Grade 11 Exam P2 2024 memo

QUESTION 1: BANK RECONCILIATION STATEMENT, INTERNAL CONTROL AND CREDITORS

RECONCILIATION

1.1. CONCEPTS

Indicate whether the following information relating to Bank Reconciliation statements are TRUE or FALSE.

5

1.1.1	***False*** ✓
1.1.2	***True*** ✓
1.1.3	***True*** ✓
1.1.4	***False*** ✓
1.1.5	***True*** ✓

1.2. BANK RECONCILIATION STATEMENT AND INTERNAL CONTROL

1.2.1 ***Identify the items and the amounts that must be entered in the Cash Receipts Journal (CRJ) and the Cash Payments Journal (CPJ) for August 2023. List only the item number and the amount. Do NOT give totals for each journal.***

Cash Receipts Journal (CRJ)	
Item number	***Amount***
5	*540* ✓
6	*14 000* ✓
9	*5 800* ✓

Cash Payments Journal (CPJ)	
Item number	**Amount**
2	R21 500✓
4	R620✓
7	R3 600✓✓

1.2.2 BANK RECONCILIATION STATEMENT ON 31 AUGUST 2023

	Debit	**Credit**
Cr balance as per bank statement ✓		*42 000✓*
Cr outstanding deposit ✓ (15 600+18 000)= 33 600		*15 600✓*
		18 000✓
Cr amount wrongly debited		*300✓*
Dr outstanding EFT's		
2395	*15 000✓*	
2418	*8 450✓*	
2420	*12 000✓*	
Dr balance as per bank account ✓missing figure	*40 450☑*	
	75 900	*75 900*

1.2.3 ***It is clear that the business is not controlling its cash properly. What specific problems will the internal auditor include in his report? Explain TWO of these problems, providing figures to support your explanation, and give a possible solution foreach. Dismissal of employees is not an option at this stage.***

	Explanation (with figures) ✓✓ ✓✓	*Possible solution ✓ ✓*
Problem 1	*The physical security of depositing cash, R21 500 was stolen.*	*Use cash in transit service/two people to do the depositing/ ask customers to use EFTs/change depositing routines*
Problem 2	*Rolling of cash, deposits of R34 800 (July) and R33 600 (August) are several days old and are still not deposited at the end of each month.*	*Internal auditor must check that the cashier is depositing cash daily/appoint a different person to do the depositing*

QUESTION 2

2.1 **Calculate the credit sales for November 2022 and complete the Debtors' Collection Schedule for December 2022.**

MONTH	CREDIT SALES	CALCULATION	DECEMBER
September	**R62 400**		
October	**R67 200**	*67 200 x 7%*	✓ 4 704
November	R72 000 ✓	*72 000 x 60%*	☑ 43 200
December	**R78 000**	*78 000 x 30%* ✓ *x 96%* ✓ ***or*** *78 000 x 30% - 4%*	✓ 22 464
		TOTAL	☑* 70 368

* MUST BE Oct + Nov + Dec. NO amount in Sept

7

2.2 **Calculate the missing amounts indicated by (i) to (v) on the Cash Budget.**

NO.	CALCULATION	ANSWER
(i)	260 000 x $^{100}/_{160}$ = 162 500 ✓ x 25% ✓	☑ R40 625
(ii)	140 000 x 75% = 105 000 x 95% 105 000 – 5%	✓✓ R99 750 *No part marks*
(iii)	48 000 ÷ 4 = 12 000 ✓ + 3% = 12 360 ✓ x 5 **or** (1 mark) (1 mark) 48 000 + 12 000 = 60 000 + 3% **or** (1 mark) (1 mark) 60 000 x 103%)	☑ R61 800
(iv)	5 060 x $^{100}/_{110}$	✓✓ R4 600 *No part marks*
(v)	8 500 – 32 800	✓✓ (24 300) *No part marks* *Must be in brackets or negative or overdraft*

12

2.3 **Luke decided to offer special discounts to customers during November. Customers were reminded through daily advertisements on the local radio station about this offer.**

In your opinion, did this special offer benefit the business? Provide figures to support your answer.

