min.)

6.1 VALUE ADDED TAX:

REQUIRED:

Match the concepts in Column A with the description in Column B. Write only the letter corresponding to the description. (7)

No.	Column A-Concept	Column B- Description	
6.1.1	Compulsory Registration	A	The normal rate at which VAT is charged when goods or services are rendered by a registered VAT vendor
6.1.2	Standard Rate	B	Charged by a business when it sells or renders a service.
6.1.3	Output Tax	C	VAT registration by a business whose annual turnover exceeds R 1 million.
6.1.4	Zero Rate	D	VAT charged by a business acquiring goods and services.
6.1.5	Voluntary Registration	E	VAT cannot be charged on this category.
6.1.6	Exempt Items	F	VAT charged at 0% on goods and services.
6.1.7	Input Tax	G	VAT registration by a business whose annual turnover is less than R 1 million.

6.2 PROBLEM SOLVING:

6.2.1 Calculate the interest on loan for the year. (4)

6.2.2 Provide the accounts to be debited and credited for the interest on loan. (2)

6.2.3 In which journal would you record the above entry. (6.2.2) (2)

INFORMATION:

Balance on 1 January 2016	610 000
Interest is capitalised	???
Monthly repayments of R 3 500 were made during the year	
Balance on 31 December 2016	590 000



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SPECIAL ANSWER BOOKLET**

100

NAME: _____ **GRADE 10:** _____

QUESTION	LEARNER'S MARKS
1	
2	
3	
4	
5	
6	
TOTAL	

QUESTION ONE:

No.	Source Document	Journal
1.1.1		
1.1.2		
1.1.3		
1.1.4		
1.1.5		

10

1.2 Transaction Analysis

No.	Account Debit	Account Credit	Amount	A	O	L
1.2.1						
1.2.2a)						
1.2.2b)						
1.2.3						
1.2.4						
1.2.5						

30

40

QUESTION THREE: SALARIES AND WAGES

3.1 Calculate the gross wage.

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	5

3.2 How much cash must be withdrawn in order to pay net wages of the employees?

--	--

	4

3.3 What percentage of gross wage represents deductions?

--	--

	2

3.4 On what basis does the business contribute towards:

3.4.1		Pension fund:
3.4.2		Medical aid fund:

	4

3.5 To which ledger account is the net wage posted. Also indicate the accounts that must be debited and credited.

Name the ledger account:	
Account debit	
Account credit	

	3

3.6 Assume that the medical aid details have not changed during the four weeks in June 2016. Calculate the amount that must be paid to the medical aid fund on 30 June 2016.

--

4

3.7 State the double entry for the Pension Fund contribution made the employer.

Account debit	
Account credit	

2

3.8 What is the effect of the above (3.7) entry on the accounting equation.

A	O	L

2

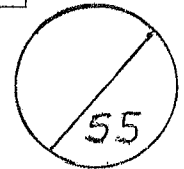
3.9 Save-rite Stores employees a number of people. The owner is finding it difficult to monitor the time employees arrive at work. Mention TWO strategies the owner can implement to solve this problem.

4



4.2 Briefly explain the following GAAP concept: Matching Principle.

2



QUESTION FIVE: TANGIBLE ASSETS

5.1 Calculate the carrying value for 30 June 2016.

--

5.2 Calculate the depreciation for the year ended 30 June 2016.

--

3

5.3 Provide the account to be debited and credited for the above calculation.(5.2)

Account debit	
Account credit	

2

5.4 What is a fixed assets register?

2

5.5 Explain how the Fixed Assets Register assists the internal auditor in his duties.

2

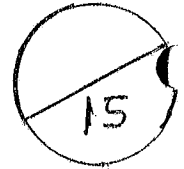
5.6 Mention two internal controls that should be implemented to prevent the abuse of vehicles.

2

5.7 What is the least possible carrying value a tangible asset can have?

--

1



QUESTION SIX: VALUE ADDED TAX

6.1

6.1.1	
6.1.2	
6.1.3	
6.1.4	
6.1.5	
6.1.6	
6.1.7	

7

6.2 Problem solving:

6.2.1 Calculate the interest on loan for the year.

--

5

6.2.2 Provide the accounts to be debited and credited for the interest on loan.

Account debit	
Account credit	

2

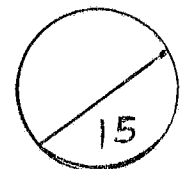
6.2.3 In which journal would you record the above entry. (6.2.2)

