education

Department:
Education
PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

GRADE 11

ACCOUNTING – PAPER 2

JUNE 2019

COMMON TEST

MARKS: 150

TIME : 2 hours

This paper consists of 9 pages and an answer booklet of 6 pages.

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INSTRUCTIONS AND INFORMATION

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of 8 pages.
2. A special **ANSWER BOOK** consisting of 6pagesis provided in which to answer all the questions.
3. Answer **ALL** the questions.
4. **Workings must be shown in brackets in order to earn part marks.**
5. Non-programmable calculators may be used.
6. You may use dark pencil or black / blue pen to answer the questions.
7. Marks will be deducted for missing details and foreign entries.
8. Use the information in the table below as a guide when answering the question paper:

Question 1: 40 Marks, 32 Minutes	
The topic of this question is:	**Content:**
Bank Reconciliation	• Cash Journals • Bank Reconciliation Statement • Internal Control
Question 2: 32 Marks, 26 Minutes	
The topic of this question is:	**Content:**
Manufacturing – Cost Calculations	• Terms and Concepts • Calculations • Break-even Point
Question 3: 43 Marks, 34 Minutes	
The topic of this question is:	**Content:**
Manufacturing - Ledger	• Work in Progress • Factory Overheads
Question 4: 35 Marks, 28 Minutes	
The topic of this question is:	**Content:**
Creditors Reconciliation	• Statements vs. Account • Internal Control

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QUESTION 1 (40 Marks, 32 Minutes)

BANK RECONCILIATION

The information provided below was extracted from the financial records of "Hayley's Hardware Shop" for the month of March 2019.

Required:

1.1 Provide **TWO** reasons why completing a monthly Bank Reconciliation Statement is a good form of internal control for a business? (4)

1.2 Calculate the following for the month of March 2019:

1.2.1 Bank Column of the Cash Receipts Journal (7)
1.2.2 Bank Column of the Cash Payments Journal (8)
1.2.3 Bank Account in the General Ledger (4)

1.3 Prepare the Bank Reconciliation Statement on 31 March 2019. (9)

1.4 The internal auditor suggests that the businesses stops issuing cheques to pay their suppliers, but to rather switch over to using direct payments (EFTs).

1.4.1 Briefly explain what is meant by an "EFT"? (2)
1.4.2 Provide **TWO** reasons to support this suggestion. (4)
1.4.3 Provide **ONE** reason to show how the owner can maintain better internal control of his cash by implementing direct payments by EFT. (2)

Information:

Extract from the Bank Reconciliation Statement on 28 February 2019

Unfavourable Balance as per Bank Account			15 250
Outstanding deposits			16 200
Outstanding cheques	No. 262	(14 August 2018)	2 900
	No. 415	(12 February 2019)	5 800
	No. 420	(20 February 2019)	14 000
	No. 422	(25 February 2019)	4 750
	No. 426	(15 March 2019)	4 300
	No. 432	(26 April 2019)	18 700
Favourable Balance as per Bank Statement			19 000

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B. **The following provisional totals were extracted from the Cash Journals on 31 March 2019:**

Cash Receipts Journal	52 600
Cash Payments Journal	47 900

C. **The following items appeared on the March 2019 Bank Statement, but not in the March Cash Journals:**

- Cheque numbers 415 and 420.
- A deposit for R16 200.
- A deposit for R18 900 from a debtor in part payment of his account.
- R16 000 paid to the land lord for the monthly rent.
- An unpaid cheque that was originally received from a debtor for R6 300 in settlement of their account of R6 500.
- Cheque number 422, issued for Trading Stock, appears on the Bank Statement as R4 570. The amount on the Bank Statement is correct.
- Interest on a debit balance of R85
- Cash Deposit Fees of R170.
- A stop order for R4 000 for the monthly instalment for businesses delivery vehicle appears only on the Bank Statement.
- The owner transferred R25 000 from his personal bank account into the businesses account to increase his capital contribution.
- The Bank Statement has a balance of R? on 31 March 2019.

