|  |
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| **QUESTION 3: RECONCILIATION 30 marks; 20 minutes** |
|  |  |  |  |
| 3.1 | **Bank reconciliation** |  |
|  |  |  |  |
|  | The following information relates to Incredible Traders for April 2025: |  |
|  |  |  |  |
|  | **REQUIRED:** |  |
|  |  |  |  |
|  | 3.1.1 | Prepare the updated bank account for Incredible Traders on 30 April 2025. Post ALL transactions directly to the bank account. | (8) |
|  |  |  |  |
|  | 3.1.2 | Prepare the Bank Reconciliation Statement of Incredible Traders on 30 April 2025. | (7) |
|  |  |  |  |
|  | **INFORMATION:** |  |
|  |  |  |  |
|  | A. | Extract from the Bank Reconciliation Statement on 31 March 2025: |  |
|  |  |

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|  | **R** |
| Favourable balance as per Bank Statement | 42 555 |
| Outstanding deposit: (dated 11 March 2025) | 37 800 |
| Outstanding Deposit : (dated 20 March 2025) | 41 580  |
| Outstanding EFT: |  |
| No. 186  | 495 |
| No. 305  | 9 240 |

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|  |  |  |  |
|  | B. | The balance in the Bank Account was calculated as a favourable balance of R18 463 on 30 April 2025, before considering the items listed below. |  |
|  |  |  |  |
|  | C. | EFT No. 186 does not appear on the Bank Statement for April 2025, but it was decided to cancel the payment as the service rendered was not satisfactory. |  |
|  |  |  |  |
|  | D. | The following items appeared only on the April Bank Statement:* Interest earned on favourable bank balance, R314
	+ - * + Bank charges, R1 045
				+ Unidentified debit order of R2 145. The bank promised to correct this error on the May 2025 Bank Statement.
 |  |
|  |  |  |  |
|  | E. | The outstanding deposit (dated 11 March 2025) of R 37 800 is reflected on the April bank statement. |  |
|  |  |  |  |
|  | F. | EFT No. 374 appeared correctly on the Bank Statement as R9 295. The Cash Payment Journal shows it as R5 335. |  |
|  |  |  |  |
|  | G. | EFT No. 305 is still not reflecting on the April Bank Statement. |  |
|  |  |  |  |
|  | H. | The outstanding deposit of R41 580 does not appear on the Bank Statement for April 2025. An investigation revealed that this money was never deposited. The cashier has disappeared. A criminal case was opened against the employee and the CFO decided to cancel the deposit, pending the outcome of the case. |  |
|  |  |  |  |
|  | I. | The following entries only appeared in the Cash Journals for April 2025: * + - * + A deposit of R29 898 made on 30 April 2025
				+ EFT No. 401 (dated 18 April 2025) R20 460
 |  |
|  |  |  |  |
|  | J. | The balance on the Bank Statement on 30 April 2025 shows a debit balance of ? |  |
|  |  |  |  |
| 3.2 | **Creditors’ reconciliation** |  |
|  |  |  |  |

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|  | The information relates to Orange Traders for August 2024.  |  |
|  |  |  |  |
|  | **REQUIRED:** |  |
|  |  |  |
|  | 3.2.1 | Taking into account the errors and omissions, calculate the correct balance for the Creditors' Control Account and the Creditors' List. Indicate changes with '+' for an increase and a '–' for a decrease.  | (10) |
|  |  |  |  |
|  | 3.2.2 | Orange Traders intends to settle the account of Vaal Wholesalers on 31 August 2024. Calculate the amount due to them. | (5) |
|  |  |  |
|  | **INFORMATION:** |  |
|  |  |  |  |
|  | **A.** | **Balances and totals on 31 August 2024 (before correcting the errors and omissions)**  |  |
|  |  |  |  |
|  |  | Creditors' Control Account balance  | R211 128 |  |
|  |  | Creditors' List total in the Creditors' Ledger | R223 620 |  |
|  |  | **LIST OF CREDITORS**  |  |  |
|  |  | Vaal Wholesalers  | R77 940 |  |
|  |  | Two River Suppliers | R32 640 |  |
|  |  | Molopo Dealers  | R62 160 |  |
|  |  | Riet Suppliers  | R50 880 |  |
|  |  |  |  |
|  | **B.** | **Errors and omissions:**  |  |
|  |  |  |  |
|  |  | (i) | The total of the Creditors' Allowances Journal (CAJ) was understated by R4 320. |  |
|  |  |  |  |  |
|  |  | (ii) | A payment of R17 100 made to Vaal Wholesalers was incorrectly posted as R18 288 to the Creditors' Ledger Account. Posting to the General Ledger was correct.  |  |
|  |  |  |  |  |
|  |  | (iii) | An invoice received from Two River Suppliers, R11 448, and recorded in the Creditors' Journal (CJ), was posted in error to the account of Vaal Wholesalers in the Creditors' Ledger. |  |
|  |  |  |  |  |
|  |  | (iv) | Goods returned to Molopo Dealers, R9 000, and recorded in the CAJ, was posted to their account in the Creditors' Ledger as an invoice. |  |
|  |  |  |  |  |
|  |  | (v) | Orange Traders recorded purchases of R15 936 from Riet Suppliers in the CJ after deducting a trade discount of 20%. However, Riet Suppliers informed them that the trade discount agreed on was only 10%. |  |
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| **QUESTION 5: COST ACCOUNTING 25 marks; 20 minutes** |
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| SD Drones manufactures and sells Drones in the Free State. They use the FIFO stock valuation system. You are appointed as the accountant and supplied with the following information for the year ending 28 February 2025. |  |
|  |
| **REQUIRED:** |  |
|  |  |  |  |  |
| Prepare the following notes to the Production Cost Statement for the year ended 28 February 2025 |  |
|  |  |  |
|  | 5.1 | Direct Material note | (10) |
|  |  |  |  |  |
|  | 5.2 | Factory overheads note | (15) |
|  |  |  |  |  |
| **INFORMATION:** |  |
|  |  |  |  |  |
| **The following balances were extracted from the General ledger on 28 February 2025:** |  |
|