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1



M. Nataraj



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JUNE EXAMINATION-2016
ACCOUNTING-GRADE 10
SPECIAL ANSWER BOOKLET

100
100

NAME: MEMORANDUM GRADE 10: _____

QUESTION	LEARNER'S MARKS
1	40
2	45
3	30
4	55
5	15
6	15
TOTAL	200

QUESTION ONE:

No.	Source Document	Journal
1.1.1	CHEQUE COUNTERFOIL ✓	CPT ✓
1.1.2	BANK STATEMENT ✓	CPT ✓
1.1.3	DUPLICATE CREDIT SALES INVOICE ✓	DJ ✓
1.1.4	DEBIT NOTE ✓	CAJ ✓
1.1.5	JOURNAL VOUCHER ✓	GJ ✓

10
10

1.2 Transaction Analysis

No.	Account Debit	Account Credit	Amount	A	O	L
1.2.1	BANK ✓	RENT INCOME ✓	3800	+	+	0
1.2.2a)	BANK ✓	DEBTORS CONTROL ✓	1800	±30	0	0
1.2.2b)	BAD DEBTS ✓	DEBTORS CONTROL ✓	1200	-	-	0
1.2.3	DRAWINGS ✓	TRADING STOCK ✓	650	-	-	0
1.2.4	CONSUMABLE ✓ STORES ON HAND	PACKING MATERIAL ✓	350	+	+	0
1.2.5	DEBTORS CONTROL ✓	INTEREST INCOME ✓	24	+	+	0

30
30

QUESTION TWO: RECONCILIATION

DEBTORS CONTROL									
JULY	1	BALANCE	b/d	17 100	JULY	31	BANK	CRJ	10 520
	31	SALES	DJ	40 200			DISCOUNT ALLOWED	CRJ	750
		BANK	CRJ	5 080			DEBTORS ALLOWANCE	DAJ	11 900
		SUNDRY A/C (3000 + 300 + 500 + 1400)	GT	5 200			(12000 - 100)		
							SUNDRY A/C (690 + 1710 + 1400 + 1400)	GT	3 800
							BALANCE	b/d	40 610
				67 580					67 580
AUG	1	BALANCE	b/d	40 610					

21
21

2. DEBTORS LIST ON 31 JULY 2016. ✓

T. TENZA (18 440 - 1320 + 1400)	18 520
N. NTULI (16 900 - 1710 - 1400)	13 790
S. SHAVKA (8000 + 300)	8 300
D. DUMI (-500 + 500)	-
	40 610

15
15

2.3 Are debtors being managed properly? Mention two points to substantiate your answer. Quote figures.

NO. ✓	• DEBTORS ALLOWANCE HIGH AT R 11 900
	• DISHONOURED CHEQUES HIGH AT - R 5080
	• CREDIT SALES HIGH - R 40 200 - COLLECTION
	LOW R 10 520, 26% OF DEBTORS PAYING.
	ANY TWO

5
5

2.4 List TWO internal control measures that can be applied to ensure that debtors pay their account on time.

• CHARGE INTEREST ON OVERDUE A/C
• ALLOW DISCOUNTS FOR EARLY PAYMENT

(ANY OTHER)

4	4
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QUESTION THREE: SALARIES AND WAGES

3.1 Calculate the gross wage.

NORMAL TIME	: 2000 × R25 = 50 000 ✓✓
OVER TIME	: 200 × R30 = 6 000 ✓✓
GROSS WAGE = 56 000 ✓	

5
5

3.2 How much cash must be withdrawn in order to pay net wages of the employees?

56 000 - 3 920 - 2 800 - 560 - 14 000 ✓
= 34 720 ✓

4
4

3.3 What percentage of gross wage represents deductions?

$\frac{\text{DEDUCTIONS}}{\text{GROSS WAGE}} \times \frac{100}{1} = \frac{21280}{56000} \times \frac{100}{1} = 38\% \checkmark \checkmark$
--

2
2

3.4 On what basis does the business contribute towards:

3.4.1	Pension fund: RAND FOR RAND ✓✓
3.4.2	Medical aid fund: BUSINESS CONTRIBUTES ✓✓ R2 FOR EVERY R1 DEDUCTED

4
4

3.5 To which ledger account is the net wage posted. Also indicate the accounts that must be debited and credited.

Name the ledger account:	CREDITORS FOR WAGES ✓
Account debit	WAGES ✓
Account credit	CREDITORS FOR WAGES ✓

3
3

3.6 Assume that the medical aid details have not changed during the four weeks in June 2016. Calculate the amount that must be paid to the medical aid fund on 30 June 2016.

