



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NOVEMBER 2018

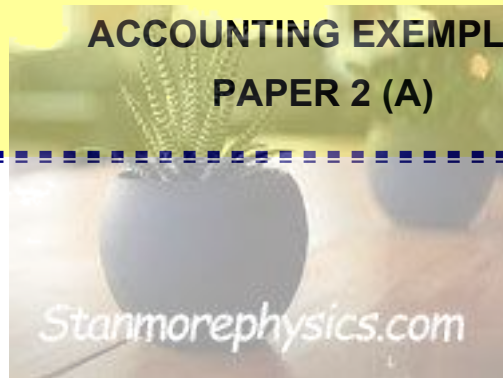


GRADE 10

**ACCOUNTING EXEMPLAR
PAPER 2 (A)**

MARKS: 150

TIME: 2 hours



This question paper consists of 11 pages and a 12-page answer book.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper. You may use this if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show all calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1: 20 marks; 15 minutes	
Topic	This question integrates:
VAT and Ethics	VAT concepts and calculations Ethical considerations

QUESTION 2: 35 marks; 30 minutes	
Topic	This question integrates:
Reconciliations	Creditors' Control account Creditors' List

QUESTION 3: 40 marks; 30 minutes	
Topic	This question integrates:
Fixed assets and Inventory	Fixed assets - Internal control and audit processes. Perpetual inventory system - recording and internal control

QUESTION 4: 30 marks; 25 minutes	
Topic	This question integrates:
Manufacturing	Manufacturing concepts and basic cost calculations

QUESTION 5: 25 marks; 20 minutes	
Topic	This question integrates:
Budgeting	Definition and calculations

QUESTION 1: VAT; ETHICS

(20 marks; 15 minutes)

VALUE ADDED TAX

1.1 Indicate whether the following statements are True or False. Write only TRUE or FALSE next to the numbers (1.1.1 – 1.1.4) in the ANSWER BOOK.

- 1.1.1 VAT is charged on all goods and services.
- 1.1.2 It is compulsory for all formal businesses to register for VAT.
- 1.1.3 Businesses must submit their VAT returns to SARS.
- 1.1.4 Output VAT is VAT on sales, received by the business. (4)

1.2 Calculate the missing amounts denoted by (a) to (d).

Note that the standard VAT rate is 15%.

VAT (INCLUSIVE)	VAT (EXCLUSIVE)	VAT AMOUNT
(a)	R1 300	R195
R2 760	(c)	(b)
(d)		R525

(8)

1.3 MDUNGE TRADERS

Mdunge Traders is registered for VAT. The VAT rate of 15% applies.

REQUIRED:

- 1.3.1 **Refer to the Information A:**
Calculate the VAT that the business must either pay or receive. (2)
- 1.3.2 You discovered that the VAT amount was not being submitted on due dates. On enquiry, it was discovered that the manager was using the VAT money to pay for business expenses. Give ONE point of advice to the manager and explain why you offer this advice. (4)
- 1.3.3 Mpumi, the owner, suggested to the bookkeeper that they charge VAT on all goods sold (including the zero rated goods) but keep a separate journal for the VAT payable to SARS. (2)
 - Comment on this suggestion. Provide ONE point.

INFORMATION:

A.

VAT from sales of goods	R5 280
VAT on municipal services (electricity and water)	R 279
VAT paid on purchases of trading stock	R3 870

QUESTION 2: RECONCILIATION

(35 marks; 30 minutes)

The information below relates to Charl Traders for October 2018.

REQUIRED:

- 2.1 Explain why the Creditors Control account balance and the Creditors list total should be equal. (2)

- 2.2 **Refer to the Creditors Control Account (Information A) and Information C:** Show the corrections to the Creditors Control account by completing the table provided. Use only positive figures in either the debit or credit column. Calculate the correct Creditors Control balance on 31 October 2018. (11)

- 2.3 **Refer to Information B and C:** Prepare the correct Creditors List on 31 October 2018. Show all workings next to the appropriate Creditor. (18)

- 2.4 Charl wants to improve the management of his creditors. Provide TWO internal control measures that he can use to achieve his goal. (4)