No, ✓

Luke budgeted R6 000✓ more for advertising✓ but:

- Actual sales are R36 000 (240 000–204 000) under the budgeted amount

or

- Gross profit is R22 000 (90 000–68 000) less than budgeted for. ✓✓

Must show the link between advertising and sales or gross profit for two marks and with figures four marks

5

2.4 **Refer to information C and E.**

2.4.1 **Calculate the percentage increase in rent income.**

One mark	**ANSWER**
(9 675 – 9 000) $\frac{675}{9\,000}$ ✓ ✓	7,5% ☑

3

2.4.2 **The workers are not satisfied with the percentage salary increase that they will receive from 1 December 2022. They approach you for advice. Do you think they should accept the increase or not. Motivate your answer with appropriate figures and calculations.**

No ✓

Any reason ✓ ***figures*** ✓

- 3% is below the average inflation rate of ± 6%
- The manager will receive an increase of 12% ($^{3\,000}/_{25\,000}$)
- The owners cash drawings will increase with 12% ($^{3\,000}/_{25\,000}$)

or

Yes *(1 mark)*

Any reason ✓ ***figures*** ✓

- 2022 has been a difficult year, therefore any increase is acceptable

3

TOTAL MARKS
30

QUESTION 3: MANUFACTURING

3.1 TIANA'S UMBRELLAS

3.1	**Calculate the direct labour cost.**		
	Normal time: 1 920✓ x R95✓ = 182 400 x 3✓	547 200	**5**
	Bonus: 547 200 x 12% if 12% of figure above	65 664 ☑	
	one part correct ☑	612 864	
	3 x (182 400 + 21 888) = 612 864		

3.2 FACTORY OVERHEAD COST

Sundry factory expenses		**30 975**	
Indirect material	(52 200✓ + 4 400 ✓ – 3 600✓)	53 000✓	
Rent expense	(117 000 x $^{5}/_{8}$)	73 125✓✓	
Insurance	(16 640✓ – 1 280✓) x 75%✓	11 520 ☑*	
Salary of factory foreman	(97 150✓ + 8 750✓ + 900✓) 9 650: 2 marks	106 800 ☑*	
Water and electricity	(20 010✓ ÷ 60✓ x 80✓) 33 350 x 80/100	26 680 ☑*	
*Cannot get full marks per line if answer is incorrect			
TOTAL	*operation (one part correct)	302 100 ☑*	**19**

-1 for foreign items (advertising)

3.3

GENERAL LEDGER OF TIANAS UMBRELAS

DR **WORK IN PROCESS ACCOUNT** **CR**

	1	Balance		✓37 600			Finished goods✓		✓1533 664
		Raw materials✓		✓623 700			Balance		✓42 600
		Direct labour✓		✓612 864					
		Factory overheads✓		✓302 100					
				1576 264					1576 264
		Balance		✓42 600					

QUESTION 4

4.1 **Calculate the amount of VAT that France will either pay to or receive from SARS.**

(R87 975 x $^{15}/_{115}$)

OUTPUT: R11 475 ✓✓ **+** R360 ✓ = R11 835 ☑*

or

(2 marks) (1 mark) (1 mark) (1 mark) (Method mark)

R11 475 + R360 + R113 + R180 = R12 128

(R52 000 x 15%) (R10 120 x $^{15}/_{115}$)

INPUT: R7 800✓ + R1 320✓✓ - R113✓ – R180✓ = R8 827 ☑*

or

(1 mark) (2 marks) (Method mark)

R7 800 + R1 320 = R9 120

or

11 475-7 800-1 320+360+113+180=3 008

Owed ~~by~~/<u>to</u> SARS - R3 008 ☑ * ***Must indicate payable to SARS*** ✓

Vat Control Account

7800✓✓	11 475✓✓
1320✓✓	360✓
Bal c/d 3 008	113✓
	180✓
12 128	**12 128**
	Bal b/d 3 008☑

***one part correct / Accept VAT Control T-account**

Question 4.2

Total for Purchases

560 000✓+4 500✓-6 200✓-12 500✓-5 800✓=540 000✓ 6 marks

4.2.1

DR **Trading Account** **CR**

Feb	28	**Opening Stock✓**		**46 300✓**	Feb 28		**Sales✓ [890 000✓- 25 000- ✓2 800] ✓**		**862 200✓**
		Purchases✓		**540 000(✓**			**Closing stock✓**		**51 000✓**
		Carriage on Purchases✓ [19000+3500]		**22 500✓✓**					
		Custom Duty✓		**17 000✓**					
		Profit & loss✓		**287 400(✓**					
				913 200					**913 200**

19 marks