$(2800 + 5600) \times 4 = R33600$

4
4

3.7 State the double entry for the Pension Fund contribution made the employer.

Account debit	PENSION FUND CONTRIBUTION
Account credit	PENSION FUND

2
2

3.8 What is the effect of the above (3.7) entry on the accounting equation.

A	O	L
○	-	+

2
2

3.9 Save-rite Stores employees a number of people. The owner is finding it difficult to monitor the time employees arrive at work. Mention TWO strategies the owner can implement to solve this problem.

- | |
|---------------------------------|
| • APPOINT A SUPERVISOR |
| • IMPLEMENT A CLOCK CARD SYSTEM |
| |
| |

4

QUESTION FOUR: FINAL ACCOUNTS

TRADING ACCOUNT							
FEB	28	COST OF SALES ✓ (264 400 + 1600) ✓	266 000 ✓	FEB	28	SALES ✓ ✓ (601 000 + 2900 - 13 900) ✓	590 000 ✓
		PROFIT & LOSS ✓	324 000 ✓				
			590 000 ✓				590 000 ✓

13	13
----	----

PROFIT AND LOSS ACCOUNT							
FEB	28	INSURANCE ✓ (15080 - 280)	14 800 ✓	FEB	28	TRADING ACCOUNT ✓	324 000 ✓
		TRADING STOCK DEFICIT	3 500 ✓			RENT INCOME ✓	73 300 ✓
		PACKING MATERIAL ✓ (4170 - 370)	3 800 ✓			(79 950 - 6650)	
		WATER & ELECTRICITY ✓ (9600 + 1400)	11 000 ✓			INTEREST OF P/D ✓ (5900 + 3700)	9 600 ✓
		RATES ✓ (3400 + 900)	4 300 ✓			DISCOUNT RECEIVED ✓	900 ✓
		BAD DEBTS ✓ (520 + 270)	790 ✓				
		STATIONERY ✓ (1950 - 480)	1 470 ✓				
		DEPRECIATION ✓ (4500 + 20250)	24 750 ✓				
		SALARIES	60 200 ✓				
		DIS. ALLOWED	425 ✓				
		TELEPHONE	1 500 ✓				
		CAPITAL (NP)	281 265 ✓				
			407 800 ✓				407 800 ✓

40	40
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4.2 Briefly explain the following GAAP concept: Matching Principle.

INCOME AND EXPENSES MUST BE MATCHED
TO THE CORRECT FINANCIAL PERIOD ✓✓

2
2

QUESTION FIVE: TANGIBLE ASSETS

5.1 Calculate the carrying value for 30 June 2016. ✓

$480\ 000 - 48\ 000 = R\ 432\ 000$

3
3

5.2 Calculate the depreciation for the year ended 30 June 2016. ✓

$432\ 000 \times \frac{10}{100} = R\ 43\ 200$

3
3

5.3 Provide the account to be debited and credited for the above calculation. (5.2)

Account debit	DEPRECIATION ✓
Account credit	ACC. DEP. ON VEHICLES ✓

2
2

5.4 What is a fixed assets register?

A FIXED ASSETS REGISTER IS A RECORD
OF ALL THE TANGIBLE ASSETS OF A
BUSINESS i.e. TYPE, DATE PURCHASED
METHOD OF DEPRECIATION ETC. ✓✓

2
2

5.5 Explain how the Fixed Assets Register assists the internal auditor in his duties.

IT HELPS VERIFY THE PHYSICAL
COUNT WITH THE RECORD ✓✓

2
2

5.6 Mention two internal controls that should be implemented to prevent the abuse of vehicles.

• VEHICLES TO BE PARKED ON BUSINESS PREMISES ✓
• KEEP MILEAGE RECORDS ✓
• MONITOR FUEL CONSUMPTION ✓ (ANY 2)

2
2

5.7 What is the least possible carrying value a tangible asset can have?

R1 ✓

1
1

QUESTION SIX: VALUE ADDED TAX

6.1

6.1.1	C	✓
6.1.2	A	✓
6.1.3	B	✓
6.1.4	F	✓
6.1.5	G	✓
6.1.6	E	✓
6.1.7	D	✓

7
7

6.2 Problem solving:

6.2.1 Calculate the interest on loan for the year. ✓

$$590\ 000 + (3500 \times 12) - 610\ 000 = R\ 22\ 000$$

5
5

6.2.2 Provide the accounts to be debited and credited for the interest on loan.

Account debit	INTEREST ON LOAN ✓
Account credit	LOAN ✓

2
2

6.2.3 In which journal would you record the above entry. (6.2.2)

GENERAL JOURNAL ✓

1
1