INFORMATION:

A. The Creditors' Control account before taking into account Information C :

**GENERAL LEDGER OF CHARL TRADERS
CREDITORS CONTROL**

Dr					Cr				
2018 Oct	31	Bank and discount received	CPJ	62 910	2018 Oct	1	Balance	b/d	48 735
		Total returns and allowances	CAJ	3 510		31	Credit purchases	CJ	72 480
		Journal debits	GJ	2 250			Journal credits	GJ	1 450

B. The incorrect Creditors' list on 31 October 2018:

CREDITORS	DEBIT	CREDIT
Green Stores		14 255
Becker Ltd		13 505
Suns Warehouse		5 685
Lamb Suppliers		8 940
Brown Stores	1 315	
ZZ Distributors	2 120	
Best Bakery		9 615

C. ADDITIONAL INFORMATION

- (i) The total in the Creditors Journal was under-stated by R2 000.
- (ii) Due to a calculation error, the balance of Becker Ltd's creditor's ledger account was reflected as R13 505 instead of R23 505.
- (iii) An invoice for goods bought from Suns Warehouse, R895, was recorded in the Creditors' Journal as R985, and posted as such.
- (iv) A debit note of R960 was issued to Suns Warehouse for goods returned to them. They did accept the returns but no entry was made in the books of Charl Traders for this transaction.
- (v) An invoice for R1 460 received from Brown Stores and correctly recorded in the journals, was incorrectly posted to the creditors ledger account of Lamb Suppliers.
- (vi) The Creditors' Control column in the Cash Payments Journal included an amount of R2 120 paid to ZZ Distributors for cash purchases.
- (vii) Merchandise of R1 285 was returned to Best Bakery and correctly entered in the Creditors' Allowances Journal. However, it was posted to Best Bakery's account in the Creditors' Ledger as a purchase.

QUESTION 3: FIXED ASSETS AND INVENTORY (40 marks; 30 minutes)

3.1 FIXED ASSETS

The information relates to **Malan Traders** for the financial year ended 28 February 2018.

REQUIRED:

3.1.1 State ONE reason why the asset register is a useful control tool for fixed assets. (2)

3.1.2 Calculate the depreciation on vehicles for the year ended 28 February 2018. (6)

Calculate the carrying value (book value) of vehicles on 28 February 2018. (4)

3.1.3 **Refer to INFORMATION C:**
You are provided with a page from the Asset Register for an item of equipment (A display fridge).

- Calculate the missing amounts denoted by (i) to (iv) in the extract provided. Show workings. (8)

3.1.4 The owner of Malan Traders is concerned about the management and safety of the vehicles, despite installing security cameras.

The following were reported:

- Vehicles are not being parked/returned to the premises at the end of the working day;
- Certain employees are using the business vehicles for their personal use.

(i) Explain ONE consequence of the above practices.
(ii) Provide ONE control measure that Malan Traders could introduce to improve the internal control of the vehicles. (4)

INFORMATION:

A. EXTRACT FROM THE TRIAL BALANCE ON 28 FEBRUARY 2018

Balance sheet accounts section	Debit R	Credit R
Vehicles (cost)	360 000	
Equipment (cost)	128 000	
Accumulated depreciation on vehicles (1/3/2017)		108 000
Accumulated depreciation on equipment (1/3/2017)		24 320

Note:

A new delivery motorbike, cost price R60 000, was purchased on 1 September 2017 and correctly recorded on this date.

B. DEPRECIATION

Depreciation is provided as follows:

- Vehicles: 20% p.a. on cost
- Equipment: 10% p.a. on the diminishing balance method.

C. EXTRACT FROM THE ASSET REGISTER:

MALAN TRADERS			
Item	Display fridge	Purchased from	Snowfreez Ltd
Date purchased	1 March 2016	Cost price	R26 000
Depreciation method		10% - diminishing balance	
DATE	DEPRECIATION	ACCUMULATED DEPRECIATION	CARRYING VALUE
28 Feb 2017		R2 600	(i)
28 Feb 2018	(ii)	(iii)	(iv)



3.2 INVENTORY

The information below relates to Manfred Traders for May 2018. They use the perpetual (continuous) inventory system to record and manage trading stock.

