



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**NOVEMBER 2020**

**ACCOUNTING P2  
(EXEMPLAR)**

**MARKS: 150**

**TIME: 2 hours**

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This question paper consists of 8 pages and a 7-page answer book.

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## INSTRUCTIONS AND INFORMATION

Read the following instructions and follow them precisely.

1. A special ANSWER BOOK is provided in which you must answer ALL the questions.
2. Show ALL workings to earn part-marks.
3. You may use a non-programmable calculator.
4. You may use a dark pencil or black/blue ink to answer the questions.
5. Where applicable, show all calculations to ONE decimal point.
6. A breakdown of the questions is provided. You must attempt to comply with the suggested time allocation for each question.

<b>QUESTION 1: 45 marks; 36 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
<b>Cost Accounting and Ethics</b>	<b>Managerial Accounting</b> <ul style="list-style-type: none"> <li>• Manufacturing concepts and basic cost calculations</li> </ul> <b>Managing Resources</b> <ul style="list-style-type: none"> <li>• Ethics</li> </ul>
<b>QUESTION 2: 45 marks; 36 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
<b>VAT and Creditors Reconciliation</b>	<b>Managing Resources</b> <ul style="list-style-type: none"> <li>• VAT concepts and calculations</li> <li>• Creditors Control and Creditors List</li> </ul>
<b>QUESTION 3: 30 marks; 24 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
<b>Budgets</b>	<b>Managerial Accounting</b> <ul style="list-style-type: none"> <li>• Calculations</li> </ul> <b>Managing Resources</b> <ul style="list-style-type: none"> <li>• Internal Control</li> </ul>
<b>QUESTION 4: 30 marks; 24 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
<b>Tangible Assets and Ratio Analysis</b>	<b>Managing Resources</b> <ul style="list-style-type: none"> <li>• Tangible Assets</li> <li>• Analysis and Interpretation of Financial Statements</li> </ul>

**QUESTION 1: COST ACCOUNTING AND ETHICS****(45 marks; 36 minutes)**

UTH sportswear is a small business that manufactures rugby jerseys which are supplied to the local schools. During March 2020 the business manufactured 10 460 jerseys.

**1.1 MANUFACTURING CONCEPTS**

1.1.1 ... remains the same no matter how many units are produced. (1)

1.1.2 Define the following and give examples:

- Direct Labour (4)
- Indirect Labour (4)

1.1.3 Prime costs consist of ... and ... (2)

**1.2 COST CALCULATIONS**

**Calculate the following:**

- Direct material cost (3)
- Direct labour cost (2)
- Factory / Manufacturing overhead cost (8)
- Total Cost of Production (5)
- Unit cost per jersey (4)

1.3 UHT gets his material from China. Due to high transport and import duties, he is planning to use a locally produced cheaper material. He feels that customers will not notice and he would not need to reduce the selling price. What advice would you offer UHT? Give THREE points. (6)

1.4 The accountant is concerned that the sales for the year dropped by 25% and the cost of sales was higher than the previous year. This was due to an increase in the wool price and also transport cost. If the sales for last year was R400 000, and the profit mark-up is 50%, calculate:

- The sales for the current year (5)
- The cost of sales for the current year (5)

**INFORMATION:****Costs for June 2020**

Fabric (material) used in production of jerseys	R280 000
Badges, numbers and logos	42 500
Salaries and wages:	
Factory foreman	28 700
Bookkeeper	25 600
Machine operators	215 500
Rent Expense Total (40% allocated to factory)	28 200
Water and Electricity (3/5 allocated to factory)	12 600
Factory expenses	8 200

**45**

**QUESTION 2: VAT AND CREDITORS RECONCILIATION (45 marks; 36 minutes)**

2.1 Indicate whether the following statements are TRUE or FALSE. Write only 'True' or 'False' next to the question numbers (2.1.1–2.1.5) in the ANSWER BOOK.

2.1.1 The two categories of registration by businesses for VAT purposes are known as Output VAT and Input VAT.

2.1.2 Tax avoidance is illegal and punishable by law.

2.1.3 Output VAT is VAT collected from customers.

2.1.4 Input VAT is VAT paid when goods and services are purchased by the business.

2.1.5 Fees payable for education is an example of VAT exempted goods or services. (5)

2.2 Complete the following table:

No.	Total Retailer paid to supplier	Input VAT	Retailer's actual cost price	% Mark-up	Retailer Selling price	Output VAT	Retailer receives from Customer
1.	1 375,40		1 196	50%	1 794		2 063,10
2.	3 648			25%			
3.				20%	3 600		
4.				10%			440,00

(17)

2.3 You are provided with information relating to AB Traders:

**REQUIRED:**

2.3.1 Prepare the corrected CREDITORS CONTROL account on 31 October 2020. Assume that all the Journals have been properly closed off hence all errors and omissions must be made through the General Journal. Balance this account. (12)

2.3.2 Prepare an updated CREDITORS LIST on 31 October 2020. (11)

**Information:**

The following Creditors Control Account and Creditors List was prepared by an inexperienced bookkeeper in the books of AB Traders.

