Grade 11 **Bergvliet High School**
Time: 2 Hours **Accounting Paper 2 Memo (NOV 2022)**

QUESTION 1: CONCEPTS AND MANUFACTURING ACCOUNTS (40 marks: 32mins)

1.1. CONCEPTS. (5 marks :4 minutes)

1.1.1	Direct Labour cost ✓
1.1.2	Direct material cost ✓
1.1.3	Selling and Distribution Cost ✓
1.1.4	Administration Cost ✓
1.1.5	Factory overhead cost ✓

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1.2.1 GENERAL LEDGER OF MORE-BLESSINGS MANUFACTURERS

Dr **RAW MATERIALS STOCK** **Cr**

Mar 2021	1	**Balance**	**b/d**	95 000✓	Feb 2022	30	Work in progress/Raw materials/Direct material cost✓	GJ	☑535 000
Feb 2022	28	Creditors ✓control	CJ	521 000✓			Balance	c/d	110 500
		Bank ✓ (carriage)	CPJ	29 500✓					

				645 500					**645 500**
Mar 2022	1	Balance	b/d	110 500✓					

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1.2.2. Direct Labour cost

(5×2 200×30 or 330 000✓✓) + 33 000✓	363 000☑

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1.2.3.Dr **FACTORY OVERHEAD COSTS** **Cr**

Mar 2021	1	Indirect materials(20500✓ +77 500✓ -18 000✓		80 000✓	Feb 2022	28	Work in progress		☑418 300
		Salary factory foreman		105 000✓					
		Maintenance: Factory equipment(37 000+11 000)		✓☑ 48 000					
		Water & electricity(21 0000×.8)		✓☑ 16 800					
		Rent paid(120/200×180 000)		✓☑ 108 000					
		Depreciation : Factory		✓ 60 500					
				418 300					**418 300**

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1.3. UNIT COST CALCULATIONS (10 MARKS: 8 MINUTES)

1.3.1 Calculate the direct material cost per unit.

$$178\checkmark\boxtimes = \frac{768\ 960}{4\ 320}$$

2

1.3.2 Calculate the break-even point for the year ended 28 February 2022

$$3345\boxtimes = \frac{518400\checkmark}{400\checkmark - 245\checkmark}$$

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1.3.3. Should the business be satisfied with the number of Units manufactured during 2022.Explain by quoting relevant information and calculations?

Yes✓. Number of radios manufactured is 4 320 above the break-even point of 3345✓✓.The business is making profit✓

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QUESTION 2: BUDGETS (42 MARKS: 34 MINS)

2.1.1. Prepare the debtors' collection Schedule for November and December

Month	Credit sales	November	December
September	**144 000**	**14 400**	
October	**149 760**	60%×149 760=89856✓✓	10% 1×49 760=14 976✓✓
November	**161 280**	25%×161 280=40 320✓✓	60%1×61 280= 96 768✓✓
December	**187 200**		25%1×87 200= 46 800✓✓
		144 576☑	158 544

☑ (Mark for both totals)

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2.1.2. Cash Budget for TWO months ending December 2022

RECEIPTS	**NOVEMBER**	**DECEMBER**
Cash Sales	**241 920**	280 800✓
Collection from debtors	144 576☑	158 544☑
Interest on fixed deposit		1 300✓✓
Rent income	**5 000**	5 000✓
TOTAL RECEIPTS ☑ (Mark for both totals	391 496☑	445 662
PAYMENTS		
Cash purchases of trading stock	67 200✓✓	**78 000**
Payment to Creditors	**138 320**	148 960✓✓✓
Loan repayment		24 000✓
Equipment		20 000✓
Interest on Loan	**3 000**	2 800✓✓
Salary Including bonus (store manager)	**20 000**	48 000✓✓
Sales assistants salaries	**60 000**	62 400✓
Drawings	**30 000**	50 000✓
Other operating expenses	138 000✓✓	**145 866**

TOTAL PAYMENTS ☑ (Mark for both totals)	456 520☑	580 026
CASH SURPULS (DEFICIT) operation	(65 024) ☑	(134 382) ☑
BALANCE AT THE BEGINNING	**138 400**	73 376☑
BALANCE AT THE END OF THE MONTH	73 376☑	(61 006) ☑

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2.1.3. Refer to transaction L, and explain why the employees should not be satisfied with the increase of 4% in their salaries.

The increase given to employees is below the inflation rate, compared to the 20% increase given to management. ✓✓
(Accept any inflation rate between 5.7% and 8%)/Current rate of 7.6%

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QUESTION 3: BANK RECONCILIATION (24 marks: 17 minutes)

3.1.1. Give **TWO** reasons why it is important for Yellow Cab Driving School to prepare a Bank Reconciliation Statement monthly.

