BERGVLIET HIGH SCHOOL

GRADE 10 **ACCOUNTING PAPER 2** **TIME: 2 HOURS**

MARKS: 150 **DATE: NOVEMBER 2024**

EXAMINER: L. CHADZINGWA

MODERATOR: C. STEVENS

INSTRUCTIONS

1. Answer ALL the questions in **ANSWER BOOK** provided.
2. **SHOW ALL CALCULATIONS** in order for part marks to be allocated.
3. Read the instructions carefully and follow them precisely.
4. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.
5. Non-programmable calculators may be used.
6. A formulae sheet is provided.

QUESTION	TOPIC	MARKS	TIME
1	Fixed Assets and Internal control	33	26 minutes
2	Manufacturing	24	19 minutes
3	Budgets	30	24 minutes
4	Trading Stock Ledger, Salaries and Wages and Ethics.	34	28 minutes
5	Creditors Reconciliations and Internal control	29	23 minutes
	Total :	**150**	**120 mins**

QUESTION 1: FIXED ASSETS AND INTERNAL CONTROL

(33marks; 26 minutes)

1.1. FIXED ASSETS

Ocean Breeze Traders' financial year ends on 28 February 2024.Kiana Reeves is the owner.

K. Reeves has requested your help with the following:

REQUIRED:

1.1.1. Prepare the Fixed / Tangible assets note to the financial statements. (29)

Show all calculations to earn marks.

INFORMATION:

Extract from the Pre-adjustment Trial Balance on 28 February 2024

	Fol	Debit	Credit
Balance sheet accounts section			
Land and buildings		450 000	
Vehicles		130 000	
Equipment		42 900	
Accumulated depreciation on vehicles			58 500
Accumulated depreciation on equipment			13 080

Adjustments and additional information:

- Depreciation on equipment must be calculated at 15% p.a. on the diminished balance method. Equipment for R12 000 was purchased on 1 December 2023 and correctly recorded.
- Depreciation on vehicles must be calculated at 20% p.a. on the cost price.

1.1. INTERNAL CONTROL – BUGS TRANSPORTERS

Read the information below and answer the question.

BUGS Transporters is owned by Bugs Maddy. He owns trucks and does deliveries within the boundaries of South Africa. One of his drivers has been hijacked twice in less than 8 months. He is worried that the insurance premiums have increased hugely because of claims submitted.

REQUIRED:

As an internal auditor of BUGS Transporters what advice would you give to the owner of the business for better internal control? Provide TWO points.(4)

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QUESTION 2: MANUFACTURING (24 marks; 19 minutes)

2.1. MANUFACTURING CONCEPTS

Choose the correct word(s) from COLUMN B to match the description in COLUMN A. Write only the letter (A – D) next to the number (2.1.1 – 2.1.4) in the ANSWER BOOK. (4)

COLUMN A		COLUMN B	
2.1.1	Costs that have to be paid, no matter how many goods are produced	A	Labour costs
2.1.2	All the costs that are not directly involved in the production of goods	B	Prime costs
2.1.3	The costs of the direct material and the cost of the direct labour	C	Fixed costs
2.1.4	The costs of labour involved in the manufacturing of goods	D	Manufacturing overheads

2.2 MANUFACTURING CALCULATIONS

Mathew Titus owns a small manufacturing enterprise, called Mathew's Custom-Made Furnishers. In January 2024, the principal of Hillbrow primary school, Mrs. Bell, requested Mathew to make 40 special tables for the new music center at the school.

REQUIRED:

Use the information provided below to complete the following calculations.

