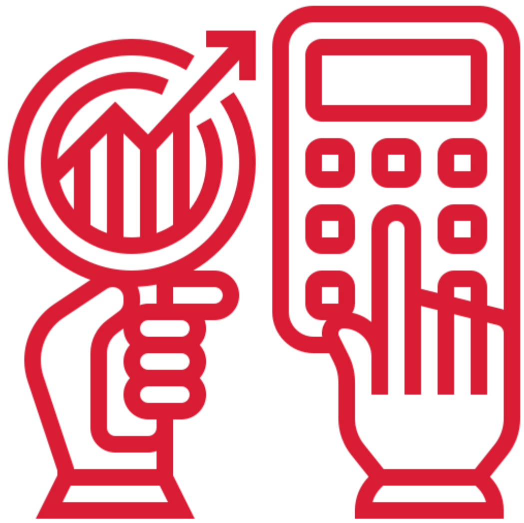

ACCOUNTING

GRADE 11

Chapter 1
Reconciliation
Worksheet - Memo

Compiled by:
Mrs Brimecombe

TABLE OF CONTENTS

BANK RECONCILIATION
ACTIVITY 1

1.1

CASH RECEIPT JOURNAL - MARCH 2021 CRJ 3

Doc	Day	Details	Bank	Amount	Details
	30	**Total**	**118 960**		
B/S		P.Piet	8 500✓	8 500✓	Rent income✓
B/S		Mona Bank	96✓	96✓	Interest on current account✓
			127 556☑		

7

CASH PAYMENT JOURNAL - MARCH 2021 CPJ 3

Doc	Day	Details	Bank	Amount	Details
	30	**Total**	**40 400**		
B/S		Fast Insurers	4 400✓	4 400✓	Insurance✓
B/S		Parys Municipaliy	4 150✓	4 150✓	Water and electricity✓
B/S		Mona Bank	430✓	430✓	Bank charges✓
			49 380☑		

10

1.2

GENERAL LEDGER OF DADDY STORES

Bank

2021 Mar 1	Balance b/d	12 340✓	2021 Mar 31	Sundry Accounts	49 380☑
2021 Mar 31	Sundry Accounts	127 556 ☑		Balance	90 516☑
		139 896☑			139 896
	Balance	90 516☑			

7

1.3 **Prepare a Bank Reconciliation Statement for March 2021.**

	Debit	Credit
Balance according to bank statement		81 916 ✓
Cr. Outstanding deposit		21 000 ✓
Dr. Outstanding EFT No 6	12 400 ✓	
Dr. Balance according to the bank account	90 516 See 1.2. ☑	
both figures must be the same	102 916 ☑	102 916

5

BANK RECONCILIATION
ACTIVITY 2

2.1 **CASH RECEIPT JOURNAL - AUGUST 2021 CRJ 3**

Doc	Day	Details	Bank	Amount	Details
	31	**Total**	**66 000**	**66 000**	
B/S		D. Dawie	9 600✓	9 600✓	Rent income✓
B/S		K. Nokanda	6 700✓	6 700✓	Debtors Control✓
B/S		HL Bank	85✓	85✓	Interest on current account✓
			82 385☑	82 385	

10

CASH PAYMENT JOURNAL - AUGUST 2021 CPJ 3

Doc	Day	Details	Bank	Amount	Details
	31	**Total**	**58 500**	**58 500**	
B/S		Town Council	4 890✓	4 890✓	Water and electricity✓
B/S		Best Insurers	5 300✓	5 300✓	Insurance✓
B/S		ABBA Bank	4 500✓	4 500✓	Loan✓
B/S		HL Bank	711✓	711✓	Bank charges✓
			73 901☑	73 901	

13

2.2

GENERAL LEDGER OF JENNY STORES

Bank

2021 Aug 1	Balance	11 300✓	2021 Aug 31	Sundry Accounts	73 901☑
Aug 31	Sundry Accounts	82 385☑		Balance	19 784☑
		93 685☑			93 685
	Balance	19 784☑			