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| --- | --- | --- |
|  | **Quantity** | **R** |
| **Balances on 1 March 2024:** |  |  |
| **Inventory:** |  |  |
| - Raw materials  | 200kg | ? |
| - Work in progress |  | 45 000 |
| - Finished goods |  | 122 000 |
| **Other** |  |  |
| Factory Machinery at cost  |  | 800 000 |
| Delivery Vehicles at cost |  | 400 000 |
| Accumulated Depreciation on Factory Machinery |  | 40 000 |
| Accumulated Depreciation on Delivery Vehicles |  | 60 000 |
|  |  |  |
| **Transactions** |  |  |
| Raw materials purchased (See additional information no.2) | 69 000kg | ? |
| Raw materials returned | 2 000kg | 46 000 |
| Factory workers on the Drone production line  |  | 340 000 |
| Factory supervisors |  | 250 000 |
| Factory cleaners |  | 80 000 |
| Administration department – office personnel |  | 560 000 |
| Administration offices – cleaners |  | 180 000 |
| Indirect materials purchased |  | 52 000 |
| Water and electricity.  |  | 45 459  |
| Rent  |  | 87 000  |
| Insurance  |  | 12 100  |
| Maintenance factory machinery  |  | 34 800  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Balances on 28 February 2025** |  |  |
| **Inventory:** |  |  |
| - Raw materials  | 600kg | ? |
| - Work in progress |  | 63 000 |
| - Finished goods |  | 98 000 |
| **Others** |  |  |
| Accumulated Depreciation on Factory Machinery |  | 200 000 |
| Accumulated Depreciation on Delivery Vehicles |  | 140 000 |

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| **Adjustments and additional information** |  |
|  |  |  |  |
|  | A. | Raw materials on hand at the beginning of the year were valued at R20 per kilogram. |  |
|  |  |  |  |
|  | B. | Inventory purchased in bulk during the financial year ending 28 February 2025 were as follows: |  |
|  |  |

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| --- | --- | --- |
| **Month Purchased** | **Purchased****Kg** | **Purchase Price per unit****R** |
| 1 March 2024 to 23 April 2024 | 6 000 | 21.00 |
| 24 April 2024 to 21 July 2024 | 24 000 | 21.50 |
| 22 July 2024 to 29 November 2024 | 18 000 | 22.50 |
| 30 November 2024 to 28 February 2025 | 21 000 | 23.00 |

 |  |
|  |  |  |  |
|  | C. | On 28 February 2025, outstanding wages of 3 factory workers on the Drone production line, amounted to R1 300 each. |  |
|  |  |  |  |
|  | D. | A water and electricity bill of R3 459 was paid in advance for March 2025. 80% of the Water and electricity bill can be attributed to the factory. |  |
|  |  |  |  |
|  | E. | Rent expense is allocated according to floor space used. The factory covers 340 square metres of the building while the office part covers the remaining 260 square metres.  |  |
|  |  |  |  |
|  | F. | Insurance of R1 100 for February is still outstanding. 60% of the insurance cost covers the factory. |  |
|  |  |  |  |
|  | G. | Depreciation on Factory Machinery as well as Delivery Vehicles is calculated on cost price at 20% per annum. Depreciation on Factory Machinery and Delivery Vehicles for the year ending 28 February 2025 was recorded. No assets were bought or sold during the current financial year. |  |
|  |  |  |  |
|  | H. | 10 109 units were completed during the year. |  |
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| **QUESTION 3** |  |
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| **BANK RECONCILIATION** |  |
|  |  |  |
| **3.1.1** | **General ledger of Incredible Traders** |  |

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| **DR** | **BANK** | **CR** |
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| **3.1.2** | **Bank reconciliation statement on 30 April 2025** |
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| **3.2** | **CREDITORS' RECONCILIATION** |  |
|  |  |  |  |  |  |
| **3.2.1** | **NO.** | **CREDITORS'****CONTROL** | **CREDITORS'** **LIST** |

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|  | **Provisional balances** | **211 128** | **223 620** |
|  | **(i)** |  |  |
|  | **(ii)** |  |  |
|  | **(iii)** |  |  |
|  | **(iv)** |  |  |
|  | **(v)** |  |  |
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| **3.2.2** | **Orange Traders intends to settle the account of Vaal Wholesalers on 31 August 2024. Calculate the amount due to them.** |

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|  | **WORKINGS** | **ANSWER** |
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| **TOTAL MARK** |
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| **QUESTION 5** |  |
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| **5.1** |

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| **Direct material:** |
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| **5.2** |

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| **Factory overheads:** |  |
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| **TOTAL MARK** |
|  |
| **25** |