



Education and Sports Development

Department of Education and Sports Development
Department van Onderwys en Sport Ontwikkeling
Lefapha la Thuto le Tlhabololo ya Metshameko
NORTH WEST PROVINCE

PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING: PAPER 2

JUNE 2019: MEMORANDUM

MARKS: 150

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer).
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
10. Be aware of candidates who provide valid alternatives beyond the marking guideline.
11. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 11 pages.



QUESTION 1 COST ACCOUNTING - MANUFACTURING1.1 **Match the concepts**

1.1.1	E	✓
1.1.2	A	✓
1.1.3	D	✓
1.1.4	C	✓
1.1.5	B	✓

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1.2 **BACHUM BUILDERS**1.2.1 **Calculate:**

Direct labour cost		
5 x 1 840 x R45,60	= 419 520 ✓ <input checked="" type="checkbox"/> *	
385 x 5 x R68,40	= 131 670 ✓ <input checked="" type="checkbox"/> *	551 190 – 4 marks
419 520 <input checked="" type="checkbox"/> x 10%	= 41 952 <input checked="" type="checkbox"/> *	(37 756,80 + 4 195,20) - both
for 1 mark		
Total	= 593 142 <input checked="" type="checkbox"/> *	*One part correct

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GENERAL LEDGER OF BACHUM BUILDERS

(a)

RAW MATERIAL ACCOUNT

2018 Mar	1	Balance	b/d	23 500 ✓	2019 Feb	28	Creditors control		8 600 ✓
2019 Feb	28	Creditors control		488 400 ✓			Work-in-progress acc.		483 000 ✓
		Bank		14 230 ✓			Balance	c/d	34 530 ✓
				526 130 <input checked="" type="checkbox"/>					526 130
2019 Mar	1	Balance	b/d	34 530					

7



(b)

FACTORY OVERHEAD ACCOUNT

2019 Feb	28	Consumable stores / Factory indirect material		21 914 ✓	2019 Feb	28	Work-in-progress acc.		447 988 ✓*
		Indirect labour		81 000 ✓					
		Rent expense 278 400 x 5/8		174 000 ✓✓					
		Water and electricity 134 900 x .75		101 175 ✓✓					
		Insurance 46 800 x 2/3		31 200 ✓✓					
		Sundry expenses		38 699 ✓					
				447 988					447 988

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(c)

WORK-IN-PROCESS STOCK ACCOUNT

201 8 Mar	1	Balance	b/ d	27 270 ✓	20 19 Feb b	2 8	Finished goods stock Balancing figure		1 524 80 0 ✓
201 9 Feb	2 8	Direct material cost		483 000 ✓* See 1.2.1 (a)			Balance	c/ d	26 600 ✓
		Direct labour cost		593 142 ✓* See 1.2.1					
		Factory overhead cost		447 988 ✓* See 1.2.1 (b)					
				1 551 400 ✓			one part correct		1 551 400
201 9 Mar	1	Balance	b/ d	26 600					

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1.2.3 **GROSS PROFIT CALCULATION**

see 1.2.2.3

Cost of sales : 40 026 ✓ + 1 524 800 – 45 744 ✓ = 1 519 082 *Sales (units) 210 + 8 000 – 240 = 7 970 ✓ x R250 = 1 992 500 *
one part correctGross profit : 1 992 500 – 1 519 082 = 473 418 * one part correct**OR**2 marks 2 marks 1 marks 2 marks 1 work with
250 – 190,60 = 59,40 x 7 970 = 473 418

8

1.3 **MABE MANUFACTURERS**

1.3.1 (a) 12 480 x R7,00 = 87 360 ✓✓

(b) 374 400/12 480 = R30 ✓✓

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1.3.2 **Do a calculation to verify the break-even number of units for the financial year ended 30 June 2019**

see 1.3.1 a

$$25 \times 12\,480 \text{ or } (224\,640 + 87\,360)$$

$$\frac{312\,000 \checkmark \checkmark \text{ One part correct in workings.}}{R92,50 \checkmark - (28 + 30 + 8,50)} = 12\,000$$

$$66,50 \checkmark$$

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1.3.3 **Comment on the break-even point and the level of production for both years. Quote relevant figures in your comment.**

Valid comment ✓✓ quoting figures ✓✓

Comparing BEP to level of production – the business produced 12 480 units which is 480 units more than the BEP. Making low profit. Need to increase productivity to increase profits

Or

Compare production 2018 to 2019 – the business produced 680 units more than last year.