D. **A comparison of the March 2019 Salaries Journal with the March 2019 Bank Statement shows the following outstanding cheques:**

Employee number	Gross Salary	Net Salary	Cheque No
2559	R12 400	R9 800	451
2560	R14 200	R11 600	452

E. **The following items appeared only in the Cash Journals and not on the Bank Statement for March 2019:**

- Two deposits for R8 100 and R13 600 respectively appeared in the Cash Journals only.
- Cheque no. 426 was lost in the post and needs to be cancelled. A new cheque (no. 510) for R2 000 more than the original amount was issued. The new cheque is still outstanding.

F. **Additional Information**

- Cheque number 262 for R2 900 is stale and must be cancelled. It was originally issued to a non-profit organisation as a donation.

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QUESTION 2 (32 Marks, 26 Minutes)

MANUFACTURING – COST CALCULATIONS

Ingrid runs a small business that makes and sells banana bread. She currently employs 2 workers. These workers assist her by taking orders, baking the banana bread and delivering it to customers.

Required:

2.1 Match the term in Column A, to its definition in Column B. Write only the correct letter in your answer booklet. E.g. 7F. (5)

2.1.1	The cost per loaf of Banana bread	A	Direct Materials
2.1.2	Costs that increase or decrease according to the number of loaves made per month.	B	Fixed Cost
2.1.3	The ingredients used to make a loaf of banana bread.	C	Direct Labour cost
2.1.4	Costs that are not dependent on the number of loaves made per month.	D	Unit Cost
2.1.5	The salaries paid to the workers that bake the banana bread.	E	Variable Cost

2.2 Calculate the following:
2.2.1 The cost of ingredients to make **ONE** loaf of banana bread. (9)
2.2.2 Total cost to make **2 000 loaves** of banana bread each month. (7)
2.2.3 The cost per loaf of banana bread (3)

2.3 How many loaves of banana bread does this business need to make and sell each month in order to break even. (4)

2.4 Due to the load shedding during March 2019, Ingrid's business only made and sold 1 400 loaves of banana bread. State **TWO** consequences of load shedding on this business. (4)

Information:

A. **The following ingredients are needed to bake 1 loaf of banana bread:**

Ingredient	Cost	Quantities
3 ripe banana's	R1.50 each	
1/3 cup melted butter	R45 per block	1 block makes 3 loaves
1 teaspoon baking powder	R7.50 for 50g	1 teaspoon is 5g
Pinch of salt		5 cents per loaf
¾ cup of sugar	R3 per cup	
1 large egg	R48 for 30 eggs	
1 teaspoon vanilla essence	R6 for 100ml	1 teaspoon is 5ml
1 ½ cups flour	88 cents per cup	

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B. **Other costs per month:**

Labour (per employee)	R6 000
Rent of premises	R5 500
Water and Electricity	R3 000
Indirect Materials	R1 307

C. **Additional Information:**

- On average 2 000 loaves of banana bread are made and sold each month.
- Ingredients are considered to be variable costs, all other expenses are considered as fixed costs to the business.
- Each loaf of banana bread is sold for R50.

QUESTION 3 **(43 Marks, 34Minutes)**

MANUFACTURING LEDGER

You are provided with information relating to "Poppie's Pans", a manufacturing business that makes pots, pans and related kitchen items. The information given below was extracted from the accounting records on 28 February 2019, the end of the financial year.

