



education

**Lefapha la Thuto la Bokone Bophirima
Noord-Wes Departement van Onderwys
North West Department of Education
NORTH WEST PROVINCE**

PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING P2

NOVEMBER 2019

MARKING GUIDELINES

MARKS: 150

These marking guidelines consist of 9 pages.

QUESTION 1:**1.1.1 Calculate the direct material cost per unit**

Direct material cost per unit
 $768\,960 \checkmark / 4\,320 \checkmark$
 R178 \checkmark

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1.1.2 Calculate the break-even point

$\frac{518\,400 \checkmark}{R400 \checkmark - R245 \checkmark}$
 3 344,5 or 3 345 tables (\checkmark)

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1.1.3 Should the business be satisfied with the number of units manufactured during 2019? Explain quoting relevant information.

Yes \checkmark
 Number of tables manufactured is 4 320 above the break-even point of 3345 $\checkmark \checkmark$, The business is making a profit \checkmark

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1.1.4 Explain one reason for the difference in the cost over the two financial years.

ANY valid reason $\checkmark \checkmark$

- Increase in price of raw materials from suppliers
- Workers not properly trained- resulting in wastage of raw materials
- Lack of internal control over raw material stock resulting in theft

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| 2 |

1.2.1

Raw Materials stock B1

| | | | | | | | | | |
|---------------|----|-----------------------|-----|------------|-------------|----|---------------------------|-----|----------|
| 2018 March | 1 | Balance | b/d | 95 000 | 2019 Feb | 28 | Work in process stock√ | GJ | 535 000√ |
| 2019 Feb | 28 | Creditors control√ | CJ | 521 000√ | | | Balance | c/d | 110 500 |
| | | Bank√ | CPJ | 29 500√ | | | | | |
| | | | | | | | | | |
| | | | | 645 500 | | | | | 645 500 |
| March | 1 | Balance | b/d | 110 500(√) | | | | | |

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1.2.2.

- Calculation of Direct labour cost:
Factory wages (272 800 + 28 000) = 300 800√
- Calculation of Factory overheads costs:
Indirect materials (20 500√ + 77 500√ – 18 000√) = 80 000(√)
Salary: Factory foreman = 105 000√
Maintenance : Factory equipment (37 000√ + 11 000√) = 48 000√
Water and electricity (21 000 x 0.8) √ = 16 800√
Rent paid (108 000 x 0.8) √ = 86 400√
Depreciation: Factory = 60 500√
396 700(√)

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QUESTION 2:**2.1.1 TWO reasons why preparing a monthly Bank Reconciliation Statement**

- To minimize fraud✓✓
- To reconcile the books of the bank together with the books of the business✓✓

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2.1.2 Why the bookkeeper cancelled cheque no 706, in which journal?

- Cheque is stale / more than 6 months old✓✓
- CRJ✓

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2.1.3**Bank Reconciliation Statement on 31 August 2019**

| | Debit | Credit |
|----------------------------------|---------------|---------------|
| Cr balance as per bank statement | | 6 380✓ |
| Cr outstanding deposit | | 13 800✓ |
| Dr outstanding cheques | | |
| No 950 | 1 800✓ | |
| No 980 | 8 400✓ | |
| No 992 | 4 420✓ | |
| Dr correction of error | 10 000✓✓ | |
| Cr balance as per bank account | | 4 440(✓) |
| | 24 620 | 24 620 |

Both totals (✓)

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2.2**Creditors' Reconciliation**

| | Creditors' control | Creditors' list |
|---------------|---------------------------|-----------------------------|
| Balance/total | 184 870 | 170 490 |
| (a) | -3 100√√ | |
| (b) | | 16 000√√ |
| (c) | | -4 720√√ or -2 360 -2 360 |
| (d) | 27 000√ | 27 000√ |
| | 208 770 | Both for 1 mark (√) 208 770 |

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2.3 Internal control**2.3.1 Which THREE steps should be taken regarding the two missing cheques?**

The Bank Statement/s must be inspected to check the following:

- If these cheques were presented for payment at the bank.√√
- If they were presented for payment, identify the payees and the amounts on the cheque.√√
- If the cheques were not presented for payment, stop payment on the cheques immediately.√√

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2.3.2 What are the implications of recording "Drawings" as "Donations"?