REQUIRED:

- 3.2.1 Provide any ONE feature of the perpetual inventory recording system. (2)
- 3.2.2 Take all the relevant information into consideration to answer the questions in your ANSWER BOOK.
- (i) Provide the correct detail (contra account) for (i) on the debit side. (1)
 - (ii) The **total cash sales** for May 2018 was R79 200.
Calculate the amount for (ii) in the Trading Stock account. (2)
 - (iii) Stock with a cost price of R1 600 was donated to the SPCA. These goods were marked at a special price for R2 400. The bookkeeper did not enter this transaction. Indicate the correct double entry for this transaction. (3)
 - (iv) Calculate the balance of Trading Stock on 31 May 2018 (before a physical stock-take):
NOTE: Include your answers from (ii) and (iii) above. (4)
 - (v) After a physical stock count on 31 May 2018, the actual value of the trading stock on hand was found to be R1 230 less than the balance reflected on the Trading Stock account.
Provide TWO possible reasons for the difference between these two amounts. (4)

INFORMATION:

A. Manfred Traders use a profit mark-up of 60% on cost.

B. GENERAL LEDGER OF MANFRED TRADERS

Dr					Cr				
TRADING STOCK									
2018 May	1	Balance	b/d	57 300	2018 May	31	Cost of sales	CRJ	(ii)
	31	Bank	CPJ	9 480			Cost of sales	DJ	23 850
		(i)	DAJ	1 020			Creditors' control	CAJ	2 100
		Creditors' control	CJ	31 300					
		Petty Cash	PCJ	150					
				99 250					

QUESTION 4: MANUFACTURING**(30 marks; 25 minutes)****4.1 CONCEPTS**

Choose the word/phrase from the list that completes each statement below. Write only the word/phrase next to the question number (4.1.1 - 4.1.5) in the ANSWER BOOK.

indirect material; direct labour; prime; indirect labour; variable; production; direct material

- 4.1.1 ... costs change according to the number of units produced.
- 4.1.2 The cost of glass in the manufacturing of light bulbs is a/an... cost.
- 4.1.3 Raw materials and direct labour used in the factory are equal to total ... costs.
- 4.1.4 The salary of the factory supervisor is a/an ... cost. (4)

4.2 COST CALCULATIONS

The information below relates to Mandy Moore, who sells hamburgers at her school's tuck shop at a profit mark-up of 80% on cost.

REQUIRED:

- 4.2.1 Calculate the following cost items per day:
- (i) Direct labour (3)
 - (ii) Direct material (5)
 - (iii) Factory overheads (5)
 - (iv) Total production cost (2)
 - (v) Cost per hamburger (2)
 - (vi) Selling price per hamburger (3)
- 4.2.2 Mandy is of the opinion that she can increase her profit by reducing certain costs. She has targeted direct material cost and factory overheads.
- Suggest TWO cost reduction measures for direct material cost and ONE measure for factory overheads, that she can introduce. (6)

INFORMATION

- A.** Mandy sells all the hamburgers that are prepared daily. Note the profit mark-up is 80% on cost.

B. HAMBURGER INGREDIENTS (RAW MATERIALS) PER DAY

	R
30 packets of hamburger meat patties (10 per packet)	2 680
25 dozen bread rolls at R15 per dozen	?
Lettuce, tomatoes and hamburger sauce	165

C. OTHER EXPENSES

- Mandy's cousin, Jody is paid R2,50 per hamburger per day for making the hamburgers.
- Cleaning materials, R120 per day.
- An extra fee to the tuck-shop cleaner; 40% of her daily allowance of R400.
- Daily rent for using the school's tuck shop, R250.

QUESTION 5: BUDGETING**(25 marks; 20 minutes)**

Two netball teams of Mountain High School are planning to participate in a provincial tournament in Mthatha. The first team netball captain requested your help in preparing the budget for this tour.

