



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sportontwikkeling
Lefapha la Thuto le Tlhabololo ya Metshameko

NORTH WEST PROVINCE

PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING: PAPER 2

JUNE 2019

MARKS: 150

TIME: 2 Hours

This question paper consists of 10 pages.



INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer all questions.
2. A special **ANSWER BOOK** is provided in which to answer ALL questions.
3. Workings must be shown in order to earn part-marks.
4. Non-programmable calculator may be used.
5. You may use a dark pencil or blue / black ink to answer the questions.
6. Use the information given in the table as a guide when answering the question paper. Try **NOT** to deviate from it.

QUESTION 1 :60marks ; 50 minutes	
The main topic of the question is:	This question integrates :
Cost accounting – Manufacturing	Managerial Accounting Concepts, Cost calculations and Ledger accounts Unit cost and Break-even analysis
QUESTION 2 : 50 marks ; 40 minutes	
The main topic of the questions are :	This question integrates :
Concepts, Bank reconciliation and internal control	Financial Accounting: Bank reconciliation Managing Resources Internal control
QUESTION 3 : 40 marks ; 30 minutes	
The main topic of the questions is :	This question integrates :
Asset Disposal, Note for fixed Asset and problem solving	Financial Accounting: Note for fixed assets Managing Resources Asset Disposal



QUESTION 1 MANUFACTURING CONCEPTS AND LEDGER ACCOUNTS

(60 marks; 50 minutes)

1.1 MANUFACTURING CONCEPTS

Choose a the terms in COLUMN A that matches an examples in COLUMN B. Write the letter (A – E) only next to question number (1.1.1 – 1.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.1.1	Selling and distribution cost	A	Wood used to make the desks
1.1.2	Direct material cost	B	Production wages
1.1.3	Factory overhead cost	C	Office stationery expense
1.1.4	Administration cost	D	Factory rent expense
1.1.5	Direct labour cost	E	Advertising expense

(5)

1.2 LEDGER ACCOUNTS

Bachum Builders manufactures school desks. The information presented relates to the financial year ended 28 February 2019.

REQUIRED:

1.2.1 Calculate the direct labour cost. (7)

1.2.2 Prepare the following Ledger Accounts at the end of the financial year:

- (a) Raw Material Account (7)
- (b) Factory Overhead Account (10)
- (c) Work-In-Process Stock Account (7)

1.2.3 Calculate the gross profit earned for the financial year ended 28 February 2019. (8)

INFORMATION:

A. Stock balances:

	28 FEBRUARY 2019 (R)	1 MARCH 2018 (R)
Raw material	34 530	23 500
Work-in-process	26 600	27 270
Finished goods	45 744	40 026
	(240 desks)	(210 desks)



B. Transactions during the year:

	(R)
Credit purchases of raw material	488 400
Transport cost on raw material paid by cheque	14 230
Defective raw materials returned to suppliers	8 600
Cash purchases of factory indirect material	23 750
Production wages	?
Salary and wages	213 800
Rent expense	278 400
Water and electricity	134 900
Insurance	46 800
Factory sundry expenses	38 699

C. Production wages:

Number of employees	5	
Normal time hours worked per employee	1 840 hours	
Overtime hours worked per employee	385 hours	
Normal time rate	R45,60	
Overtime rate	1,5 times the normal rate	
Deductions and contributions:		
	EMPLOYEE	EMPLOYER
Pension Fund	7% of basic	9% of basic
Unemployment Insurance Fund (UIF)	1% of basic	1% of basic

- D.** Consumable stores used in the factory amounted to R21 914.
- E.** Included in the salaries and wages is R81 000 for indirect factory labour.
- F.** The rent expense must be apportioned among the factory, sales department and the office in the ratio 5 : 2 : 1.
- G.** 75% of water and electricity must be allocated to the factory.
- H.** $\frac{1}{3}$ of the insurance expense is for both the sales department and the office.
- I.** During the year, 8 000 desks were produced at a cost of R190,60 per unit. Desks are sold at a fixed selling price of R250 each.



1.3 UNITS COSTS , BREAK-EVEN POINT AND INTERNAL CONTROL

Mabe Manufacturers manufactures plastic stationery bags. The information below was taken from their records for the financial year ended 30 June 2019.

REQUIRED:

- 1.3.1 Refer to information A below and calculate the amounts denoted by **(a)** and **(b)**. (4)
- 1.3.2 Do a calculation to verify the break-even number of units for the financial year ended 30 June 2019. (4)
- 1.3.3 Comment on the break-even point and the level of production for both years. Quote relevant figures in your comment. (4)
- 1.3.4 Give a valid reason for the change in the direct material cost per unit. (2)
- 1.3.5 Give ONE suggestion that the business can do to improve production and profitability. Quote figures. (2)

INFORMATION:

COSTS, PRODUCTION, SALES AND BREAK-EVEN POINT

	30 JUNE 2019		2018
	TOTAL COST	UNIT COST	UNIT COST
Fixed costs	?	25,00	23,50
Factory overhead cost	224 640	18,00	17,00
Administration cost	(a)	7,00	6,50
Variable costs	?	?	59,50
Direct labour cost	349 440	28,00	25,60
Direct material cost	374 400	(b)	25,00
Selling and distribution cost	106 080	8,50	8,90

Number of units produced and sold	12 480		11 800
Selling price per unit	R92,50		R83,00
Break-even number of units	12 000		11 800



