



Subject: Grade 11 Accounting
Topic: Accounting: Term 2 - Exam 1
Total: 110 Marks

1. none of the journals | credit

4 marks

Explanation:

The transaction clearly states that the amount was omitted by the bank. Thus the bank reconciliation statement will CREDIT with the relevant amount.

The cash takings of a business are recorded in the **Cash Receipts Journal**. The total takings for the day are deposited into a current banking account which is held at a bank.

When money is deposited, an entry is made in the CRJ to increase Bank (asset), i.e. Bank is debited

However, when we deposit this money in the bank, it is important to realise that this is still **our** money. The information of our money in the bank's books should be a mirror image of the information of the money recorded in in our books, i.e. equal but opposite.

Therefore, the **bank owes** us the money and **we** become a **liability** to the bank. From the **bank's point of view, a deposit is shown as a credit.**

2. C: Credit the creditors reconciliation statement with 1 300

4 marks

Explanation:

ERF Suppliers is an asset for Billy Store's, and ERF suppliers is thus one of their Debtors. Assets increase on the debit side and decrease on the credit side.

The information clearly states that Billy stores made the mistake in their STATEMENT, thus we will make the necessary adjustment in the CREDITORS RECONCILIATION STATEMENT.

Due to the transaction being a return, Billy stores was suppose to decrease their debtor's debt, by CREDITING their statement with 650. Instead, they debited their statement. Thus you will apply the **2 STEP RULE**:

STEP 1: reverse the mistake (by crediting the CREDITORS RECONCILIATION STATEMENT with 650), now the effect will be zero.

STEP 2: account for the relevant transaction as it SHOULD have been accounted for (By crediting the CREDITORS RECONCILIATION STATEMENT with 650, as this was a return and the debtor's debt needs to decrease.

In other words, you will credit the Creditors Reconciliation Statement with 1 300 ($650 + 650$)



3. D: Debit the creditors ledger with 3 350

4 marks

Explanation:

The Creditors ledger was incorrectly credited (thus the liability was incorrectly increased)- they were suppose to increase the debt of a different supplier.

We thus need to cancel out the amount to make the effect zero.

We will thus debit the Creditors ledger with 3 350, which will have a MINUS effect of 3 350.

4. B: We will debit the creditors ledger of ERF suppliers with R750

4 marks

Explanation:

As the Statement received from Billy Stores (our creditor) was correct, it means we will have to amend the mistake in our books (in the Creditors Ledger account).

This is a liability account, which increases on the credit side and DECREASES on the debit side.

We need to decrease this liability account, due to us crediting it with R7 050 instead of R6 300 (as per the Invoice nr 902 in the statement received)

The difference between these two amounts is R750 , which will be the amount that we will decrease the creditors account with, by debiting the account with R750 .

5. D: Credit the Creditors Reconciliation Statement with R850

4 marks

Explanation:

Due to the discount being left out from the STATEMENT, it needs to be accounted for on the CREDITORS RECONCILIATION STATEMENT.

Due to the discount leading to their debtors paying them back less, this transaction will decrease the asset on the credit side.

Thus, you will **credit** or **minus** the 850 in the Creditors Reconciliation Statement.

6. B: Credit the Creditors reconciliation statement with 750

4 marks

Explanation:

Calculation: $7\,500 - 6\,750 = 750$

The Creditors reconciliation statement will be credited (decreased) with 750.

They had to give one of their debtors a discount, thus their asset will need to decrease by the discount amount as they will not see that money.

7. the Cash Receipt Journal (CRJ) | remain unchanged

4 marks

Explanation:

Due to the rent being DEPOSITED into the bank account, it is clear that the bank has received and accounted for the money, but our books have not yet been updated. We did not received a source document from the tenant, thus we missed the accounting of this income item.

We will thus account for the relevant transaction in our CRJ.

8. D: Pension fund, SARS and UIF

4 marks

Explanation:

Pension fund - As we owe the employee a Pension fund contribution

SARS - as we make the PAYE deduction on behalf of the client and thus owe SARS the PAYE

UIF- We owe the employee a UIF contribution (Unemployment Insurance Fund)

9. 66 375

3 marks

Explanation:

Calculation: $48\,000 + 18\,375 = 66\,375$

Remember, you will only include the NETT salary amount in the Creditors for Salaries total, as you will show the contributions separately in the Trade and other Payables note (Pension, UIF, SARS).

