

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2018

ACCOUNTING P2

MARKS: 150

TIME: 2 hours

This question paper consists of 7 pages and a 10 page answer book.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. A special ANSWER BOOK is provided in which you must answer ALL the questions.
2. Show ALL workings to earn part-marks.
3. You may use a non-programmable calculator.
4. You may use a dark pencil or black/blue ink to answer the questions.
5. Where applicable, show all calculations to ONE decimal point.
6. A breakdown of the questions is provided. You must attempt to comply with the suggested time allocation for each question.

QUESTION 1: 25 marks; 20 minutes	
Topic of the question:	This question integrates:
Internal control, VAT	Financial accounting <ul style="list-style-type: none"> • VAT concepts Managing resources <ul style="list-style-type: none"> • Control of cash and stock
QUESTION 2: 45 marks; 35 minutes	
Topic of the question:	This question integrates
Cost accounting and internal control	Cost accounting <ul style="list-style-type: none"> • Calculating production cost Managing resources <ul style="list-style-type: none"> • Control of raw materials and work in progress
QUESTION 3: 25 marks; 20 minutes	
Topic of the question:	This question integrates:
Budget	Cost accounting <ul style="list-style-type: none"> • Concepts • Budget • Managing costs
QUESTION 4: 55 marks; 45 minutes	
Topic of the question:	This question integrates:
Reconciliation and general ledger	Managing resources <ul style="list-style-type: none"> • Control of debtors and trading stock

QUESTION 1: INTERNAL CONTROL AND VAT

(25 marks; 20 minutes)

1.1 INTERNAL CONTROL

Read the following scenario and answer the questions that follow.

Lennox High’s Grade 10 learners have been running a small tuck-shop business at school during break time. They are a group of five who help each other at the tuck-shop. They have been recording everything they do. They kept their stock in an unlocked cupboard in the accounting teacher’s classroom. Their cash was put in a shoe box and also put inside that cupboard. Two weeks after beginning their project, they were disappointed to notice that their trading stock and cash were missing. They have asked one of the Grade 12 Accounting learners to look at their books and check how much their loss is.

- 1.1.1 The Grade 12 learner acts as their (internal / external) auditor. (2)
- 1.1.2 Recommend THREE control measures or procedures that should be implemented in order to protect the trading stock and the cash from being stolen. (12)

1.2 VAT STATEMENTS

Indicate whether the following statements are TRUE or FALSE.

- 1.2.1 VAT is payable to SARS.
- 1.2.2 VAT input is the value added tax that is charged to customers.
- 1.2.3 Any business with sales of more than R200 000 must register as a VAT vendor.
- 1.2.4 Certain basic foods and essential items are zero-rated to assist the poor.
- 1.2.5 Most businesses mark their stock with the selling price including VAT.
- 1.2.6 VAT is payable when VAT output exceeds VAT input. (6)

1.3 VAT ANALYSIS

Analyse the following items by making a cross (X) in the appropriate column.

	GOODS / SERVICES	15% VAT	0% VAT	VAT EXEMPT
1.3.1	Petrol			
1.3.2	New cash register			
1.3.3	Brown bread			
1.3.4	School fees of public school			
1.3.5	Salary of hotel manager			

(5)

QUESTION 2: COST ACCOUNTING AND INTERNAL CONTROL**(45 marks; 35 minutes)**

Win-Wood Manufacturers make wooden tables for outdoor use. The target of the factory is 250 tables per month.

REQUIRED:

- 2.1 Calculate the total cost of production for the month, according to the following steps:
- 2.1.1 Direct material cost for 250 tables (20)
- 2.1.2 Direct labour cost for 250 tables (4)
- 2.1.3 Prime cost (2)
- 2.1.4 Calculate the overhead cost (7)
- 2.1.5 Calculate the total production cost for 250 tables (2)
- 2.2 Calculate the unit cost per table. (3)
- 2.3 Calculate the selling price per unit if the mark-up is 30%. (3)
- 2.4 Win-Wood Manufacturers experience huge losses due to errors made during production. Give TWO solutions to solve this problem. (4)

INFORMATION:

The following materials are required to make **one** table.