Required:
Complete the following accounts in the General Ledger for the year ended 28 February 2019:

3.1 Work in Progress Stock (15)

3.2 Factory Overhead Costs (28)

SHOW CLACULATIONS IN BRACKETS SO THAT PART MARKS CAN BE AWARDED

Information:

A. **Opening Balances:**

	1 March 2018
Work-in-Progress Stock	58 700
Consumable Stores	1 500

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B. **Summary of Transactions for the year ended 28 February 2019:**

Wages of Factory Workers	892 000
Salary of Factory Managers	350 400
Salary of Bookkeeper / Receptionist	145 600
Water and Electricity	354 100
Rent	362 000
Insurance	27 200
Consumable Stores (for factory)	18 500
Factory Repairs and Maintenance	65 420

C. **Additional Information:**

- Raw materials issued to the factory for the year amounted to R5 895 000.
- Factory rent is split according to the floor space occupied by each department. Of the total 4 000 square metres of the property, the offices take up 200 square metres and the warehouse for storing finished goods taken up 800 square metres.
- 80% of the water and electricity bill, as well as the insurance expense is charged to the factory.
- The factory managers are still owed their performance bonus for the year ended 28 February 2019. This bonus is equivalent to 3 full months' salary. The factory workers were paid their bonuses in December 2018. This has already been recorded.
- The factory has equipment with a **book value** of R1 895 000 at the beginning of the financial year. No equipment was purchased or sold this year. This is to be depreciated at 20% per annum according to the diminishing balance method.
- R16 500 is still owed to the electrician for repair work completed due to a fire caused by old wiring. The repairs were completed in February 2019.
- As per a physical count, consumable stores of R2 650 and work in progress of R62 300 were on hand at the end of the accounting year.

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QUESTION 4 (35 Marks, 28Minutes)

CREDITORS RECONCILIATION

SS Supermarket buys goods on credit from WW Wholesalers.

Required:

4.1 List **TWO** reasons why businesses need to study the statement received from their creditors every month. (4)

4.2 Complete the missing amounts / details labelled A to F. (8)

4.3 Reconcile the Creditors Ledger account of WW Wholesalers in the books of SS Supermarket with the statement received from WW Wholesalers. (16)

4.4 State **TWO** consequences, other than interest, for the business if they do not pay the amount due to creditors on time. (4)

4.5 Refer to the Statement received from WW Wholesalers. Are they adequately controlling the amount that they allow SS Supermarket to purchase on credit? Give a reason, stating amounts, for your answer. (3)

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Information

A.

WW Wholesalers
Statement of Account

Customer: SS Supermarket **Date: 25 April 2019**
Credit Limit: R26 000

Date		Details	Debit	Credit	Balance
'19Mar	26	Balance			17 200
	30	Invoice no 1129	**A**		18 400
'19 April	4	Receipt no 520		10 000	**B**
	12	Invoice no 1 456	6 500		14 900
	16	Invoice no 1 560	3 000		17 900
	17	Credit note no 1005		850	17 050
	20	Interest on overdue account	170		17 220
	21	Invoice no. 1 723	**C**		26 620
	24	Receipt no. 1 853		2 000	24 620

B. **Creditors Ledger of de SS Supermarket**

Date		Details	Fol	DR	CR	Balance
'19April	1	Balance	b/d			**D**
	3	Cheque no 320	CPJ	10 000		8 400
		Discount Received	**E**	200		8 200
	12	Invoice no. 1 456	CJ		5 600	13 800
	16	Invoice no. 1 560	CJ		3 000	**F**
	17	Debit note 185	**G**		850	17 650
	21	Invoice no. 1 723	CJ		9 400	27 050
	26	Invoice Z2558	CJ		4 700	31 750
	28	Cheque no. 335	CPJ	15 000		**H**
		Discount Received	CPJ	300		16 450

C. **The following differences were noticed when the Statement from WW Wholesalers was compared to the account in the Creditors Ledger of SS Supermarket**

- Invoice number 1 129 appeared in the creditors ledger for March 2019 in the books of SS Supermarket.
- Invoice 1 456 was incorrectly recorded on the Statement from WW Wholesalers.
- Debit note number 185 was recorded incorrectly in the Creditors Ledger.
- The interest on overdue account was meant to be charged by WW Wholesalers to the account of ST Supermarket and not SS Supermarket.
- Invoice number Z2558 in the Creditors Ledger was not received from WW Wholesalers.
- SS Supermarket did not receive the discount on 3 April 2019 as their cheque was delayed in the post.
- Receipt number 1 853 should have been recorded as invoice number 1 853. It was incorrectly entered on the Statement from WW Wholesalers and omitted from the Creditors Ledger of SS Supermarket.
- The Statement from WW Wholesalers was prepared on 25 April 2019.