6

2.3 **Prepare a Bank Reconciliation Statement for August 2021.**

	Debit	Credit
Balance according to bank statement balancing figure		2 645 ☑
Cr. Outstanding deposit		21 700 ✓
Dr. Outstanding EFT – 222	7 220 ✓	
– 223	2 896 ✓	
Cr amount wrongly debited		5 555 ✓✓
Dr. Balance according to the bank account	19 784 ☑ See 4.2	
	29 900 ☑	29 900
	both figures must be the same	

8

BANK RECONCILIATION
ACTIVITY 3

3.1

	BANK ACCOUNT		BANK RECONCILIATION		
	Debit	**Credit**	**Debit**	**Credit**	**No Entry**
Total b/f	**296 511**	**263 948**			
1(a)		310✓			
1(b)				3 500✓	
2	800✓				
3		200✓			
4		9 600✓			
5		5 200✓			
6					X✓
7					X✓
8					X✓
9		6 000✓			
10 (a)				17 400✓	
10 (b)			8 800✓		
TOTALS	297 311✓	285 258✓			

14

3.2 Calculating the bank account balance on 31 January 2021.

297 311☑ - 31 723✓✓ - 285 258☑

= R19 670 unfavourable☑

From 1.1	297 311☑	Balance b/d	31 723✓✓
Balance c/d	19 670	*From 1.1*	285 258☑
		Balance b/d	19 670 Unfavourable☑

5

3.3 Briefly explain the purpose of preparing a bank reconciliation statement

It is an internal control process✓to ensure that all entries are captured correctly by the business and by the bank.✓

Prevents fraud and theft.

Any 2 x 1

2

BANK RECONCILIATION

ACTIVITY 4

4.1 Bank account and balance the account on 28 February 2021.

GENERAL LEDGER OF VERMAAK TRADERS
BALANCE SHEET SECTION

Dr **BANK** **Cr**

2021 Feb	1	Balance	b/d	474 188✓	2021 Feb	28	Sundry accounts		53 991✓
	28	Sundry accounts		64 811✓			Sales✓		62 420✓
		Fixed deposit: BX Bank✓		52 000✓			Bank charges✓ (543 + 94 + 253)		890✓✓✓
		Interest on fixed deposit✓		2 000✓			Insurance✓		6 200✓
		Rent income✓		18 200✓			Drawings✓		2 200✓
		Interest on current account✓		108✓			Loan: CM Bank✓		4 300✓
							Water and electricity✓		56 230✓
							Balance	c/d	425 076☑
				611 307					611 307
2021 March	1	Balance	b/d	425 076☑					

27

4.2 Prepare the bank reconciliation statement on 28 February 2021.

	Debit	Credit
Balance as per Bank Statement		392 650✓
Outstanding deposit on 25 February 2021		13 820✓
Outstanding deposit on 25 February 2021		22 336☑
Outstanding EFT 323	6 361✓	
Credit amount incorrectly debited		2 631✓✓
Balance as per Bank Account	425 076☑	
	☑431 437	431 437
	Both figures must be the same	

8

4.3 Why is it essential to prepare a monthly bank reconciliation statement? Provide **TWO** reasons.

The books of the business and the bank should agree.

It is done for internal control purposes.

It updates records.

Errors, omissions and dishonesty can be detected on a monthly basis.

4

BANK RECONCILIATION

ACTIVITY 5

5.1 CONCEPTS

5.1.1	True✓
5.1.2	False✓
5.1.3	True✓

3

5.2.1

Cash Receipts Journal	**Account to be credited**	**Cash Payments Journal**	**Account to be debited**
R49 000		**R48 000**	
8 300✓	Rent income✓	5 000✓	Fee Income✓
2 750✓	Debtors control✓	3 200✓	Water and electricity✓
20 000✓☑	Fixed deposit: BB Investment✓	5 900✓	Creditors control✓
450✓☑	Interest on fixed deposit✓	1 500✓	Drawings✓
		5 100✓	Insurance✓
		232✓	Interest on bank overdraft✓
		1 112✓✓✓	Bank charges✓
80 500☑		70 044☑	

