

DEPARTMENT OF BUSINESS, COMMERCE & MANAGEMENT
ACCOUNTING
PAPER 2
GRADE: 10
NOVEMBER EXAMINATION 2018

TOTAL: 150 MARKS

DURATION: 2 HOURS

INSTRUCTIONS AND INFORMATION

1. This question paper consists of 11 pages.
2. Answer ALL the questions.
3. A special ANSWER BOOK is provided, in which to answer ALL the questions.
4. Non – programmable calculators may be used.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Calculate to TWO decimal points, unless otherwise instructed.
7. Use the information below as a guide when answering the question paper.

QUESTION	TOPIC	LEARNERS MARK	TIME
1	VAT AND ETHICS	20	16 MINUTES
2	CONTROL ACCOUNTS	25	20 MINUTES
3	FIXED ASSETS	24	19 MINUTES
4	COST ACCOUNTING AND BUDGETS	55	44 MINUTES
5	SALARIES AND WAGES	26	21 MINUTES
TOTAL		150	120

QUESTION 1**(20 MARKS; 15 MINUTES)****1.1 VAT**

Khushi went shopping to purchase some essential groceries for her family and received the following cash slip for her purchase.

KB STORES	
1 NOVEMBER 2018	
	R
Coca cola (2L)	15.99
Brown Bread	10.49
Chicken (500g)	23.28
Maize meal (2kg)	21.99
Cup cakes	3.99
Tin fish	8.99
Rice (1 kg)	12.99
Toilet paper	28.99
Total before VAT	117.84
Total VAT	8.87
Total After VAT	126.71
Amount tendered	130.00
Rounding	0.01
Change	3.30
THANK YOU – PLEASE CALL AGAIN	

- 1.1.1 What does the abbreviation VAT stand for? (2)
- 1.1.2 To which government institution is VAT paid? (2)
- 1.1.3 Identify two items that Khushi purchased on the above cash slip that:
- 1.1.3.1 Are subject to VAT at the current rate of 15%. (2)
 - 1.1.3.2 Are subject to VAT at 0%. (2)
- 1.1.4 Certain items in South Africa are said to be VAT exempt. Explain what this means. (2)

1.1.5 Explain to Khushi what is tax evasion. (2)

1.2 Calculate the missing amounts denoted by (a) to (d).
Standard VAT rate is 15%

VAT (INCLUSIVE)	VAT (EXCLUSIVE)	VAT AMOUNT
(a)	R1 300	R 195
R2 760	(c)	(b)
(d)	-	R525

(8)

QUESTION 2

(25 MARKS; 20 MINUTES)

2.1 CONTROL ACCOUNTS

REQUIRED:

2.1 Use the information below to prepare the DEBTORS CONTROL ACCOUNT in the General Ledger of Philani Stores for June 2018. (15)

INFORMATION

- Balance on 1 June 2018: Debtors Control R36 000
- The following are the EXTRACTS of various subsidiary journals for June 2018

DEBTORS JOURNAL OF PHILANI STORES FOR JUNE 2018 – DJ 6

SALES	COST OF SALES
84 500	67 600

DEBTORS ALLOWANCES JOURNAL OF PHILANI STORES FOR JUNE 2018 – DAJ 6

DEBTORS ALLOWANCES	COST OF SALES
20 300	9 100

CASH RECEIPTS JOURNAL OF PHILANI STORES FOR JUNE 2018 – CRJ 6

BANK	SALES	COST OF SALES	DEBTORS CONTROL		SUNDRY ACCOUNTS
			RECEIPTS	DIS. ALLOWED	
209 700	128 300	102 640	50 900	6 150	30 500

CASH PAYMENTS JOURNAL OF PHILANI STORES FOR JUNE 2018 – CPJ 6

BANK	TRADING STOCK	WAGES	DEBTORS CONTROL	SUNDRY ACCOUNTS
421 110	310 000	60 000	10 860	40 250

GENERAL LEDGER OF PHILANI STORES FOR JUNE 2018 - GJ6

GENERAL LEDGER		DEBTORS LEDGER		CREDITORS LEDGER	
DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
2 840	2 840	805	210	600	304

2.2 You are given the **TRADING STOCK ACCOUNT** in the General Ledger of Cornubia Stores for October 2018. Cornubia Stores sells jackets and uses the perpetual inventory system.

TRADING STOCK ACCOUNT B1

2018 OCT	1	Balance	b/d	60 000	2018 OCT	31	Cost of sales	CRJ	D
	31	A	CPJ	15 200		.	Cost of sales	DJ	12 600
	.	Creditors control	B	30 400		.	Creditors Control	CAJ	3 120
	.	C	DAJ	1 600		.	Balance	c/d	?
			?	?					?
Nov	1	Balance	?	?					

2.2.1 In which section of the ledger is the Trading Stock account found? (1)

2.2.2 Complete the missing labels for **A**, **B** and **C**. (3)

2.2.3 Calculate the missing figures represented by **D**, if the cash sale of goods was R21 000 and goods were marked at 50% on cost. (2)

- 2.2.3 Calculate the missing figures represented by D, if the cash sale of goods was R21 000 and goods were marked at 50% on cost. (2)
- 2.2.4 How can you verify the closing balance of the Trading Stock Account? (1)
- 2.2.5 Explain the entry on the credit side, "Creditors Control – R3 120". (1)
- 2.2.6 Discuss one disadvantage of holding too much stock on hand. (1)
- 2.2.7 Discuss one internal control measure that can be put into place to safeguard the stock of a business. (1)

QUESTION 3

(24 MARKS; 20 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) on 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)

- (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)