TOTAL MARKS: 150

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Department:
Education
PROVINCE OF KWAZULU-NATAL

ACCOUNTING – PAPER 2

ANSWER BOOK

JUNE 2019

COMMON TEST

NATIONAL SENIOR CERTIFICATE

GRADE 11

Name:_____ **Grade:**_____

Question	Topic	Learners Mark	Moderators Mark
1	Bank Reconciliation		
2	Manufacturing – Cost Calculations		
3	Manufacturing - Ledger		
4	Creditors Reconciliation		

This answer book consists of 6 pages.

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QUESTION 1 (40 Marks, 32 Minutes)

BANK RECONCILIATION

1.1 Provide **TWO** reasons why completing a monthly Bank Reconciliation Statement is a good form of internal control for a business? (4)

1.2 Calculate the following for the month of March 2019:

1.2.1 Bank Column of the Cash Receipts Journal (7)

1.2.2 Bank Column of the Cash Payments Journal (8)

1.2.3 Bank Account in the General Ledger (4)

1.3 Bank Reconciliation Statement on 31 March 2019. (9)

	Debit	Credit
Debit Balance as per Bank Account		
Credit Outstanding Deposit		
Debit Outstanding Cheques		
Credit Balance as per Bank Statement		

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1.4 The internal auditor suggests that the businesses stops issuing cheques to pay their suppliers, but to rather switch over to using direct payments (EFTs).

1.4.1 Briefly explain what is meant by an "EFT"? (2)

1.4.2 Provide **TWO** reasons to support this suggestion. (4)

1.4.3 Provide **ONE** reason to show how the owner can maintain better internal control of his cash by implementing direct payments by EFT. (2)

QUESTION 2 **(32 Marks, 26 Minutes)**

MANUFACTURING – COST CALCULATIONS

2.1 Match the term in Column A, to its definition in Column B. Write only the correct letter in your answer booklet. E.g. 7F. (5)

2.1.1	
2.1.2	
2.1.3	
2.1.4	
2.1.5	

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2.2 Calculate the following:

2.2.1 The cost of ingredients to make **ONE** loaf of banana bread. (9)

Banana's	
Butter	
Baking powder	
Salt	
Sugar	
Egg	
Vanilla essence	
Flour	
Total	

2.2.2 Total cost to make **2 000 loaves** of banana bread each month. (7)

Ingredients	
Other costs	
Total Cost	

2.2.3 The cost per loaf of banana bread (3)

2.3 How many loaves of banana bread does this business need to make and sell each month in order to break even. (4)

2.4 Due to the load shedding during March 2019, Ingrid's business only made and sold 1 400 loaves of banana bread. State **TWO** consequences of load shedding on this business. (4)

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QUESTION 3

(43 Marks, 34 Minutes)

MANUFACTURING LEDGER

3.1 Work in Progress Stock (15)

3.2 Factory Overhead Costs (28)

QUESTION 4

(37 Marks, 30 Minutes)

CREDITORS RECONCILIATION

4.1 List **TWO** reasons why businesses need to study the statement received from their creditors every month. (4)

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4.2 Complete the missing amounts / details labelled A to F. (8)

A	
B	
C	
D	
E	
F	
G	
H	

4.3 (16)

Statement from WW Wholesalers	Creditors Ledger of SS Supermarket

4.4 State **TWO** consequences, other than interest, for the business if they do not pay the amount due to creditors on time. (4)

4.5 Refer to the Statement received from WW Wholesalers. Are they adequately controlling the amount that they allow SS Supermarket to purchase on credit? Give a reason, stating amounts, for your answer. (3)

TOTAL MARKS:150

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ACCOUNTING – PAPER 2

MARKING GUIDELINE

JUNE 2019

COMMON TEST

NATIONAL
SENIOR CERTIFICATE

GRADE 11

MARKS : 150

TIME : 2 hours

Question	Topic	Marks	Minutes
1	Bank Reconciliation	40	32
2	Manufacturing – Cost Calculations	32	26
3	Manufacturing - Ledger	43	34
4	Creditors Reconciliation	35	28
		150	120

This marking guideline consists of 6 pages.