Donations will be treated as an operating expense of the business and will be Reflected in the Profit and Loss account. This will decrease the net profit of the Business. The owner will then be liable for lower personal income payable to SARS based on lower net profit.√√

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2.3.3 Three suggestions to management for the effective cash control

- The bank reconciliation must be done monthly.√√
- The internal auditor must verify entries in the Cash Journals against source and supporting documents.√√
- There must be division for duties.√√

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QUESTION 3:**3.1 Asset Disposal Account**

| | | | | | | | |
|--------------|----|-----------|---------|--------------|----|--|----------|
| 2018 June | 30 | Equipment | 18 000√ | 2018 June | 30 | Accumulated depreciation on equipment √ 14 000 + 1800 | 15 800√√ |
| | | | | | | Debtors control√ | 2 000√ |
| | | | | | | Loss on sale of asset√ | 200√ |
| | | | 18 000 | | | | 18 000 |

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3.2 Tangible asset

| | Equipment |
|-----------------------------|------------------|
| Cost price | 250 000√ |
| Accumulated depreciation | (112 000)√ |
| Carrying value | 138 000 √ |
| MOVEMENT | |
| Additions at cost | 30 000√ |
| Disposal at carrying value | (2 200)√ |
| Depreciation 25 000 + 1 500 | (26 500)√√ |
| Carrying value | 139 300 √ |
| Cost price | 262 000√ |
| Accumulated depreciation | (122 700)√ |

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3.3 You have recently been appointed as the assistant to the accountant, your job requires you to exercise control over tangible assets, During a check on the equipment you note that a laptop (computer) and a printer are missing. You investigate and find that the accountant has taken the equipment so that his son can complete his Grade 11 Accounting project. Is the action of the accountant proper?

No√

He cannot take business assets home for personal use/ abuse of business

Assets/business assets must only be used for business purposes

Any other acceptable answer√√

Explain what measures will you put in place to prevent other employees from using business assets for personal use?

Random checks on business assets against fixed assets registers.

Signing for laptops when taken for use

Any other control measure√√

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QUESTION 4:**4.1 Debtors Collection Schedule**

| Credit Sales | | November | December |
|---------------------|----------------|-----------------|-----------------|
| September | 144 000 | 14 400 | |
| October | 149 760 | 89 856√√ | 14 976√√ |
| November | 161 280 | 40 320√√ | 96 786 |
| December | 187 200 | | 46 800 |
| | | 144 576(√) | 158 562(√) |

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4.2 Cash budget for two months ending December 2019

| RECEIPTS | November | December |
|--|-----------------|-----------------|
| Cash sales | 241 920 | 280 800√ |
| Collection from debtors | 144 576 | 158 562 |
| Interest on fixed deposit | | 1 300√√ |
| Rent income | 5 000 | 5 000√ |
| TOTAL RECEIPTS | 391 496 | 445 662 |
| PAYMENTS | | |
| Cash purchases of trading stock | 67 200√ | 78 000 |
| Payments to creditors | 138 320 | 148 960√√ |
| Loan repayment | | 24 000√ |
| 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√ |
| Equipment | | 20 000√ |
| Other operating expenses | 138 000√ | 145 866 |
| TOTAL PAYMENTS | 456 520 | 580 026 |
| Cash surplus (shortfall) | (65 024)(√) | (134 364)(√) |
| Balance at the beginning of the month | 138 400 | 73 376(√) |
| Balance at the end of the month | 73 376(√) | (60 988)(√) |

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4.3 FINANCIAL INDICATORS**4.3.1 Gross profit on sales**

$$\frac{350\,000\checkmark}{585\,000\checkmark} \times \frac{100}{1}$$

$$= 59,8\%\checkmark$$

4.3.2 Stock turnover rate

$$\frac{235\,000\checkmark}{\frac{1}{2}(30\,000 + 40\,000)\checkmark}$$

$$= 6,7\text{ times}\checkmark$$

Comment: Stock turnover rate has decreased from 8 times a year in 2018 to 6.7 times a year in 2019.✓✓

4.3.3 Average debtors collection period

$$\frac{\frac{1}{2}(32\,000 + 35\,000)\checkmark}{585\,000\checkmark} \times \underline{365}$$

$$= 20,9\text{ days}\checkmark$$

Comment: Average debtors collection period improved from 48 days in 2018 to 20.9 days in 2019.✓✓

4.3.4 Average creditors payment period

$$\frac{\frac{1}{2}(43\,000 + 47\,000)\checkmark}{235\,000\checkmark} \times \frac{365}{1}$$

$$= 69.9\text{ days}(\checkmark)$$

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QUESTION 5:

| | Payable to SARS | Receivable from SARS |
|-------------------------------|------------------------|-----------------------------|
| Cash sales | 35 608.70√ | |
| Sales on credit | 27 391.30√ | |
| Cash purchases of stock | | 23 021.74√ |
| Credit purchases of stock | | 16 304.35√ |
| Credit purchases of equipment | | 4 695.65√ |
| Monthly rent | NIL | NIL |
| Water and electricity | | 3 130.43√ |
| Monthly fuel | NIL | NIL |
| Bank charges | NIL | 166.30√ |
| Salaries and wages | NIL | NIL |
| TOTALS | 63 000.00 | 47 318.47 |
| AMOUNT PAYABLE | 15 681.53(√) | |

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