2.2.1 Calculate the direct material cost. (3)

2.2.2 Calculate the direct labour cost. (2)

2.2.3 Calculate prime cost. (3)

2.2.4 Calculate the total cost of production. (6)

2.2.5 Calculate the unit cost of ONE table. (3)

2.2.6 The business a cost-plus mark-up percentage of 50%. Calculate the selling price per table. (3)

INFORMATION:

A. Material cost to manufacture the tables:

Wood	R16 000
Steel for structure	R5 500
Nuts, bolts and screws	R1 100
Glue	R300
Wood oil	R500
Paint	R600

B. Mathew works from a small factory in Bergvliet and pays rent of R11 000 per month

C. His water and electricity bill for January 2023 was R1 800.

D. R250 is paid to the casual employee for each table produced.

E. 40 tables were produced.

F. The production of the tables took one month to produce – January.

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QUESTION 3: BUDGETS **(30 marks; 24 minutes)**

You are the treasurer of the school Eco Champions -club which is located in Cape Town. The club wants to visit the Upington Science Centre during the June vacation.

REQUIRED:

3.1 Explain why it is important to prepare a budget. Provide TWO points. (4)

3.2 Calculate the total cost for members for the transport. (5)

3.3 Calculate the following:

3.3.1 Total subsidy for accommodation and total subsidy for meals for all members (4)

3.3.2 The cost of the accommodation for the three days (4)

3.4 Calculate the cost for all members for the meals and refreshments. (4)

3.5 Calculate the total cost to all the members for the trip. (4)

3.6 Calculate the contribution needed per member. (3)

3.7 What can the club do to try and reduce the amount that each member must contribute? Give ONE point. (2)

INFORMATION:

(a) The club has 20 members.

(b) The cost of the trip will include the following:
- Transport to hire two minibuses. Each bus charges R8, 50 per-kilometer. Upington is 725 kilometers from Nelson Mandela Bay.
- Four cottages will be needed to accommodate the members for three nights. The total cost will be R2 350 per cottage per night.
- Meals and refreshments will be R450 per member for the duration of the tour.
- Entry tickets to the Science Centre cost R80 per person. (EC Science Expo will sponsor the club).

(c) The school SGB is prepared to subsidise (pay-part) for each member, R300 for accommodation and meals.

NOTE: R180 will be for meals and R120 will be for accommodation. The SGB will contribute R3 150 towards the transport cost.

QUESTION 4: TRADING STOCK LEDGER AND SALARIES AND WAGES JOURNAL

(33 Marks: 26 Minutes)

4.1. TRADING STOCK TRANSACTIONS (17 Marks: 14mins).

REQUIRED:
Use the following details to prepare the Trading stock account of TP Traders for July 2024.

1. The balance of the Trading stock account on 1 July 2024 was R45 860.
2. Purchased trading stock on credit, R67 450.
3. Cost of trading stock sold to customers on credit, R36 000.
4. Cost of trading stock sold to customers for cash, R48 000.
5. The owner took trading stock for personal use, R2 400.
6. Returned damaged trading stock to the suppliers, R8 900.
7. Cost of trading stock returned by customers, R3 500.
8 Donated stock worth R2 000 to a local school.
9. Trading stock bought and paid by EFT R66 000.

4.2. CONCEPT, SALARIES AND WAGES AND ETHICS (16 Marks: 13 mins)

CONCEPTS

Indicate whether the following statements are TRUE or FALSE. (4)

4.2.1. SDL is paid by employers whose payroll exceeds R 300 000.

4.2.2. UIF is normally 1% of the gross salaries.

4.2.3. PAYE must be paid to SARS.

4.2.4. If a salary is owed at the end of the financial year, the net salary is added to salaries in the income statement.

SALARIES AND WAGES JOURNAL.

You are provided with information extracted (taken) from the Wages Journal and Salaries Journal of Nikita Dealers for November 2023.They have employees that are paid weekly and monthly.