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QUESTION 1 **(40 Marks, 32 Minutes)**

BANK RECONCILIATION

1.1 Provide **TWO** reasons why completing a monthly Bank Reconciliation Statement is a good form of internal control for a business? (4)

- It confirms the accuracy of all transactions recorded in the cash journals and the balance of the bank account✓✓.
- It keeps track of outstanding deposits, cheques, bank charges etc✓✓.
- It assists the business to identify errors and omissions in the cash journals and on the bank statement.

1.2 Calculate the following for the month of March 2019:

1.2.1 Bank Column of the Cash Receipts Journal (7)

52 600✓ + 18 900✓ + 180✓ + 25 000✓ + 2 900✓ + 4 300✓
= 103 880☑

1.2.2 Bank Column of the Cash Payments Journal (8)

47 900✓ + 16 000✓ + 6 300✓ + 85✓ + 170✓ + 4 000✓ + 6 300✓
= 80 755☑

1.2.3 Bank Account in the General Ledger (4)

- 15 250✓ + 103 880☑ – 80 755☑
= 7 875☑

1.3 Bank Reconciliation Statement on 31 March 2019. (9)

	Debit	Credit
Debit Balance as per Bank Account	7 875☑	
Credit Outstanding Deposits		8 100✓
		13 600✓
Debit Outstanding Cheques		
No. 432	18 700✓	
No. 451	9 800✓	
No. 452	11 600✓	
No. 510	6 300✓	
Credit Balance as per Bank Statement		32 575☑
	54 275	☑ 54 275

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1.4 The internal auditor suggests that the businesses stops issuing cheques to pay their suppliers, but to rather switch over to using direct payments (EFTs).

1.4.1 Briefly explain what is meant by an "EFT"? (2)

- Bank electronically✓✓
- Do the banking outside the bank using ATM or internet banking
- Use internet banking to pay
-

1.4.2 Provide **TWO** reasons to support this suggestion. (4)

- It is quick and easy✓✓
- Easier to monitor✓✓
- Safer than using cash or cheques
- Fewer bank charges
- No need to keep track of outstanding cheques
- **ANY LOGICAL ANSWER**

1.4.3 Provide **ONE** reason to show how the owner can maintain better internal control of his cash by implementing direct payments by EFT. (2)

- Senior personnel authorized to make internet payments✓✓
- Two people to authorise an EFT transaction (allocation of duties)
- Security codes for users (unique codes)/change codes regularly
- Notification from bank (sms/email) when payments are affected
- **ANY LOGICAL ANSWER**

QUESTION 2 **(32 Marks, 26 Minutes)**

MANUFACTURING – COST CALCULATIONS

2.1 Match the term in Column A, to its definition in Column B. Write only the correct letter in your answer booklet. E.g. 7F. (5)

2.1.1	D✓
2.1.2	E✓
2.1.3	A✓
2.1.4	B✓
2.1.5	C✓

2.2 Calculate the following:

2.2.1 The cost of ingredients to make **ONE** loaf of banana bread. (9)

Banana's	4.50✓
Butter	15.00✓
Baking powder	0.75✓
Salt	0.05✓
Sugar	2.25✓
Egg	1.60✓
Vanilla essence	0.30✓
Flour	1.32✓
Total	25.77☑

2.2.2 Total cost to make **2 000 loaves** of banana bread each month. (7)

Ingredients (25.77 X 2 000)	51 540☑
Other costs	21 807☑
Labour	12 000✓
Rent of premises	5 500✓
Water and Electricity	3 000✓
Indirect Materials	1 307✓
Total Cost	73 347☑