QUESTION 4

(55 MARKS; 45 MINUTES)

COST ACCOUNTING AND BUDGETS

4.1.1 Choose the correct term in the bracket. Only write the term next to the number (4.1.1-4.1.3) in the answer book.

4.1.1 Advertising is a (administration/ sales and distribution) cost.

4.1.2 The salary of the factory cleaner is a (direct/indirect) labour cost.

4.1.3 Rent of a building is considered as a (fixed/variable) cost. (6)

4.1.2 Mandy Leeto sells hamburgers at the school tuck-shop.

REQUIRED:

A Calculate the following:

- Direct labour cost (3)
- Direct material cost (4)
- Overhead cost (4)
- Total cost of production (1)
- Unit cost of production (2)
- Selling price per unit if a mark-up percentage is 66 ⅔% is applied (3)

B Name TWO things that Mary can do in order to decrease her cost. (4)

C Advice Mandy on THREE marketing strategies that she can implement at the school to improve her sales. (6)

INFORMATION:

A Ingredients:

30 packets of patties (10 per packet)	2 100
25 dozen hamburger rolls @ R8 / dozen	?
Butter	40
Lettuce, tomatoes, sauce	110

- B Butter, lettuce, tomatoes and sauce is considered as indirect costs
- C Mandy sells all the hamburgers
- D Other expenses:
- Mandy pays rent of R100 for the day for the use of the kitchen.
 - Jenny, Mandy's cousin, prepares the hamburgers and is paid 50c per hamburger produced and sold.

4.2 BUDGETS

The netball teams of Sastri College are planning to go on tour to Mthatha.

REQUIRED:

- 4.2.1 Calculate the total cost of the tour for the players. (18)
- 4.2.2 The team has financial problems as some players cannot afford the amount expected of them. Suggest TWO ways to solve the problem. (4)

INFORMATION:

- A There are 14 players, 2 reserves and 2 coaches. The cost of the two coaches must be covered by the players.
- B The school was able to secure a sponsorship for R8 456 from Gem Sports.
- C The captain of the 2010 first netball team made a donation of R5 000.
- D Other expenses:
- Transport: Mini bus R3000 plus R2 / km. Return distance to and from Mthatha is 850km.
 - Accommodation: Three rooms will accommodate the group for four night at a cost of R1 120 per room per day.

- Meals and refreshments: R300 per person for the duration of the tour.
- Kit: R6 880 for the players and R400 for the coaches.

QUESTION 5

(26 MARKS; 21 MINUTES)

SALARIES AND WAGES

5.1 The following information relates to MAMAS PIZZERIA. Peter Naidoo is employed as a manager at a pizzeria. Refer to the information given in Part A below to complete the questions based on it.

PART A – THE SALARY SCALE

144 000 X 15 000 - 174 000 X 20 000 – 214 000 X 30 000 - 304 000

5.1.1 Complete the table below. Your answer must be shown in the answer book. (7)

YEAR	ANNUAL INCREMENT	ANNUAL SALARY
1	0	A
2	15 000	159 000
3	B	174 000
4	20 000	194 000
5	20 000	214 000
6	30 000	244 000
7	30 000	274 000
8	30 000	C

5.2.1 The following information relates to EZRAS TAXI SERVICES. Refer to the information given in Part B below in order to calculate the missing figures indicated as A, B, C and D. (8)

PART B- TOTALS OF THE WAGES JOURNAL FOR THE FOUR WEEKS ENDING 31 OCTOBER 2018

Week	Gross Wages	DEDUCTIONS				Net Wages	CONTRIBUTIONS			
		Medical Aid	Pension	UIF	TOTAL		Medical Aid	Pension	UIF	SDL
1	9 000	900	?	90	1 710	A	1 800	B	90	90
2	12 000	1 200	?	120	2 280	9 720	2 400	1 440	90	90
3	12 000	1 200	?	120	2 280	9 720	2 400	1 440	120	C
4	14 000	1 200	?	140	2 460	11 540	2 400	1 680	140	140
	47 000	4 500	D	470	8 730		9 000			

5.2.2 Mr Ezra is concerned that wages have increased from R12 000 in week 3 to R14 000 in week 4. He knows that there has been no new workers employers during week 4. Suggest one possible reason for the increase in wages. (2)

ADDITIONAL INFORMATION

1. DEDUCTIONS ARE AS FOLLOWS:

- Medical Aid at R300 per employee
- UIF at 1% of gross wages

2. THE BUSINESS CONTRIBUTIONS ARE AS FOLLOWS:

- Pension at 12% of the gross wages
- Medical Aid at R2 for every R1 contributed by the employee
- UIF at 1% of the gross wages
- SDL at 1 % of the gross wages

5.3 The following information relates to ZACKS CAR WASH for the month ending 31 OCTOBER 2018. Refer to the information in part C below to complete the ledger account.

PART C – EXTRACT OF THE SALARIES JOURNAL

SJ 9

BASIC SALARY	BONUS	GROSS SALARY	DEDUCTIONS			NET SALARY	CONTRIBUTIONS		
			PAYE	MEDICAL	PENSION		MEDICAL	PENSION	UIF
100 000	10 000	111 000	27 500	6 000	8 250	68 250	6 000	12 375	1 100

5.3.1 Use the information in the salaries journal to post to the following ledger account:

- Pension Fund Account

Note: The amounts owing for salaries and pension, were paid via EFT on 31 October 2018.

5.3.2 It has come to the attention of the owner of ZACKS CAR WASH that a particular worker has been signing the daily attendance register for a co-worker who may have been absent several times during the month. Suggest one way in which this problem may be overcome. (2)

TOTAL: 150 MARKS