28

5.2.2

GENERAL LEDGER OF MARIAAN STORES

Bank

2021 Sept 30	Sundry accounts✓	CRJ	80 500☑	2021 Sept 1	Balance	b/d	11 400✓
	Balance	c/d	944	30	Sundry accounts✓	CPJ	70 044☑
			81 444				81 444
				2021 Oct 1	Balance	b/d	944☑

6

5.2.3 **Prepare a Bank Reconciliation Statement for SEPTEMBER 2021.**

	Debit	**Credit**
Balance as per bank statement		7 256 ☑✓
Outstanding deposit		17 400 ✓
Outstanding EFT 222	6 600 ✓	
Debit amount incorrectly credited	19 000 ✓	
Balance as per bank account		944 ☑✓
	25 600	25 600

7

5.3 **(a)** **Identify the GAAP principle which will be applied in this case.**

GAAP Principle:
Principle of prudence ✓

1

(b) **Provide TWO internal control measures that Mariaan can use to prevent such a loss in future.**

Any TWO valid point ✓✓ ✓✓

- Division of duties/Rotation of duties/Divide duties amongst employees so that the one can act as a check on the other / The person issuing receipts should not be the same person doing the deposits.
- Responsible staff members to check/make the deposits.
- Regular and timely supervision / monitor cash deposits
- Cash must be deposited daily (check deposit slip against receipts).
- Outstanding deposits must be investigated promptly.
- Encourage EFT payments by customers / debtors.
- Request bank to send confirmation of all transactions (e.g. sms).

4

BANK RECONCILIATION

ACTIVITY 6

GDE COMMON CONTROL TEST 2021

6.1 CONCEPTS

6.1.1	False ✓	
6.1.2	False ✓	
6.1.3	True ✓	
6.1.4	True ✓	
6.1.5	True ✓	**5**

6.2.1 CASH RECEIPTS JOURNAL

Cash Receipts Journal of Jozie Traders for March 2021						
Doc no	**Day**	**Details**	**Fol**	**Bank**	**Sundry Accounts**	
					Amount	**Details**
	31	**Total**	**b/d**	**27 800**		
B/S		Derek		* ✓ 4 500	4 500	Rent Income ✓
B/S		BF Bank ✓		✓✓ 440	440	Interest on current account ✓
Check if total b/d is added				☑ 32 740		

*Amount and correct details

07

6.2.2 CASH PAYMENTS JOURNAL

Cash Payments Journal of Jozie Traders for March 2021						
Doc no	Day	Details	Fol	Bank	Sundry Accounts	
					Amount	Details
	31	**Total**	b/d	**17 250**		
B/S		San Insurers		*#✓✓ 3 400	$☑ 2 380	Insurance ✓
					#☑1 020	Drawings ✓
B/S		Telkom		*✓ 2 200	2 200	Telephone ✓
B/S		BF Bank ✓		✓✓ 681	681	Bank Charges ✓
		Check if total b/d is added		☑ 23 531		

*Amount and correct details
*# Allocate one mark for the correct figure if details are incorrect
$ Any figure (Bank) x 70%
# Any figure (Bank) x 30%

13

6.2.3 BANK ACCOUNT

GENERAL LEDGER OF JOZIE TRADERS									
BALANCE SHEET ACCOUNTS SECTION									
DR			BANK						CR
2021 Mar	01	Balance	b/d	✓ 12 000	2021 Mar	31	Total Payments ✓	CPJ	☑ 23 531
	31	Total Receipts ✓	CRJ	☑ 32 740			Balance	c/d	21 209
				44 740					44 740
2021 Apr	01	Balance	b/d	☑ 21 209					

06

6.2.4 BANK RECONCILIATION STATEMENT ON 31 MARCH 2021		
	DEBIT	**CREDIT**
Cr Balance as per bank statement		✓ 12 009
Cr Outstanding deposit		✓✓ 15 500
Dr outstanding EFT		
No. 04	✓ 4 300	
No. 05	✓ 2 000	
Dr Balance as per bank account	☑ 21 209	
1 mark for both totals	☑ 27 509	27 509