REQUIRED:

5.1 Complete the following sentence:

A budget is a..... (2)

5.2 Calculate the following amounts for the budget:

5.2.1 Total expected receipts (before calculating the expected contribution of players). (4)

5.2.2 Total expected payments (complete the table provided). (12)

5.2.3 The total cost to be covered by players. (3)

5.2.4 The amount that EACH PLAYER has to contribute to the tour. (2)

5.3 The tour organising committee expects certain key players to have difficulty in affording the minimum amount payable by each player. Suggest TWO possible methods to acquire additional funds to support these players. (2)

INFORMATION:

A. The trip will cater for 16 players and 2 coaches. The cost of the two coaches will be covered by the contributions made players and any other funds received.

B. SPONSORSHIP AND DONATIONS

- The school was able to secure a sponsorship of R1 000 per player from Lightning Sports.
- A donation of R5 000 will be received from the Community Trust Fund.

D. TRANSPORT & INSURANCE

- A minibus will be rented at R3 000 for the entire week, plus an additional R2 per km. The distance to and from Mthatha is 850 km (return trip).
- An insurance fee of R15 per passenger is payable to the rental company.

E. ACCOMMODATION

Three rooms will accommodate the group for four nights at R1 120 per room per night.

F. MEALS AND REFRESHMENTS

R400 per person is budgeted for the duration of the tour.

G. SPORTS KIT

A total of R7 390 will be spent on team outfits, netball shoes and training gear.

25**TOTAL: 150**



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GRADE 10

**ACCOUNTING EXEMPLAR: PAPER 2 (A)
ANSWER BOOK**

MARKS: 150

QUESTION	TOTAL MARKS	MARK OBTAINED	MODERATED MARK	MODERATOR INITIAL
1	20			
2	35			
3	40			
4	30			
5	25			
TOTAL	150			

This answer book consists of 12 pages.

QUESTION 1

(20 marks; 15 minutes)

1.1 TRUE OR FALSE

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 Calculate the missing amounts

VAT (INCLUSIVE)	VAT (EXCLUSIVE)	VAT AMOUNT
(a)	R1 300	R195
R2 760	(c)	(b)
(d)		R525

8

1.3.1 Calculate the VAT that the business must either pay or receive.

2

1.3.2 You discovered that the VAT amount was not being submitted on due dates. On enquiry, it was discovered that the manager was using the VAT money to pay for business expenses. Give ONE point of advice to the manager and explain why you offer this advice.

ADVICE	REASON

4

1.3.3

Mpumi, the owner, suggested to the bookkeeper that they charge VAT on all goods sold (including the zero rated goods) but keep a separate journal for the VAT payable to SARS.

Comment on this suggestion. Provide ONE point.

2

TOTAL MARKS
20

QUESTION 2

(35 marks; 30 minutes)

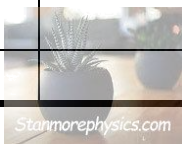
2.1 Explain why the Creditors Control account balance and the Creditors list total should be equal.

2

2.2 Corrections to the Creditors Control account

DETAILS	DEBIT SIDE	CREDIT SIDE
Balance on 1 October 2018		48 735
Credit purchases of stock		72 480
Journal credits		1 450
Bank and discount received	62 910	
Total returns and allowances	3 510	
Journal debits	2 250	
Additional information (i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		
TOTAL OF EACH COLUMN		
Balance on 31 October 2018		

11



2.3 CREDITORS' LIST ON 31 OCTOBER 2018

CREDITOR	DEBIT	CREDIT
Green Stores		14 255
Becker Ltd (13 505		
Suns Warehouse (5 685		
Lamb Suppliers (8 940		
Brown Stores (
ZZ Distributors (
Best Bakery (

18

2.4 Charl wants to improve the management of his creditors. Provide TWO internal control strategies that he can use to achieve his goal.



4

TOTAL MARKS
35

QUESTION 3

(40 marks; 30 minutes)

3.1 FIXED ASSETS

3.1.1

State ONE reason why the asset register is a useful control tool for fixed assets.

2

3.1.2

Calculate the depreciation on vehicles on 28 February 2018.

6

Calculate the carrying value (book value) of vehicles on 28 February 2018.