10. Appropriation account | 180 980

4 marks

Explanation:

The missing account name is called the **Appropriation** account. This is a final account, which partnerships use in order to record the distribution of the profits according to the stipulations in the partnership agreement.

In this case, the amount will be the "balancing" figure:

The totals on both sides will be : $32\,100 + 148\,880 = 180\,980$

Thus the appropriation account figure will be (the total minus all the amounts you do have on the credit side) : $180\,980 - 93\,600 - 13\,200 - 51\,230 = 22\,950$

11. Vehicle | Vehicles

3 marks

Explanation:

The account name is: Vehicles

The "Vehicles" account will get credited with the 75 000 amount; as we need to remove the cost price from our books. Remember, **assets decrease** on the **credit** side, and we want to decrease our Vehicle assets with 75 000.

This is why we will **debit** the **asset disposal** account with the **cost price** of 75 000.

12. 57 500

3 marks

Explanation:

Calculation: $(75\,000 \times 10\% = 7\,500) \times \frac{4}{12} = 2\,500$

Thus the ACCUMULATED depreciation is: $55\,000 + 2\,500 = 57\,500$

Remember we asked the **accumulated depreciation** amount in the **Asset Disposal account**. Thus you need to add the **current year** depreciation of the vehicle sold to the depreciations written off during the **previous years (accumulated depreciation)**, in order to obtain the total Accumulated depreciation of the vehicle sold.

13. Loss

3 marks

Explanation:

LOSS on sale of asset.

Due to the balancing figure being on the **credit side** of the asset disposal account, you should realise that the **contra-account** will be **debited**. **Expenses increase on the debit side**, thus you can come to the conclusion that we made a loss with this asset sale/disposal.

We will thus **debit** an contra expense account called "**Loss on asset disposal**".

14. Bank

3 marks

Explanation:

The correct account which we will use to account for the sale is :Bank (cash sale).

The Bank account will debit with 8 000, and the Asset disposal account will credit with the 8 000.

15. 9 500

3 marks

Explanation:

Calculation: $(75\,000 \times 10\% = 7\,500) \times \frac{4}{12} = 2\,500$

Thus the ACCUMULATED depreciation is: $55\,000 + 2\,500 = 57\,500$

Thus the balancing figure to calculate will be : $75\,000 - 57\,500 - 8\,000 = 9\,500$

The 9 500 will represent the profit or loss with the asset disposal.

16. 93 600 | 51 230

4 marks

Explanation:

Salary: $7\,800 \times 12 = 93\,600$

Balance carried over will be the same as the balance brought down. This is the balance which is used to close off the account. In other words, at the end of the financial year, Ian's current account has a debit balance of 51 230.

17. A: 11 000

4 marks

Explanation:

You will calculate the total Pension fund balance as follows:

$$6\,500 + 2\,625 + 1\,875 = 11\,000$$

6 500: balance given

2 625 : Employer Contribution

-> 10,5% x Gross salary (18 375 + 4 500 + 1 875 + 250)

1 875: Employer deduct the pension on behalf of the employee and place it in an pension fund.

18. C: 2 000

4 marks

Explanation:

Calculation: $1\,599 + 250 + 250 = 2\,000$

Rand to Rand basis means that for every 1 Rand of UIF deduction, the company will also contribute R1.

In other words, if the deduction was R5 per month, the contribution would also be R5 per month

19. 212 450

3 marks

Explanation:

Calculation: $197\,000 - 680 + 11\,700 + 2\,580 + 1\,850 = 212\,450$

197 000 - (balance given)

680 - (goods returned to supplier at cost price) $(850 \times \frac{100}{125} = 680)$

11 700- (debtor who paid too much)

2 580 + 1 850- bills not yet paid by us

20. the Cash Receipt Journal (CRJ) | remain unchanged

4 marks

Explanation:

We earn interest on a savings account (income). The interest was transferred from the savings account (asset) to our current bank account (the account we use on a daily basis). Thus our bank account received an interest amount.

The bank automatically accounted for this transaction, thus we do not have to amend the bank reconciliation statement. However we need to amend **our** books because our accountant did not receive a source document for this receipt, and did thus not account for it.

We will account for the interest in our CRJ.

21. 73 500

3 marks

Explanation:

Calculation: $63\,190 - 850 - 540 + 11\,700 = 73\,500$

You will always subtract the SELLING price (850) of items send back from the debtors balance. The COST price of these items will be subtracted from the COST OF SALES balance.