07

6.3. INTERNAL CONTROL

6.3.1 Explain to Trevor why it is important that he prepares the Bank Reconciliation Statement at the end of each month. Provide **THREE** points	
Three valid reasons ✓✓ ✓✓ ✓✓ • Improves internal control by minimizing fraud or error because records are checked against an external source. • Improves internal control by identifying outstanding EFTs and deposits. • To compare the books of the business with that of the bank in order to detect errors and dishonesty at an early stage. ***Expected responses for 1 mark*** Internal control purposes, to reconcile the bank account	**6**

6.3.2 Provide **THREE** advantages of internet banking.	
Any three valid points ✓✓ ✓✓ ✓✓ • Do not have to stand in queues to pay accounts • Don't have to walk around with cash • Maintain your own internet banking limits • Payments can be made immediately and send proof of payment to a beneficiary	**6**

CREDITORS RECONCILIATION

ACTIVITY 7

7.1 Creditors Ledger of West End Wholesalers

	FOL	DEBIT	CREDIT	BALANCE
Balance	b/f			10 991✓
Discount cancelled	GJ		300✓	11 291
Amount understated on goods returned	GJ	70✓✓		11 221
Account incorrectly debited	GJ		4 000✓✓ (2 000 x 2)	15 221✓☑

8

7.2 Creditors Reconciliation Statement as at 28 February 2021.

	DEBIT	CREDIT
Balance as per statement from West End	16 091✓	
Error on statement - Invoice		540✓✓
Payment not yet recorded		5 000✓
Invoice not recorded	4 670✓	
Balance as per Creditor Ledger		15 221☑
✓ If totals are the same	20 761	20 761

7

7.3.1	What action should be taken by Tembisa Traders to recover the R55 000? Provide TWO points. **Explanation: one mark each** • He should be brought in for investigation. • The employee(s) responsible should be subjected to disciplinary hearing. • A case should be opened at SAPS against the suspect(s) • Suspend the employee(s) depending on the outcome of the case. • Dismiss the employee (s), for violating conduct rules. • Deduct from salary / demand payment through legal action	**2**
7.3.2	Provide at least TWO internal control measures that should be applied to prevent the occurrence of similar incidences. **Explanation: one mark each** • Division of duties or senior personnel to authorise the purchases. • When goods are received, the receiving officer should check the stock delivered against invoice and order form. • Regular checks of physical stock against the records / stock cards • Conduct internal audits or check documents to detect errors and fraud. • Monthly reconciliation of creditors • Inform the suppliers of the procedure to be followed when goods are delivered	**2**

CREDITORS RECONCILIATION

ACTIVITY 8

ADAPTED - GDE COMMON CONTROL TEST 2017

CREDITORS LEDGER OF KGASHANE TRADERS					
	JABULANI SUPPLIERS				
Date	**Details**	**Fol**	**Debit**	**Credit**	**Balance**
April 30	**Incorrect balance**				**63 616**
	Correction on Invoice 724 (15716 – 13700)		✓✓2016		61 600
	Correction on Invoice 340		✓9700		51 900
	Interest on overdue account			✓180	☑ 52 080
	✓ One mark for **two** correct details				
					6

CREDITORS RECONCILIATION STATEMENT- APRIL 2021	
Balance as per creditors statement	**51 840**
Discount allowed –Omitted	✓ (3480)
Credit note 138 (840 + 840+	✓ (1680)
Invoice 830 issued after the 30 April	✓ 5 400
	☑ 52 080
✓One mark for **two** correct details	
	5

CREDITORS RECONCILIATION

ACTIVITY 9

ADAPTED – FREE STATE 2021

9.1 **The bookkeeper, Litzie, says it is not necessary for her to prepare a Creditors' Reconciliation Statement because the creditors send monthly statements to the business anyway. What would you say to her? State TWO points.**

Any TWO valid points ✓✓ ✓✓ Must be 2 separate points; Award part-marks for incomplete answers

Expected responses:

- The statement could contain errors.
- This is an internal control measure.
- This will lead to detection of errors/omissions/fraud.
- To compare/check/reconcile the account to the statement.
- To ensure VAT return is correct / to assist in doing the VAT return.

