King Edward VII School

SBA: Written Report

22 February 2024

Grade 11

Time: 1 Hour

Marks: 50

Set by: N. Grobler

Department: Accounting

Moderated by: B. Anderson

NAME: ______________________________ CLASS: _____ EDUCATOR: _______________

QUESTION PAPER

INSTRUCTIONS:

- This paper consists of **TWO** compulsory questions.
- Use the information given in the table below as a guide when answering the question paper.

QUESTION	TOPIC	MARKS	SUGGESTED TIME
1	Bank Reconciliation & Internal Control	37	44 mins
2	Creditors Reconciliation	13	16 mins
	TOTAL	**50**	**60 mins**

- Use the formats provided in the answer book in order to answer the questions.
- Calculations must be shown in order to achieve part-marks.
- A non-programmable calculator.
- You must use **blue ink/dark pencil** to answer the questions.
- **NOTE: Work written in pencil may NOT be queried.**

QUESTION 1: BANK RECONCILIATION **(37 Marks; 44 Mins)**

1.1 MATCH THE COLUMNS

Choose the correct description from COLUMN B that matches the term in COLUMN A. Write your answer in the grid in the ANSWER BOOKLET, write only the letter.

COLUMN A		COLUMN B	
1.1.1	Interest on overdraft	A.	Document used to record the total cash received for the day, acts as proof of money deposited at the bank.
1.1.2	Debit card	B.	Electronic transfer of money from one bank account to another, without direct interaction with the bank staff.
1.1.3	Deposit slip	C.	Represents a payment to the bank for an overdraft bank balance.
1.1.4	Interest on current account	D.	The business has withdrawn more money than what was deposited into the bank account.
1.1.5	Credit card	E.	Used to buy goods/services and is immediately deducted off of the current account.
		F.	An account from which money can be drawn without notice.
		G.	Interest on credit balance
		H.	Used to purchase goods/services, the amount used is to be paid back to the bank at a later date

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1.2. LIVERPOOL LTD.

The following information relates to Liverpool Ltd. for February 2024. M. Sallah is the bookkeeper. He is also responsible for depositing money at Barcelona Bank, as well as processing EFTs. He is currently on sick leave and the owner, Jurgen Klopp, has asked you to prepare the Bank Reconciliation for February 2024. The official bank statement was received from Barcelona Bank on 25 February 2024.

REQUIRED:

1.2.1 Calculate the correct totals for the Cash Receipts Journal and Cash Payments Journal for February 2024. (16)
(Indicate the appropriate contra-account in each instance)

1.2.2 Calculate the correct Bank Account balance on 29 February 2024. (4)

1.2.3 Prepare the Bank Reconciliation Statement for February 2024. (8)

1.2.4 **Refer to the Outstanding deposit on 15 January 2024 AND Information A:**

- State the GAAP principle that applies to the decision made. (1)
- Provide ONE possible reason why the money was deposited so late. (1)
- Provide ONE internal control measure that can prevent this from happening in the future. (2)

INFORMATION:

A. Extract from the Bank Reconciliation statement on 31 January 2024:

Outstanding deposits: 15 January 2024	R 65 700
29 January 2024	21 320
Outstanding EFT: No. 115	7 640
No. 131	18 320
No. 146	17 400
Favourable balance as per Bank account	330 000

✓ 4500

NOTE:

- The outstanding deposit of R21 320, and EFT 115 appeared on the February 2024 bank statement.
- EFT 131 appeared correctly on the bank statement as R13 820. The EFT was originally made for the monthly insurance premium.
- EFT 146 appears on the February bank statement but was recorded as R14 700. The amount on the Bank Reconciliation Statement was correct. The bank sent out a formal apology and informed Liverpool Ltd. that it would be corrected on the March bank statement.
- The outstanding deposit of R65 700 on the Bank Reconciliation Statement appeared on the bank statement as R63 700. This was in respect of cash sales. After investigation, it was discovered that the bookkeeper, M. Sallah, only deposited the money on 17 February. Since he is not available for further interrogation, it was decided to write the missing amount off.