4

3.1.3

		CALCULATIONS	ANSWER
(i)	Carrying value on 28 Feb 2017		
(ii)	Depreciation on 28 Feb 2018		
(iii)	Accumulated depreciation on 28 Feb 2018		
(iv)	Carrying value on 28 Feb 2018		

8

3.1.4 The owner of Malan Traders is concerned about the management and safety of the vehicles, despite installing security cameras.

(i) Explain ONE consequence of the reported practices.

(ii) Provide ONE control measure that Malan Traders could introduce to improve the internal control of the vehicles.

4

3.2 INVENTORY

3.2.1 Provide any ONE feature of the perpetual inventory recording system.

2

3.2.2

(i) Provide the detail (contra account) for R1 020 for (i) on the debit side.

(ii) The total cash sales for May 2018 was R79 200. Calculate the amount for (ii) in the Trading Stock account.

(iii) Stock with a cost price of R1 600 was donated to the SPCA. These goods were marked at a special price for R2 400. The bookkeeper did not enter this transaction. Indicate the correct double entry for this transaction.

ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT

(iv) Calculate the balance of Trading Stock on 31 May 2018. NOTE: Include (ii) and (iii) from above.

(v) After a physical stock count on 31 May 2018, the actual value of the trading stock on hand was found to be R1 230 less than the amount reflected on the Trading Stock account. Provide TWO possible reasons for the difference between these two amounts.

1

2

3

4

4

TOTAL MARKS
40

QUESTION 4

(30 marks; 25 minutes)

4.1 COST CONCEPTS



4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2.1 Calculate the costs per day. Show calculations clearly.



CALCULATIONS	ANSWER
(i) Direct labour	
(ii) Direct material	
(iii) Factory overheads	
(iv) Total production cost	
(v) Cost per hamburger	
(vi) Selling price per hamburger	

3

5

5

2

2

3

4.2.2

Mandy is of the opinion that she can increase her profit by reducing certain costs. She has targeted direct material cost and factory overheads.

Suggest TWO cost reduction measures for direct material cost and ONE measure for direct labour cost, that she can introduce.

Direct material:	Suggestion 1:
	Suggestion 2:
Factory overheads:	Suggestion 1:

6

TOTAL MARKS
30

QUESTION 5

(25 marks; 20 minutes)

5.1

Complete the sentence.

A budget is...

2

5.2

CALCULATIONS

ANSWER

5.2.1

Total expected receipts (before calculating contributions of players)

4

5.2.2

Total expected payments

PAYMENT ITEM:	WORKINGS	AMOUNT
Transport		
TOTAL		

12

5.2.3

The total cost to be covered by players.

3

5.2.4

The amount that EACH PLAYER has to contribute to the tour.

2

5.3

The tour organising committee expects certain key players to have difficulty in meeting the minimum amount payable by each player. Suggest TWO possible methods to acquire additional funds to support these players.



2

TOTAL MARKS
25

TOTAL: 150



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NOVEMBER 2018

GRADE 10

ACCOUNTING EXEMPLAR: PAPER 2 (A)

MARKING GUIDELINES

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
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. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
9. 'One part correct' means 'operation and one part correct'. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as 'one part correct'.
10. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 12 pages.

QUESTION 1

(20 marks; 15 minutes)

1.1 TRUE OR FALSE

1.1.1	False ✓
1.1.2	False ✓
1.1.3	True ✓
1.1.4	True ✓

4

1.2 Calculate the missing amounts

VAT (INCLUSIVE)	VAT (EXCLUSIVE)	VAT AMOUNT
(a) 1 495 ✓✓	R1 300	R195
R2 760	(c) R2 400 ✓✓	(b) R360 ✓✓
(d) R 4 025 ✓✓		R525


8

1.3.1 Calculate the VAT that the business must either pay or receive.

$5\ 280 - 279 - 3\ 870 = 1\ 311$ ✓✓ one part correct

2

1.3.2 You discovered that the VAT amount was not being submitted on due dates. On enquiry, it was discovered that the manager was using the VAT money to pay for business expenses. Give ONE point of advice to the manager and explain why you offer this advice.

