

QUESTION 1

Woodies Fashion sells ladies clothes. Helen Nkosi is a regular client of Woodies Modes.

- The date is 15 June. Prepare an age analysis for the account of Helen Nkosi.

INFORMATION

WOODIES FASHION		DEBTORS' STATEMENT		
Helen Nkosi P.O. BOX 345 Pinetown 3600		Date of statement: 25 March 20.8		
		DEBIT	CREDIT	Balance
28-Feb	Balance			R1 500.00
07-March	Invoice 7058	R5 100.00		R6 600.00
08-March	Credit note 4078		R240.00	R6 360.00
11-March	Receipt 1006		R1 425.00	R4 935.00
11-March	Discount		R75.00	R4 860.00
22-March	Invoice 8211	R3 200.00		R8 060.00
25-March	Receipt 1765		R2 000.00	R6 060.00
25-March	Discount		R100.00	R5 960.00

WOODIES MODES		DEBTOR'S STATEMENT		
Helen Nkosi P.O. BOX 345 Pinetown 3600		Date of statement: 25 April 20.8		
		DEBIT	CREDIT	Balance
26-March	Balance			R5 960.00
27-March	Invoice 8752	R2 000.00		R7 960.00
27-March	Interest	R100.00		R8 060.00
27-March	Invoice 8792	R3 000.00		R11 060.00
05-Apr	Receipt 1936		R1 200.00	R9 860.00
15-Apr	Invoice 9100	R4 400.00		R14 260.00
17-Apr	Credit note 4903		R380.00	R13 880.00
25-Apr	Receipt 2188		R1 300.00	R12 580.00

WOODIES MODES		DEBTOR'S STATEMENT		
Helen Nkosi P.O. BOX 345 Pinetown 3600		Date of statement: 25 May 20.8		
		DEBIT	CREDIT	Balance
26-Apr	Balance			R12 580.00
01-May	Invoice 9226	R850.00		R13 430.00
10-May	Credit note 4996		R170.00	R13 260.00
15-May	Receipt 2430		R600.00	R12 660.00
20-May	Receipt 2650		R1 000.00	R11 660.00
22-May	Invoice 9294	R1 000.00		R12 660.00
24-May	Invoice 9340	R1 100.00		R13 760.00

4.2 CREDITORS' RECONCILIATION

A statement received from a creditor, Kairo Suppliers, on 28 February 2011, reflects that Ace Traders owes them R11 390. According to Ace Traders, the amount outstanding is only R7 910.

REQUIRED:

Use the table in the ANSWER BOOK to indicate the differences that were discovered when comparing the account in the Creditors' Ledger with the statement received from Kairo Suppliers.

Write only the amounts in the appropriate column and a plus (+) or minus (-) sign to indicate an increase or decrease in the balance. Calculate the correct balance/total at the end.

(11)

INFORMATION:

On investigation, it was found that:

1. An EFT for R3 000 issued by Ace Traders has not yet been recorded in the statement received from Kairo Suppliers.
2. The EFO in settlement of the January account was not received by Kairo Suppliers within 7 days; therefore the discount of R500 recorded by Ace Traders in the Creditors' Ledger must be cancelled.
3. Returns recorded as R810 in the Creditors' Ledger of Ace Traders were recorded as R900 in the statement received from Kairo Suppliers. Ace Traders had miscalculated the cost of goods returned.
4. An invoice received from Kairo Suppliers was correctly recorded as R7 700 by Ace Traders. However, in the statement received from Kairo Suppliers it was incorrectly recorded as R770.
5. An invoice for R3 500 received from Kairo Suppliers was incorrectly recorded as a credit note by Ace Traders.

- 1.3 You are provided with the Debtors' Age Analysis of Sicwetsha Traders on 31 May 2014.

REQUIRED:

Identify TWO different problems shown by the Age Analysis and quote evidence and figures from the question to support your answer. In each case suggest two internal control measures to correct the problem.

(8)

INFORMATION:

DEBTORS' AGE ANALYSIS ON 31 MAY 2014

Credit Policy: Debtors will be given 30 days in which to settle their debts.						
NAME	CREDIT LIMIT	TOTAL	CURRENT MONTH	30 DAYS	60 DAYS	60 DAYS+
G Dreyer	R5 000	R1 100		R 500	R 600	
P Masala	R3 500	R4 900		R1 600	R1 400	R1 900
M Roos	R1 500	R2 350		R 750	R1 600	
D Pule	R1 500	R1 500			R1 000	R 500
L van Zyl	R2 000	R2 700	R2 700			
		R12 550	R2 700	R2 850	R4 600	R2 400

QUESTION 3: CREDITORS' RECONCILIATION

KZ Stores purchase goods on credit from Valley Ltd.

REQUIRED:

- 3.1 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.

(4)

- 3.2 Use the table in the ANSWER BOOK to indicate how the relevant balances will change when preparing the creditors' reconciliation. Indicate the figure as well as a + for increase and a – for decrease. The first transaction (Information A) has been done for you.

(16)

INFORMATION:

The following balances are provided:

In the account of Valley Ltd in the Creditors' Ledger of KZ Stores on 30 September 2014:	R112 820	Credit
On the statement received from Valley Ltd on 25 September 2014:	R182 150	Debit

The following errors and omissions were discovered during an investigation:

- A.** A payment by KZ Stores of R9 000 was omitted from the Creditors' Ledger and the statement.
- B.** An invoice for goods bought for R87 500 was reflected on the statement from Valley Ltd but was not recorded by KZ Stores.
- C.** An invoice for R28 000 received from Valley Ltd was recorded correctly by KZ Stores. The statement of account reflects it as R20 800.
- D.** KZ Stores had correctly recorded discount of R1 400 for early payment of their account. This has not been reflected on the statement from Valley Ltd.
- E.** The statement reflects interest of R630 on the overdue account. Valley Ltd acknowledged that an error had been made and promised to reverse the entry in the October 2014 statement.
- F.** A debit note for R2 100 issued to Value CC was incorrectly recorded in the account of Valley Ltd by KZ Stores.
- G.** A credit note for R5 250 received from Valley Ltd for goods returned was incorrectly recorded as an invoice by KZ Stores.
- H.** Goods purchased from Valley Ltd on 30 September 2014 for R4 600 were recorded by KZ Stores. The statement from Valley Ltd is dated 25 September 2014.

3.3 Refer to Information B:

As the internal auditor of KZ Stores, you have detected that only R50 000 of these goods were entered into the stock records by the storeman. The remaining goods were ordered privately by J van Wyk, an employee in charge of creditors.

- 3.3.1 Explain what action should be taken against J van Wyk. State TWO points. (4)
- 3.3.2 What must the business do to prevent a similar incident in future? Explain THREE points. (6)