B. The following information appeared on the February 2024 Bank Statement from Barcelona Bank but, did not appear in the cash journals:

- A deposit of R78 480 from Messi Bank, being a fixed deposit that matured together with the annual interest at 9% p.a.
- Service fees, R340.
- Interest on current bank account, R118
- ATM withdrawal by Jurgen Klopp, for personal use – R2 900.
- A debit order to the Town Council for R24 800 for water and electricity.
- EFT 215 for R3 100 in favour of Neymar Motors for maintenance, was recorded in the correct journal. However, Barcelona Bank incorrectly reflected it twice on the February bank statement. The bank will correct this on the next bank statement.
- Debtor, S. Ramos, sent Liverpool Ltd. proof of a direct deposit into the business' bank account of R6 100, being a part payment of his account. The bookkeeper erroneously posted this into the CPJ.

C. The following information reflects in the February cash journals but, does not reflect on the Bank Statement for February 2024:

- EFT 311 for R8 720 and EFT 312 for R7 200
- Outstanding deposit on 29 February 2024 for R34 750

D. The balance as per Bank Statement on 25 February 2024 is **?**

QUESTION 2: CREDITORS RECONCILIATION (13 Marks; 16 Mins)

BEAR TRADERS

Bear Traders has received the statement from Teddy Suppliers. The balance on their statement does not agree with the balance of their account in the Creditors Ledger.

REQUIRED:

2.1 Use the table provided to indicate changes to the:
- Creditors' Ledger in the books of Bear Traders.
- Creditors Reconciliation Statement on 31 July 2023. (9)

2.2 **Refer to Invoice 301:**
It was discovered that the store manager, Brad, had signed a fictitious (fake) order form and took the goods for himself when they arrived. Provide:
- ONE suggestion for action to be taken against Brad. (2)
- ONE suggestion to prevent this problem in the future. (2)

INFORMATION:

A Creditors Ledger of Bear Traders:

TEDDY SUPPLIERS (CL5)						
				DEBIT	**CREDIT**	**BALANCE**
2023	1	Balance	b/d			67 500
July	10	Invoice 209			81 000	
		EFT 29		33 750		
	17	Debit Note 674		8 640		
		Invoice 282			40 950	
		Invoice 301			25 000	
	21	Invoice 360			50 250	
	24	Debit Note 995			8 100	
	27	Journal Voucher 570		5 400		
	31	EFT 50 and discount		77 190		147 820

B. Statement of Account received from Teddy Suppliers:

TEDDY SUPPLIERS					
Bear Traders ***44 St. Patrick Road, Houghton***					**25 July 2023**
			DEBIT	**CREDIT**	**BALANCE**
2023	1	Balance			67 500
July	10	Invoice 209	81 000		
		Receipt 695		33 750	
	17	Credit Note 741		6 840	
		Invoice 301	25 000		
	21	Invoice 360	20 250		
	24	Credit Note 811		8 100	145 060

C. ADDITIONAL INFORMATION:

(a) The incorrect entry for Debit Note 674 in the Creditor's Ledger Account of Teddy Suppliers relates to the correct Credit Note 741 on the statement.

(b) Invoice 282 was incorrectly reflected in the account of Teddy Suppliers in the Creditors' Ledger. The goods were purchased from Grammy Suppliers.

(c) Invoice 360 was incorrectly recorded on the statement from Teddy Suppliers.

(d) Teddy Suppliers also purchased goods on credit from Bear Traders. Bear Traders has transferred a debit balance from the Debtors' Ledger (Journal Voucher 570). Teddy Suppliers will offset this on the next statement.

(e) The transaction on 24 July 2023 is for merchandise returned to Teddy Suppliers.

(f) The statement reflects transactions up to 25 July 2023.

Grand Total: 50 Marks