ADVICE ✓✓	REASON ✓✓
He must submit the VAT collected directly to SARS on due dates. He must not use the money for any other purposes. <div style="text-align: center; margin-top: 10px;">  </div>	Failure to do so will result in SARS investigating and imposing penalties. He is an agent of SARS – money collected does not belong to him/business. Using SARS money means he has a cash flow problem which he is not solving.

4

1.3.3

Mpumi, the owner, suggested to the bookkeeper that they charge VAT on all goods sold (including the zero rated goods) but keep a separate journal for the VAT payable to SARS.

Comment on this suggestion. Provide ONE point.

Any relevant explanation that illustrates an understanding of zero-rated VAT ✓✓

Possible responses:

- A supermarket will sell zero rated products and they are not allowed to charge VAT on these goods. (illegal/unethical).
- Fraud. Want to disadvantage customers by using SARS as a front.
- If they are caught, they will be fined; may have to close down; lose customers.
- Keeping a separate journal implies they want to deliberately defraud the customers and give SARS the false impression of their income.

2

TOTAL MARKS
20

QUESTION 2

(35 marks; 30 minutes)

2.1 Explain why the Creditors Control account balance and the Creditors list total should be equal.

Valid explanation ✓✓

The control account and the individual creditors accounts are updated from the same set of documents and the same journals.

Information from the journals relevant to creditors are posted to the control accounts. The same information is posted to the individual creditors ledger accounts.

2

2.2 Corrections to the Creditors Control account

DETAILS	DEBIT SIDE	CREDIT SIDE
Balance on 1 October 2018		48 735
Credit purchases of stock		72 480
Journal credits		1 450
Bank and discount received	62 910	
Total returns and allowances	3 510	
Journal debits	2 250	
Additional information (i)		2 000 ✓✓
(ii)	-	-
(iii)	90 ✓✓	
(iv)	960 ✓✓	
(v)	-	-
(vi)		2 120 ✓✓
TOTAL OF EACH COLUMN	67 720 ☑	126 785 ☑
Balance on 31 October 2018		57 065 ☑

11

2.3 CREDITORS' LIST ON 31 OCTOBER 2018

CREDITOR	DEBIT	CREDIT
Green Stores		14 255
Becker Ltd (13 505 + 10 000)		✓✓ 23 505
Suns Warehouse (5 685 - 90✓ - 960✓)		operation ☑ 4 635
Lamb Suppliers (8 940 - 1 460)		✓✓ 7 480
Brown Stores (-1 315 ✓ + 1 460 ✓)		operation ✓ 145
ZZ Distributors (-2 120 ✓ + 2 120 ✓)		operation ✓ 0
Best Bakery (9 615 ✓ - 1 285✓ - 1 285✓) - 2 570 (2 marks)		operation ☑ 7 045
		Operation ☑ 57 065

18

ZZ Warehouse: The zero can be indicated in either the debit or credit column.

2.4 Charl wants to improve the management of his creditors. Provide TWO internal control measures that he can use to achieve his goal.

TWO valid points ✓✓ ✓✓

- Regular audits; check documents and accounts to minimise errors in recording.
- Consider a computerised recording system for more efficiency.
- Make early payments to take advantage of discounts
- Division of duties – shared responsibilities. One checking on the other.

4



TOTAL MARKS
35

QUESTION 3

(40 marks; 30 minutes)

3.1 FIXED ASSETS

3.1.1

State ONE reason why the asset register is a useful control tool for fixed assets.

Any ONE valid reason: ✓✓

Possible responses:

- Verification of assets for balance sheet purposes
- Can physically compare/check asset items to the asset register
- Quick reference of asset item's history when selling it

2

3.1.2

Calculate the depreciation on vehicles on 28 February 2018.

Old: $R300\ 000 \times \frac{20}{100} = R60\ 000$ ✓✓

New: $R60\ 000 \times \frac{20}{100} \times \frac{6}{12} = R6\ 000$ ✓
 $\frac{R66\ 000}{}$ ✓ operation one part correct

6

Calculate the carrying value (book value) of vehicles on 28 February 2018.