QUESTION 2:
CONCEPTS, BANK RECONCILIATION AND INTERNAL CONTROL
(50 marks; 40 minutes)

2.1 CONCEPTS

Give ONE term for each of the following descriptions by choosing from the list provided below. Write only the term next to the question number (2.1.1–2.1.5) in the ANSWER BOOK.

outstanding deposit; dishonoured cheque; debit order; stale cheque;
bank overdraft; post-dated cheque; outstanding cheque; bank charges

- 2.1.1 A cheque that is more than six months old will not be cashed by the bank because it is a/an ... (1)
- 2.1.2 Permission granted to a third party to automatically receive monthly payments from the current account of a business ... (1)
- 2.1.3 Charges made by the bank against the account holder in order to operate the banking account ... (1)
- 2.1.4 Item shown as an 'unpaid' cheque on the Bank Statement will be regarded as a/an ... (1)
- 2.1.5 A facility whereby the business can use more money than it has in its current banking account ... (1)

2.2 BANK RECONCILIATION

The following information was extracted from the books of Essop Jordan Traders.

REQUIRED

- 2.2.1 Make supplementary entries in the following books on 30 November 2018:
- Cash Receipts Journal (7)
 - Cash Payments Journal (13)
- 2.2.2 Draw and balance the Bank Account on 30 November 2018. (5)
- 2.2.3 Prepare the Bank Reconciliation Statement on 30 November 2018. (8)



4. Entries that appeared in the Cash Journals only but not on the Bank Statement:
- A deposit of R19 870 made on 30 November 2018.
 - Cheque no. 3102 for R3 230
5. **Additional errors and omissions**
- Cheque no. 2134 was issued to BWK Hospice on 10 May 2018 as a donation. The hospice does no longer exist.
 - The bank mistakenly credited the business bank account with a deposit of R5 800 made by the owner into his personal bank account.
 - Cheque no. 3116 issued to Venter Stationers was entered as R1 227 in the CPJ. The bank statement reflects the correct amount as R1 772.
 - Cheque no. 3121 was issued to CJ Motors for repairs on the vehicle, R2 360. This cheque was lost by the payee and payment of the cheque was stopped. A new cheque (no. 3132) was issued but not yet deposited into the bank account by CJ Motors. No entries were made of all these transactions.

2.3 INTERNAL CONTROL

The scenario below was extracted from the books of BT Traders.

REQUIRED

Read the scenario below and then answer the following questions:

Keneilwe Khumalo, the bookkeeper, issues invoices, credit notes and collects cash from debtors. She recorded cash slip (CS371-402) as R25 500 on the 30 June 2018 in the business books. However, the internal auditor has noticed that cash slip (CS371-402) was recorded by the bank on the 15 July 2018 and that it actually amounts to R18 500.

- 2.3.1 As an internal auditor, explain TWO concerns you have over Keneilwe's duties. (4)
- 2.3.2 Identify TWO problems with the cash slip and give advices to solve them. (8)



QUESTION 3:
ASSET DISPOSAL, NOTE FOR FIXED ASSET AND INTERNAL CONTROL
(40 marks; 30 minutes)

You are provided with information relating to France Traders on 31 December 2018, the end of their accounting period.

REQUIRED:

- 3.1 Draw the Asset Disposal Account in the General Ledger. Close off the account on 31 December 2018. (10)
- 3.2 Prepare the Fixed/Tangible Assets Note. Show calculations. (20)
- 3.3 The Land and Buildings were revalued on 1 January 2018 and the market value was R700 000, the financial records are reflecting R400 000. Which GAAP Principle is applicable? (1)

Balances on 1 January 2018

	Cost	Accumulated depreciation	Carrying value
Land and buildings	400 000	(0)	400 000
Vehicles	300 000	(76 000)	224 000
Equipment	80 000	(20 000)	60 000

INFORMATION

Land and buildings

- Extension to the building at the cost of R120 000.
- Repairs to the store room amounts to, R25 000.

Vehicles

- Traded in an old vehicle on 1 July 2018 for R55 000 on a new vehicle costing R150 000 bought on credit from Dryharts Motors. The traded-in vehicle was bought on 1 January 2015 for R100 000.
- Depreciation on vehicles is calculated at 20% p.a. on the diminishing balance method (carrying value).

Equipment

- France Traders bought eight laptops at R6 000 each on 1 October 2018.
- Depreciation on equipment is calculated at 10% p.a on the cost price method.



3.4 Problem solving

Bafana Bikes sells one brand of motor bikes. The owner, Wilson Bafana, has three branches operating in Naledi, Kagisano and Taung. The three branches are managed by Annel, Ida and Lesego, respectively. Wilson Bafana has obtained the annual figures from the three branches for the financial period ending 30 September 2018.

REQUIRED

- 3.4.1 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. (9)

INFORMATION

	NALEDI (ANNEL)	KAGISANO (IDA)	TAUNG (LESEGO)
Number of motor bikes available for sale	525	320	425
Number of motor bikes sold during the year	468	290	125
Physical count on 30 September 2018	47	30	300
Cost price per motor bike	R12 000	R12 000	R12 000
Selling price per motor bike	R18 000	R18 000	R18 000
Total amount deposit	R8 424 000	R4 820 000	R2 250 000
Advertising per year	R20 000	R40 000	R60 000
Salary of manager per month	R30 000	R30 000	R30 000

40

TOTAL: 150