**Creditors Control**

2020 Oct	1	Balance	b/d	54 750	2020 Oct	31	Bank	CPJ	40 000
	31	Sundry accounts	CJ	49 800			Discount received	CPJ	750
		Bank	CRJ	1 100			Sundry accounts	CAJ	1 200
		Journal debits	GJ	290			Journal Credits	GJ	670
							Balance	c/d	63 320
				<b>105 940</b>					<b>105 940</b>
Nov	1	Balance	b/d	63 320					

**The Creditors List reflects the following balances before corrections:**

	Debits	Credits
Teejay Limited		31 700
Mahogany Traders		13 550
Priti Distributors		7 800
Riso Dealers		11 500
		<b>64 550</b>

**Additional Information:**

The following information was not taken into account when Journals were prepared:

- An invoice for stock purchased on credit on 26 October 2020 from Teejay Limited was not recorded. The invoice reflected the cost price of R3 400.
- There is an addition error in the subsidiary ledger account of Mahogany Traders. Their balance was under calculated by R750.
- Riso Dealers granted cash discount of R450. This was incorrectly recorded in the CPJ as R250.
- An amount of R210 in the Creditors Allowances Journal for October 2020 was inadvertently posted to the wrong side of the creditor Priti Distributors' account.
- Goods to the value of R800 were returned to Teejay Limited. The entry was correctly recorded in the Creditors Allowances Journal. It was not posted to the creditor's account.

**QUESTION 3: BUDGETS****(30 marks; 24 minutes)**

You are the treasurer of the school Enviro-club which is located in Nelson Mandela Bay. The club wants to visit the Upington Science Centre during the June vacation.

**REQUIRED:**

- 3.1 Explain why it is important to prepare a budget. Provide TWO points. (4)
- 3.2 Calculate the total cost for members for the transport. (5)
- 3.3 Calculate the following:
- 3.3.1 Total subsidy for accommodation and total subsidy for meals (4)
- 3.3.2 The cost of the accommodation for the three days (4)
- 3.4 Calculate the cost for members for the meals and refreshments. (4)
- 3.5 Calculate the total cost for members for the trip. (4)
- 3.6 Calculate the contribution needed per member. (3)
- 3.7 What can the club do to try and reduce the amount that each member must contribute? Give ONE point. (2)

**INFORMATION:**

- (a) The club has 20 members.
- (b) The cost of the trip will include the following:
- Transport to hire two minibuses. Each bus charges R8,50 per kilometre. Upington is 725 kilometres from Nelson Mandela Bay.
  - Four cottages will be needed to accommodate the members for three nights. The total cost will be R2 350 per cottage per night.
  - Meals and refreshments will be R450 per member for the duration of the tour.
  - Entry tickets to the Science Centre cost R80 per person. (EC Science Expo will sponsor the club).
- (c) The school is prepared to subsidise each member with R300 for accommodation and meals.

**NOTE:** R180 will be for meals and R120 will be for accommodation.  
The SGB will contribute R3 150 towards the transport cost.

**30**

**QUESTION 4: TANGIBLE ASSETS AND RATIO ANALYSIS (30 marks; 24 minutes)****4.1 Tangible Assets**

Use the information provided to complete the Fixed Asset Register of Twinkle Traders. The financial year ends on 28 February each year: (16)

- A vehicle was purchased on 1 September 2017 for R550 000 from Teddy Motors. Depreciation is calculated at 15% p.a. on cost.
- Equipment was purchased on 1 March 2018 for R600 000 from Ludz Traders. Depreciation is calculated at 20% p.a. on the diminishing balance method.

4.2 The Asset Register is a valuable tool in asset management. Why? Give ONE reason. (2)

**4.3 Ratio Analysis**

The following information was extracted from the books of TK Traders for the financial year ended 28 February 2020:

Sales	R450 500
Cost of Sales	R ?
Gross Profit	25 % of Sales
Operating Expenses	R67 500
Net Profit	R67 575

**Required:**

Calculate the following:

- (a) Gross Profit (3)
- (b) Cost of Sales (3)
- (c) Percentage Gross Profit on Cost of Sales (2)
- (d) Percentage net profit on Sales (2)
- (e) The owner requested that you give one point of advice on how the percentage Net profit on sales can be increased to at least 20% (2)

<b>30</b>
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**TOTAL: 150**

**ANNEXURE A  
FORMULA SHEET GRADE 10**

$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Owners' Equity}} \times \frac{100}{1}$
$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$	Current Assets: Current Liabilities	
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	(Current Assets – Inventories): Current Liabilities	
$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	Total Assets: Total Liabilities	