4

9.2

No.	**Creditors' Ledger of KZ Stores**	**Statement of account received from Valley Ltd**
Balance	**112 820**	**182 150**
1.	**– 9 000**	**– 9 000**
2.	✓✓ + 87 500	
3.		✓✓+ 7 200
4.		✓✓ - 1 400
5.		✓✓ - 630
6.	✓✓ + 2 100	
7.	✓ - 5 250 ✓ - 5 250 - 10 500 (2 marks)	
8.		✓✓+ 4 600
	182 920 ☑*	182 920 ☑*

16

9.3.1` **Explain what action should be taken against J van Wyk. State TWO points.**

Any two valid points ✓✓ ✓✓ Must be 2 separate points; Cannot conflict with each other
Award part-marks for incomplete answers

- Must be subjected to a disciplinary hearing
- Open a criminal case at SAPS
- Redeploy pending decision / suspend pending decision (on outcome of the hearing/case)
- Require employee to refund/repay employer for the costs/deduct from salary/take legal action for repayment
- Dismiss him as this is gross misconduct

Do not accept warning as a valid point for 2 marks unless candidate also mentions repayment as a point – in context of R37 500 fraud, warning alone is not sufficient

For 1 mark:

Dismiss the employee / fire him; Warning; Redeploy him; Suspend him; Sue him; Take legal action.

4

9.3.2 **What must the business do to prevent a similar incident in future? Explain THREE points.**

Any THREE valid points ✓✓ ✓✓ ✓✓ Must be 3 separate points;

For 2 marks:

- Division of duties so that each person serves as a check on another / get someone else to authorise these transactions.
- Rotate duties so that employees do not have permanent control over an aspect of the business.
- Conduct internal audits / check documents to detect the fraud and errors.
- Physical stock control (to records) / check stock on hand to stock records.
- When goods are received, the receiving officer must check the stock received to the invoice and order form.
- Inform suppliers of the procedure for delivering goods to the business and do not deviate from this.

6

CREDITORS RECONCILIATION

ACTIVITY 10

10.1

No.	**Creditors' Ledger of SIYA Stores**	**Statement of account received from LEBO Suppliers**
Balance	**29 260**	**20 100**
1.	+1 460✓	
2.		540✓✓ (13 480 – 12 940)
3.		-420 ✓✓
4.		-1 500✓✓
5.		+6 500✓
		+6 000✓
		-500✓
	30 720 ☑*	30 720 ☑*

12

10.2 **Why does the Statement of Account from LEBO Suppliers start on 26 January 2021? Mention ONE point why this internal measure is in place and give an example from the information supplied to illustrate the identified point.**

Explanation: **two marks**

- The Statement of account is closed off on 25th every month so that the statement can reach the debtor before the end of the month. All transactions after the 25th will only appear on the next Statement of account. ✓✓

Or

- To ensure that the debtor receives the account in time to pay the amount outstanding, the statement of Account is closed off on 25th of every month✓✓

Example: two marks

Invoice 1412, invoice 1443 and the Debit Note 102 were all transactions that took place after the 25th of the month. These entries will only appear on the next Statement of Account. ✓✓.

2

10.3 The internal auditor insists that direct payments (EFTs) must be used to pay suppliers.

Explain ONE reason to support his decision. ONE reason ✓✓ part-marks for partial / incomplete answers It is quick and easy / easier to monitor / efficient / convenient / safer/ EFTs may be lost / not time-bound (business hours) / less bank charges / no need to keep track of outstanding EFTs / makes claiming cash discounts easier / avoid interest on late payments
Explain ONE internal procedure to ensure control over this system. ONE internal control measure ✓✓ part-marks for partial / incomplete answers **For two marks:** Senior personnel authorized to make internet payments Two people to authorise an EFT transaction (allocation of duties) Security codes for users (unique codes) / change codes regularly Notification from bank (sms / email) when payments are effected **For one mark**: Division of duties

2

2