R174 000 two marks

Carrying value: $R360\ 000 - (R108\ 000 + R66\ 000)$ ✓ see calculation above

$= R186\ 000$ ✓ Operation; One part correct

4

3.1.3

		CALCULATIONS	ANSWER
(i)	Carrying value on 28 Feb 2017	26 000 - 2 600	23 400 ✓
(ii)	Depreciation on 28 Feb 2018	see (i) 23 400 x 10%	One part correct 2 340 ✓✓
(iii)	Accumulated depreciation on 28 Feb 2018	2 600 ✓ + 2 340 ✓ (see ii)	One part correct 4 940 ✓
(iv)	Carrying value on 28 Feb 2018	(26 000 - 4 940) see (iii) Or 23 400 - 2 340	operation; one part correct 21 060 ✓✓

8

3.1.4 The owner of Malan Traders is concerned about the management and safety of the vehicles, despite installing security cameras.

(i) Explain ONE consequence of the reported practices.

ONE valid point ✓✓

Vehicles may be damaged/involved in accidents outside working hours; insurance will not cover that.
Increased mileage will make the vehicles less efficient within a shorter period
Maintenance/service will have to be done sooner –plan will expire earlier than expected.
Higher fuel and oil expenses – not budgeted for or unnecessary.

(ii) Provide ONE control measure that Malan Traders could introduce to improve the internal control of the vehicles.

Any ONE valid response: ✓✓

- Build/Provide lock-up garages for safe parking after hours
- Employ security guards after hours
- Install a tracking device in each vehicle

4

3.2 INVENTORY

3.2.1 Provide any ONE feature of the perpetual inventory recording system.

Any ONE valid answer: ✓✓

- Stock movements are recorded on a continuous basis, in the Trading Stock account.
- The cost of sales is also recorded on the credit side, at the point of sale.
- Theft/Leakages/Damages are quickly detected.
- A stock count will determine the closing stock on hand, and expose any shortages in stock.

2

3.2.2

(i) The detail (contra account) for R1 020 on the debit side.

Cost of Sales ✓

(ii) The total cash sales for May 2018 was R79 200. Calculate the amount to be entered in the Trading Stock account.

79 200 x 100/160 = R49 500 ✓ one part correct

(iii) Stock with a cost price of R1 600, was donated to the SPCA. These goods were marked at a special price for R2 400. The bookkeeper did not enter this transaction. Indicate the correct entry in the Trading Stock account.

ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT
Donation ✓	Trading Stock ✓	R1 600 ✓

(iv) Calculate the balance of Trading Stock on 31 May 2018.
NOTE: Include (ii) and (iii) from above.

See (ii) See (iii)

(23 850 + 2 100 + 49 500 + 1 600 = 77 050) *Operation one part correct

Balance: 99 250 ✓ - 77 050 ✓ * = R22 200 Operation one part correct

Accept a ledger account presentation

(v) After a physical stock count on 31 May 2018, the actual value of the trading stock on hand was found to be R1 230 less than the balance reflected on the Trading Stock account. Provide TWO possible reasons for the difference between these two amounts.

Any TWO relevant reasons: ✓✓ ✓✓ part marks for incomplete answer

- Stock was removed from the storeroom without proper authorisation or documentation / Stock control measures are not effective
- Stock was stolen / Shoplifting
- Stock was ordered and entered from documentation received, but items were not physically received yet on 31 May 2018

1

2

3

4

4

TOTAL MARKS
40

QUESTION 4

(30 marks; 25 minutes)

4.1 COST CONCEPTS

4.1.1	variable	✓
4.1.2	direct material	✓
4.1.3	prime	✓
4.1.4	Indirect labour	✓

4

4.2.1 Calculate the costs per day. Show calculations clearly.

CALCULATIONS	ANSWER
(i) Direct labour (30×10) $300 \checkmark \text{ hamburgers} \times R2,50 \checkmark$	R750 ✓
(ii) Direct material $2\ 680 \checkmark + (25 \checkmark \times 15 \checkmark) + 165 \checkmark$ <small>375 two marks</small>	Operation R3 220 ☑
(iii) Factory overheads $120 \checkmark + 250 \checkmark + 160 \checkmark \checkmark$ <small>(400 x 40%)</small>	Operation R530 ☑
(iv) Total production cost $R750 + R3\ 220 + R530$	Inspection (see answers above) R4 500 ✓☑
(v) Cost per hamburger $\frac{4\ 500}{300}$ <small>(see iv)</small>	R15 ☑☑
(vi) Selling price per hamburger $R15 \checkmark \times \left(\frac{180}{100}\right) \checkmark$ <small>See (v) (or 1.8) one mark</small>	R27 ☑

3

5

5

2

2

3

4.2.2

Mandy is of the opinion that she can increase her profit by reducing certain costs. She has targeted direct material cost and factory overheads.