Wood	R10 per m	12 slatted pieces x 2,8 m
	R12 per m	8 square pieces x 4 m
Brass screws	R3 per packet of 50	2 packets
Sandpaper	R6 per sheet	6 sheets
Varnish	R20 per litre	1 litre
Labour rate	R20 per hour	5 hours per table
Factory insurance	R3 000 per month	
Rent	R6 000 per month	Factory: R3 000 Admin block: R3 000
Consumable stores	R200	Gloves, dust masks
Cleaning aids	R150	Hand cleaner, varnish remover
Salaries	Manager: R12 000	
	Receptionist: R4 500	
	Factory manager: R8 000	
	Factory cleaner: R2 800	

QUESTION 3: BUDGET**(25 marks; 20 minutes)**

- 3.1 Indicate whether the following statements are TRUE or FALSE.
- 3.1.1 A long term budget is drawn up for a period of five years.
- 3.1.2 Capital budget is the same as the cash budget.
- 3.1.3 Shortfall is when you receive more money than what you spend.
- 3.1.4 A cash budget is a plan showing only the money expected to be received
- 3.1.5 A zero budget is drawn up each year. (5)
- 3.2 Grade 11 learners are usually responsible to organise the matric farewell. Since Grade 10 learners need to be knowledgeable, it is important to take note of what the 2018 Grade 11s did.

REQUIRED:

- 3.2.1 Prepare a budget for the 2019 matric farewell using the information supplied. (10)
- 3.2.2 Make a suggestion to cut the costs for décor and food for the 2019 matric farewell. (4)
- 3.2.3 Name ONE other possible fundraising method. (2)
- 3.2.4 Name TWO sources of income and TWO expenses found on a household budget. (4)

INFORMATION:

Dècor	5 000
Catering	24 000
Rent of the venue	6 000
Cake sale	2 000
Donations	6 000
Soccer tournament	17 600
Raffle	4 500
Sale of bunny chows	3 900

25

QUESTION 4: RECONCILIATIONS AND GENERAL LEDGER**(55 marks; 45 minutes)****4.1 RECONCILIATION****REQUIRED:**

- 4.1.1 Draw up the amended Debtors Control account as at 30 September 2018. (16)
- 4.1.2 Make the necessary adjustments to the debtors list. Show all calculations. (7)
- 4.1.3 Name TWO strategies that can be implemented to encourage debtors to pay their accounts on time. (4)

INFORMATION:

The inexperienced bookkeeper of Spaza Traders prepared the following Debtors Control account on 30 September 2018.

**GENERAL LEDGER OF SPAZA TRADERS
DEBTORS CONTROL**

Sep	1	Balance	b/d	41 550	Sep	30	Bank	CPJ	95
	30	Sales	DJ	95 350			Debtors allowances	DAJ	574
		Bank	CRJ	90 936			Journal credits	GJ	292
		Journal debits	GJ	508			Balance	c/d	227 383
				228 344					228 344
Oct	1	Balance	b/d	227 383					

Debtors list

C Rode	0
D Mahoman	130
RE Truter	35 641
Master & Sons	7 000

Errors and omissions

- C Rode's cheque for R95 was returned by the bank marked "insufficient funds", this has been recorded. C Rode had previously settled his debt of R105.
- D Mahoman, a debtor, is insolvent and the balance of R130 on his account must be written off as a bad debt. No entry has been made.
- The Debtors Journal is overcast by R3 000.
- A debit note for R180 in respect of goods returned to RE Traders (a creditor) was entered in the Debtors Allowances Journal by mistake and posted to the account of RE Truter in the debtors' ledger.
- Master & Sons, a creditor, who has a debit balance of R7 000, appears on the debtors list.

4.2 GENERAL LEDGER

REQUIRED:

- 4.2.1 Complete the Trading Stock account by supplying the missing information (A – J). (11)
- 4.2.2 Give ONE possible explanation for the entry of R2 220. (2)
- 4.2.3 Give TWO possible explanations for the entry of R60. (4)

GENERAL LEDGER OF NT TRADERS Trading Stock

Sep	1	Balance	b/d	A	Sep	30	Creditors Control	F	950
	30	B	CPJ	6 880			G	CRJ	9 200
		Creditors Control	C	7 430			Cost of sales	H	8 500
		D	DAJ	2 220			I	GJ	60
		Petty Cash	E	90			Balance	c/d	2 410
Oct	1	Balance	b/d	J					

4.3 INTERNAL CONTROL

M Snook is employed by NT Traders. It is her duty to order stock, to record all transactions relating to these orders and to pay the suppliers. She frequently buys stock from regular suppliers for the personal use of the owner and staff members. She is too busy with her other duties to do the quarterly stocktaking as requested.

- 4.3.1 Name and explain the GAAP principle that should be applied in the above scenario. (3)
- 4.3.2 NT Traders do not have proper control of their trading stock. Identify THREE areas of concern and give a solution for each. (6)
- 4.3.3 It has been noted that the quality of the trading stock supplied by one of the regular suppliers has deteriorated. Give ONE suggestion as to how NT Traders can overcome this problem. (2)

55

TOTAL: 150