Or

BEP increased from 11 800 to 12 000 units. The business did not make a profit last year (broke even) but managed to increase the production levels this year.

4



1.3.4 **Provide a valid reason for the change in direct material cost per unit.**

Any valid reason ✓✓ **see to calculation (b)**

- Could be additional transport costs.
- Shortage of stock from suppliers pushed the price up (supply and demand)
- Wastage in the factory.
- Poorly trained workers.
- Stock theft.
- Inflation
- Injudicious buying (not comparing prices, looking for alternative suppliers, etc. care-free kind of buying)

2

1.3.5 **Give ONE suggestion that the business can use to improve production and profitability. Quote figures.**

- Reduce costs – 20% increase in direct materials.
- Control use of raw material. Train workers to be more efficient (25,00 → 30,00)
- Look for cheaper suppliers, local to reduce transport costs. (25,00 → 30,00)
- Provide incentives to workers to produce more – only 680 units more than last year and 480 more than the BEP. Workers increase is 9%.
- Spend more money on advertising to improve sales – there was a decrease in selling and distribution costs from 8,90 to 8,50 per unit.
- Only a 14% increase in price of desks – could use a bigger mark-up. (40% mark-up presently being used) ✓✓

2

60
60

60



QUESTION 2:**2.1 Write only the term next to the question number**

2.1.1	Stale cheque✓
2.1.2	Debit order✓
2.1.3	Bank charges ✓
2.1.4	Dishonoured cheque✓
2.1.5	Bank overdraft✓

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2.1.2 Cash Receipts Journal – 30 November 2018

Day	Details	Bank	Sundry Accounts	
			Amount	Details
	Total	174 890	174 890	
	T Tlou	✓4 400	4 400	✓Rent income
	BWK Hospice	✓550	550	✓Donation
	CJ Motors	✓2 360	2 360	✓Repairs
		☑182 200	182 200	

* Details and the amount must both be correct and correspond for candidates to earn a mark or marks, i.e. details and amounts must not be marked independently from one another.

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2.2.1 Cash Payments Journal – 30 November 2018

Day	Details	Bank	Sundry Accounts	
			Amount	Details
	Total	124 760	124 760	
	Allsure Insurers	✓980	980	✓Insurance
	L Lebona	✓266	266	✓Debtors Control
	ABC Bank	✓✓1 494	843	✓Bank charges
		Can be split	651	✓Interest on overdraft
	Venter Stationers	✓545	545	✓Stationery
	CJ Motors	✓2 360	2 360	✓Repairs
		☑130 405	130 405	

* Details and the amount must both be correct and correspond for candidates to earn a mark or marks, i.e. details and amounts must not be marked independently from one another.

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2.2.2 Dr

Bank

Cr

2018 NOV 30	Sundry accounts / Total Receipts	182 200☑	2017 OCT 1	Balance	32 649✓
			2018 NOV 30	Sundry account Total Payments	130 405☑
				Balance	19 146✓
		182 200			182 200
2018 OCT 1	Balance	19 146☑			

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2.2.3 Bank Reconciliation Statement on 30 November 2018

Details	Debit	Credit
Balance as per Bank Statement		23 014✓
Outstanding deposit		19 870✓
Debit erroneously credited deposit	5 800✓	
Debit outstanding cheques: 3013	12 348✓	
3102	3 230✓	
3132	2 360✓	
Debit balance as per Bank Account	19 146☑	
Both totals	42 884	☑ 42 884

8

2.3.1 As the internal auditor, explain TWO concerns you have over Keneilwe's duties

Any TWO 2 marks ✓✓ ✓✓

- Lack of division of duties negatively affects internal control
- Lindi is the only person dealing with invoicing and receipt of cash
- Nobody is checking Lindi's work

For 1 mark:

- Division of duties ✓
- Internal Control ✓

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2.3.2 Identify TWO problems with the cash slip and give advices to solve them.

