

4.2

Use the table 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.

If extra entries are shown, award marks but -1 for the foreign item on each line (marks per line cannot be less than 0); sign must be correct to earn marks; if no + sign assume positive, accept brackets for a negative; accept figures in correct column even if on incorrect line

	Creditors' Ledger of Ace Traders	Statement from Kairo Suppliers
Balance	R7 910	R11 390
1		✓✓ - 3 000
2	✓✓ +500	
3	✓✓ - 90	
4		✓✓ + 6 930
5	+3 500 ✓ +3 500 ✓ OR +7 000	
Balance/Total	15 320	<input checked="" type="checkbox"/> operation, both totals 15 320

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AGE ANALYSIS

MARCH		APRIL		MAY	
1 500	1 500	4 400	4 400	850	850
5 100	6 600	(380)	4 020	(170)	680
(240)	6 360	(4 020)	0	1 100	1 780
(1 425)	4 935			1 000	2 780
(75)	4 860			(2 020)	760
3 200	8 060				
(2 000)	6 060				
(100)	5 960				
2 000	7 960				
100	8 060				
3 000	11 060				
(1 200)	9 860				
(1 300)	8 560				
(600)	7 960				
(1 000)	6 960				
(6 960)	0				

If he makes a payment of R13 000 in May, the following will happen:

13 000 – 6 960 (in March) = 5 040 – 4 020 (in April) = 1 020 – 1 020 (in May) = 0

1.3

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.

	Identification of TWO different problems, with evidence from the question	Internal control measure to correct each problem
Problem 1	Credit limits ✓	Any valid advice
	P. Masala is exceeding his credit limits by R1 400. L. van Zyl is exceeding her credit limits by R700. M. Roos is exceeding her limit by R850. ✓	Do not sell on credit to debtors who are likely to exceed their limits ✓ Ensure that they settle previous month's debt before buying on credit ✓
Problem 2	Credit periods ✓	Any valid advice
	G. Dreyer 60 days P. Masala 60 days plus M. Roos 60 days D. Pule 60 days plus ✓	Charge interest on overdue accounts ✓ Offer discounts for early payment ✓ Consider legal action against problem debtors (any 2)

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QUESTION 3

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.

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.

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3.2

No.	Creditors' Ledger of KZ Stores	Statement of account received from Valley Ltd
Balance	112 820	182 150
A	- 9 000	- 9 000
B	✓✓ + 87 500	
C		✓✓ + 7 200
D		✓✓ - 1 400
E		✓✓ - 630
F	✓✓ + 2 100	
G	✓ - 5 250 ✓ - 5 250 - 10 500 (2 marks)	
H		✓✓ + 4 600
	182 920 ✓*	182 920 ✓*

3.3 3.3.1

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.

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3.3.2

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.

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