Two valid reasons

- Important internal control tool✓
- Identifies outstanding EFT'S and deposits✓
- Detects Fraud
- Identifies Errors and omissions and confirms the accuracy of all transactions.
- Checks the bank account balance against the bank statement.

Any relevant answer

2

3.1.2. **Cash Receipts Journal of Yellow Cab Driving School as at 28 February 2022**

Date	Name of General Ledger account	Fol	Amount
	Totals	**b/d**	**20420**
	Current income		3500✓✓
	Interest income/Interest on savings		52✓✓
	Creditors control (9 500✓-5 900✓)		3600✓
			27572☑

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3.1.3. Cash Payments Journal of Yellow Cab Driving School as at 28 February 2022

Date	Name of General Ledger account	Fol	Amount
	Totals	**b/d**	**29 070**
	Bank Charges		260✓✓
	Vehicle expenses		250✓✓
	Salaries (5 500✓-550✓)		4950✓
			34 530☑

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3.1.4. Bank Reconciliation Statement as on 28 February 2022

	Debit	Credit
Balance as per Bank Statement		11892✓
Credit Outstanding Deposits		750✓
Debit Outstanding EFT's		
No.450	2 300✓	
No.451	1 700✓	
Debit Balance as per bank account	Balancing figure 8 642☑	
	12 642☑	12 642

☑ (Mark for both totals the same)

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3.2 CREDITORS' RECONCILIATION (12 MARKS: 10 MINS)

Green wholesalers Creditors' Reconciliation on 31 October 2022

	Statement of Account from Green Wholesalers	**Creditors' Ledger of Fresh Fruit Partners.**
Incorrect balance	**14 530**	**13 789**
a.		+450✓
b.	-90✓	
c.		+700✓+700✓ or +1400✓✓
d.		+251✓
e.	+3400✓	
	-1950✓	
Correct balance	**15 890**☑	**15 890**

☑ (Mark for both totals the same)

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3.2.2. An Internal auditor of Fresh Fruit Partners discovered that goods to the value of R6 500 ordered from Tom Fruits stores were not delivered to the premises of the business. An investigation revealed that the person in charge of placing the orders and receiving goods, ordered the goods for his personal use.

a. What action should be taken by management against this employee? Provide <u>TWO</u> points.

Deduct the money from his salary/Recover money through legal action. ✓
Call him to a disciplinary hearing. ✓
A case should be opened at the SAPS.
Suspend the employee pending the outcome of the case.

*Firing/dismissal is not acceptable
Any two points✓✓

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b. Provide <u>TWO</u> internal control measures that should be applied to prevent this from happening again.

Perform monthly creditors reconciliations ✓
Division of duties ✓
Senior personnel to authorize purchases
Do internal audit to check /detect errors
When goods are received, the receiving officer should check the stock delivered against the invoice and order form.

Any two points✓✓

2

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QUESTION 4 INVENTORY SYSTEMS AND VAT (32 MARKS: 25 MINS)

4. VAT (10 MARKS: 8 MINUTES)

	WORKINGS	ANSWER
(a)	1 104-960	144✓
(b)	15% ×52 600	7 890✓☑
(c)	720✓ ×100/15✓	4 800☑
(d)	15/115✓ × 112470✓=14 670 14 670-825✓=	 13 845☑

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4.2. INVENTORY (22 MARKS: 17 MINUTES)

4.2.1 PERIODIC INVENTORY SYSTEM

Dr **TRADING ACCOUNT** **Cr**

Jul 2022	1	Opening stock		120 000✓	Jul 2022	31	Sales		232 000✓
	31	Purchases(141 000✓-6 400✓-7 500✓)		127 100☑			Closing stock		95 400✓
		Carriage on purchases		3 500✓					
		Customs duty		4 800✓					
		Profit and loss/gross profit✓		72 000☑					
				327 400					327 400

Purchases 141 000✓-7500✓=133 500☑

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4.2.2. Calculate the cost of sales

Sales 232 000✓-72 000☑=160 000☑ or

Opening stock	120 000✓
Purchases (141 000-6 400-7 500)=	127 100✓
Carriage on purchases	3 500
Customs duty	4 800
Closing stock	(95 400)
Cost of sales	**160 000☑**

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4.2.3. Calculate the actual mark-up % on cost achieved for the month

$$\frac{Gross\ profit}{Cost\ of\ sales} \times \frac{100}{1}$$

$$45\%\checkmark = \frac{72\ 000\checkmark}{160\ 000\checkmark\checkmark} \times \frac{100}{1}$$

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4.2.4. Penny suspects that there has been shoplifting .Give <u>TWO</u> Internal control measures that can be put in place to prevent this in the future.

Regular stock taking✓✓
Improve security e.g. CCTV, employ security guard✓✓
Storeroom keys to be kept by one senior personnel
Keep stock records up to date

Any TWO points✓✓ ✓✓

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End of Paper