The remaining balance of the insolvent estate that was not paid out needs to be subtracted from the debtors balance as well, otherwise we will overstate the debtors balance.

$360 \times \frac{60}{40} = 540$. The 60 portion is the portion we will never see, that is why we put that amount at the top of the fraction. (Multiply with what you WANT over what you have)

When we transfer a debtor to the creditors, it means that some of the debtors paid us back MORE than what they were SUPPOSED to, resulting in a situation where we now owe them. The information clearly states the debtor has a **CREDIT** balance - this should tell you that the balance must be moved.

The amount is lying on the CREDIT side of the debtors control account, which should tell you it should be moved. Because you cannot have a NEGATIVE asset account, you will remove it from debtors by debiting Debtors Control with the balance (cancels out), and crediting Creditors Control with the balance (Liabilities increase on the credit side).

That is why the 11 700 is added to debtors, but you must understand it is only added to cancel out the amount (remember, it lies on the credit side of the debtors control account).

22. -3 090

3 marks

Explanation:

We will subtract the R3 090 from the Trade debtors balance. This is due to the fact that the information stated that we should adjust the Provision for bad debts **TO** that amount, and not **WITH** that amount.

23. 5 280

3 marks

Explanation:

Calculation: $(11x + 2(x \times 1,1) = 63\,360$

$$11x + 2.2x = 63\,360$$

$$13.2x = 63\,360$$

$$x = 4\,800$$

Thus one month's rent was 4 800, and with the increase one months' rent will be $(4\,800 \times 1,1) = 5\,280$.

Thus the rent for March that was paid in advance is 5 280.

24. A: 2 880 000

4 marks

Explanation:

Calculation: $2\,080\,000 + 800\,000 = 2\,880\,000$

As the beginning Capital balance for Bous was 2 080 000, we had to add an amount of 800 000 to get it to the 2 880 000 balance which the question stated.

25. D: 1 920 000

4 marks

Explanation:

Due to Zaidoo not making any contributions or withdrawals regarding CAPITAL during the year; the end balance for Zaidoo will remain 1 920 000

26. partner Ian reduced his capital contributions and withdraws too much money | include a maximum withdrawal limit to their partnership agreement

4 marks

Explanation:

Ian is reducing his capital contribution which makes it difficult for the business to grow.

Ian is withdrawing too much money from the business and this might cause cash flow problems.

They should include maximum withdrawal limits to their partnership agreement.

They should consider charging interest on overdrawn amounts.

27. the Cash Payment Journal (CPJ) | remain unchanged

4 marks

Explanation:

The interest on overdraft will get recorded in the Cash Payment Journal, due to businesses not receiving a physical invoice for the interest on the overdraft. Thus we did not receive a source document, and were not aware of the relevant transaction.

We only saw the interest when we received the bank statement.

In other words, the bank has already accounted for the transaction, but it is not in OUR books yet. Thus we have to amend OUR books (CPJ).

This will work the same for BANK CHARGES.

28. any of the journals | debit

4 marks

Explanation:

The relevant transaction will have no effect on the journals, as it was already recorded in the CPJ.

The question states that the payment was omitted from the Bank . Thus we will have to account for the transaction in the **Bank Reconciliation Statement**, due to us not having access to the Bank's software in order to fix their records.

The Bank Reconciliation Statement will get DEBITED with the relevant amount, due to our bank account crediting with payments.

29. 143 400 | 5 480

4 marks

Explanation:

By inspecting the balances above and the information provided in the image; we can conclude that the total Drawings made by partner Ian for the year is 143 400 plus 5 480 = 148 880

Remember that the drawings of stock will always be valued at **cost price**, due to that being the value of the stock on the shelves **before** it gets sold to a customer.

30. 4 200 | 9 000

4 marks

Explanation:

By inspecting the balances above and the information provided in the image; we can conclude that the total **interest** paid to Ian for the year (1 March 2023 - 28 Feb 2024) is 4 200 plus 9 000 = 13 200.

Capital balance from **1 March - 1 June 2023** = 150 000 + 60 000 = 210 000

Thus **interest** : $210\,000 \times 8\% \times \frac{3}{12} = 4\,200$

Capital balance from **1 June 2023 - 28 Feb 2024** = 210 000 – 60 000 = 150 000
(decreased his capital with 60 000)

Thus **interest** : $150\,000 \times 8\% \times \frac{9}{12} = 9\,000$

Total: 110 Marks