REQUIRED:

4.2.5. Calculate the missing amounts in the salaries and wages Journal for November 2023**. (A-E)** (9)

4.2.6. The owner Ms. Nikita Tilly decided that she would not pay the money over for PAYE this month as she needed the cash, she will make a double payment the next month. Why are you against the decision she took. Provide consequences (results) of this action in ONE point. (4)

INFORMATION A

WAGES JOURNALS OF NIKITA DEALERS FOR NOV 2023											
Week ended	**Gross Wage**	**DEDUCTIONS**					**Net Wage**	**EMPLOYERS' CONTRIBUTIONS**			
		Pension Fund	**Medical Aid Fund**	**UIF**	**PAYE**	**Total**		**Pension Fund**	**Medical Aid Fund**	**UIF**	**SDL**
17 Nov 2023	R2 874	R160	R240	R28.74	R809	**(A)**	**(B)**	R320	R240	**(C)**	R28.74
24 Nov 2023	R3 078	R164	R240	R30.78	R882			R320	R240		R30.78

INFORMATION B

SALARIES JOURNAL OF NIKITA DEALERS FOR THE MONTH ENDED 31 NOV 2023										
Gross Salary	**DEDUCTIONS**					**Net Salary**	**CONTRIBUTIONS**			
	Pension Fund	**Medical Aid Fund**	**PAYE**	**UIF**	**Total**		**Pension Fund**	**Medical Aid Fund**	**UIF**	**SDL**
R21 110	R1 480	R1 450	**(D)**	R2 111	R13 261	7849	R2 960	R2 175	R2 111	**(E)**

INFORMATION C

- The employer contributes on a rand for rand basis towards UIF.
- The employer contributes 1% of gross salaries towards the SDL.

Question 5: Creditors Reconciliation (29 Marks: 23 minutes)

5.1. You are provided with information relating to Musiyo Traders:

REQUIRED:

5.1.1. Prepare the corrected Creditors control account on 31 October 2023. All errors and omissions must be corrected. Balance this account. (12)

5.1.2. Prepare an updated Creditors List on 31 October 2023 (11)

Creditors Control

2023 Oct	31	Bank	CPJ	40 000	2023 Oct	1	Balance	b/d	54 750
		Discount received	CPJ	750		31	Total purchases	CJ	49 800
		Creditors Allowances	CAJ	1 200			Bank	CRJ	1 100
		Journal debits	GJ	290			JournalCredits	GJ	670
		Balance	c/d	64 080					
				106 320					**106 320**
					Nov	1	Balance	b/d	64 080

The Creditors List reflects the following balances before corrections:

	Debits	**Credits**
Tiffany's Limited		31 700
Melody Traders		13 550
Price Distributors		7 800
Reality Dealers		11 500
		64 550

Additional Information:

The following information was not taken into account when Journals were prepared:

(a) An invoice for stock purchased on credit on 26 October 2023 from Tiffany's Limited was not recorded. The invoice reflected the cost price of R3 400.

(b) There is an addition error in the ledger account of MelodyTraders. Their balance was under cast by R750.

(c) Reality Dealers granted cash discount of R450. This was incorrectly recorded in the CPJ as R250.

(d) An amount of R210 in the Creditors Allowances Journal for October 2023 was posted to the wrong side of the creditor, Price Distributors' account.

(e) Goods to the value of R800 were returned to Tiffany's Limited. The entry was correctly recorded in the Creditors Allowances Journal. It was not posted to the creditor's account.

5.2. INTERNAL CONTROL

Musiyo Traders reconciles the records of creditors on a monthly basis. The owner is concerned about the huge amounts that are paid to creditors which do not match the stock levels in the warehouse. There is also a minimal improvement in the sales figures.

5.2.1. Provide ONE possible reason for the shortage of stock? (2)

5.2.2. Which control measures should be applied by the business to ensure that stock is safeguarded? Provide TWO points. (4)

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THE END OF THE PAPER

FORMULA SHEET GRADE10

$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Owners' Equity}} \times \frac{100}{1}$
$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$	Current Assets: Current Liabilities	
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	(Current Assets – Inventories): Current Liabilities	
$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	Total Assets: Total Liabilities	