2.2.3 The cost per loaf of banana bread (3)

73 347☑ / 2 000✓
= R36, 67☑

2.3 How many loaves of banana bread does this business need to make and sell each month in order to break even. (4)

21 807☑ .
50✓ – 25.77☑
21 807
24.23
= 900 loaves☑

2.4 Due to the load shedding during March 2019, Ingrid's business only made and sold 1 400 loaves of banana bread. State **TWO** consequences of load shedding on this business. (4)

- The business made a loss / less profit during March 2019.✓✓
- The workers may need to be retrenched as not enough money is being made✓✓
- Customers will find an alternative supply of banana bread as orders are unable to be fulfilled
- The business may have to invest in a generator
- **ANY OTHER LOGICAL ANSWER**

QUESTION 3

(43 Marks, 34 Minutes)

MANUFACTURING LEDGER

3.1 Work in Progress Stock (15)

2018 Mar	1	Balance✓	58 700✓	2019 Feb	28	Finished Goods Stock✓	8 276 210 ☑
2019 Feb	28	Direct Material Cost✓	5 895 000✓			Balance✓	62 300 ✓
		Direct Labour Cost✓	892 000✓				
		Factory Overhead Costs✓	1 492 810 ☑				
			8 338 510		☑		8 338 510
2019 Mar	1	Balance✓	62 300✓				

3.2 Factory Overhead Costs (28)

2019 Feb	28	Consumable Stores✓(1 500✓ + 18 500✓ – 2 650✓)	17 350☑	2019 Feb	28	Work in progress stock✓	1 492 810 ☑
		Salary: Factory Managers ✓(350 400✓ + 87 600✓)	438 000✓				
		Water and Electricity✓(354 100 X 80%)	283 280✓✓				
		Rent✓ (362 000 X 75%)	271500✓✓				
		Insurance✓(27 200 X 80%)	21 760✓✓				
		Factory Repairs &Maintenance✓ (65 420✓ + 16 500✓)	81 920✓				
		Depreciation✓	379 000✓✓				
			1 492 810		☑		1 492 810

QUESTION 4

(37 Marks, 30 Minutes)

CREDITORS RECONCILIATION

4.1 List **TWO** reasons why businesses need to study the statement received from their creditors every month. (4)

To ensure that there are no errors or omissions✓✓
To keep track of how much is owed to creditors each year.✓✓
To ensure that accounts are paid on time
To manage their finances so that they do not attempt to go over their credit limit.

4.2 Complete the missing amounts / details labelled A to F. (8)

A	1 200✓
B	8 400✓
C	9 400✓
D	18 400✓
E	CPJ✓
F	16 800✓
G	CAJ✓
H	16 750✓

4.3 Reconcile the Creditors Ledger account of WW Wholesalers in the books of SS Supermarket with the statement received. (16)

Statement from WW Wholesalers	Creditors Ledger of SS Supermarket
24 620✓	16 450✓
- 900✓✓	-850✓ (OR - 1700 ✓✓)
-170✓	- 850✓
+ 2000✓ (OR + 4 000✓✓)	-4700✓
+ 2000✓	+ 200✓
- 15 000✓	+ 2 000✓
- 300✓	
12 250☑	12 250☑

4.4 State **TWO** consequences, other than interest, for the business if they do not pay the amount due to creditors on time. (4)

- Credit rating of the business can be affected✓✓
- The business can be blacklisted✓✓
- Their account might be frozen to stop them purchasing more
- The limit may decrease (or not be increased when needed)

4.5 Refer to the Statement received from WW Wholesalers. Are they adequately controlling the amount that they allow SS Supermarket to purchase on credit? Give a reason, stating amounts, for your answer. (3)

No✓
The credit limit for SS Supermarket is R26 000✓ but the account exceeds this limit on 21 April when the balance is R26 620.✓

TOTAL MARKS: 150

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