Suggest TWO cost reduction measures for direct material cost and ONE measure for direct labour cost, that she can introduce.

Direct material: ✓✓ ✓✓	Suggestion 1: Look for cheaper suppliers Prepare hamburgers to order / provide a choice of lettuce, tomatoes or sauces.
	Suggestion 2: Negotiate discounts with suppliers Look at more cost-effective production methods / Reduce wastage
Factory overheads: ✓✓	Suggestion 1: Negotiate a reduced rate to pay the cleaner or use your staff to clean (keep the place tidy). Look for a cheaper premises /Negotiate a lower rent Prepare burgers to order to reduce cost of electricity.

6

TOTAL MARKS
30

QUESTION 5

(25 marks; 20 minutes)

5.1

Complete the sentence.

A valid statement. ✓✓ must mention future or plan

A budget is...

- a financial plan of expected receipts and payments
- planning the receipts and payments for a period in the future
- assessing expected receipts and payments and managing cash.

2

5.2

CALCULATIONS		ANSWER																								
5.2.1	Total expected receipts (before calculating contributions of players) R16 000 two marks (Sponsorship) R1 000 ✓ x 16✓ players (Donation) R5 000✓	R21 000 ✓ (one part correct)																								
5.2.2	Total expected payments <table border="1"> <thead> <tr> <th>PAYMENT ITEM:</th> <th>WORKINGS</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Transport</td> <td>3 000 ✓ + (850✓ x 2✓) 1 700 (two marks)</td> <td>4 700 three marks</td> </tr> <tr> <td>Accommodation</td> <td>1 120✓ x 4 ✓ x 3✓</td> <td>13 440 three marks</td> </tr> <tr> <td>Insurance</td> <td>R15 ✓ x 18✓ (tour members)</td> <td>270 two marks</td> </tr> <tr> <td>Meals</td> <td>400 ✓ x 18 ✓</td> <td>7 200 two marks</td> </tr> <tr> <td>Kit</td> <td></td> <td>7 390 ✓</td> </tr> <tr> <td colspan="2">Foreign items = - 1 max</td> <td></td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTAL</td> <td>33 000 ✓ one part correct</td> </tr> </tbody> </table>	PAYMENT ITEM:	WORKINGS	AMOUNT	Transport	3 000 ✓ + (850✓ x 2✓) 1 700 (two marks)	4 700 three marks	Accommodation	1 120✓ x 4 ✓ x 3✓	13 440 three marks	Insurance	R15 ✓ x 18✓ (tour members)	270 two marks	Meals	400 ✓ x 18 ✓	7 200 two marks	Kit		7 390 ✓	Foreign items = - 1 max			TOTAL		33 000 ✓ one part correct	<p style="text-align: center;">12</p>
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5.2.3	The total cost to be covered by players. see 5.2.1 see 5.2.2 33 000 ✓ - 21 000 ✓ (3)	R12 000 ✓ (one part correct)																								
5.2.4	The amount that EACH PLAYER has to contribute to the tour. see 5.2.3 12 000 ÷ 16	R750 ✓✓ (one part correct)																								

4

12

3

2

5.3

The tour organising committee expects certain key players to have difficulty in affording the minimum amount payable by each player. Suggest TWO possible methods to acquire additional funds to support these players.

Any TWO valid suggestions ✓ ✓

Possible responses:

- Sell raffle tickets
- Collection list that players can use to collect money from friends/family
- Fundraising event(s) at school / in the community
- Sell food (hotdogs)
- Work in a restaurant and earn commission / tips
- Coaches could contribute towards some of the cost items

2

TOTAL MARKS
25

TOTAL: 150