PROBLEM WITH EVIDENCE	ADVICE ✓✓ ✓✓
Problem✓ Evidence✓ figures not required	Specific advice required based on evidence Division of duties must not be mentioned twice Award 1 mark for an incomplete advice
Theft / Fraud / Error / Internal control measures are lacking. Some of the cash slips (7 000) have not been deposited / recorded.	Check that the total of cash slips agrees to the total of the cash deposit slip. The person receiving cash must not be the same person depositing it. Division of duties.
Rolling of Cash / The deposit occurs much later after receipt of cash (15 days).	Cash collected must be deposited immediately

8

50
50

QUESTION 3:

3.1 Dr Asset Disposal Account				N6 Cr			
2018 July	1	Vehicles✓	✓100 000	2018 July	1	Accumulated depreciation on vehicles 20000✓+16000✓+6400✓	42 400 ✓
						Creditors Control ✓	✓55 000
						Loss on sale of asset✓	✓2 600
			100 000				100 000

10



3.2	Fixed/Tangible Assets	Land and Buildings	Vehicles	Equipment
	Carrying value at the beginning of the year	400 000	224 000	60 000
	Cost	400 000	300 000	80 000
	Accumulated Depreciation	(0)	(76 000)	(20 000)
	Movements			
	Additions at cost	✓ 120 000	✓ 150 000	✓ 48 000
	Disposals at carrying value		✓☑(57 600) See 3.1	0
	Depreciation Vehicles 6 400 ☑+ 15 000✓+ 32 000✓ Equipment (8 000 ✓+ 1 200✓		☑* (53 400)	☑* (9 200)
	Carrying value at the end of the year	☑520 000	☑263 000	☑ 98 800
	Cost	✓520 000	✓350 000	✓128 000
	Accumulated Depreciation	(0)	☑ (87 000)	*☑29 200

☑* - any figure

20

3.3 The Land and Buildings were revalued on 1 March 2015 and the market value is R700 000, the financial records of are reflecting R400 000.Which GAAP Principle is applicable?

Historical Cost✓

1



3.4

Identify ONE problem in relation to each branch, quoting figures to support the problem. In each case, offer Wilson Bafana advice on how to solve the problem.

BRANCH	COMMENT	ADVICE
<p>Naledi</p> <p>Figures ✓</p> <p>Comment ✓</p> <p>Advice ✓</p>	<p>There is 10 motor bikes missing / stolen (57 – 47).</p> <p>OR</p> <p>Loss of income of R180 000.</p> <p>OR</p> <p>Loss on profit on R60 000</p>	<p>Take regular stock and compare it with the stock records.</p> <p>OR</p> <p>Improve internal control and install security cameras.</p> <p>OR</p> <p>Annel must pay in the shortage.</p>
<p>Kagisano</p> <p>Figures ✓</p> <p>Comment ✓</p> <p>Advice ✓</p>	<p>Money stolen/not all the money banked. Shortage of R400 000.</p>	<p>Control the deposit slips.</p> <p>OR</p> <p>Division of duties. Not the same person must receive and deposit the money.</p>
<p>Taung</p> <p>Figures ✓</p> <p>Comment ✓</p> <p>Advice ✓</p>	<p>Not a lot of motor bikes is sold. Only 125 of 425./ Sold only 29% of the stock.</p> <p>OR</p> <p>Her advertising is not effective. Use R20 000 more as Kagisano and R40 000 more as Naledi.</p>	<p>Must not pay the manager a fixed monthly salary. Let him work on a commission basis.</p> <p>OR</p> <p>The manager must revise the advertisement strategy.</p> <p>OR</p> <p>Take stock to other branches.</p>

09

40

40

TOTAL: 150

