



HILLCREST HIGH SCHOOL
ACCOUNTING EXAM
PAPER 2
NOVEMBER 2018

GRADE 10

MARKS: 150

TIME: 2 HOURS

INSTRUCTIONS AND INFORMATION:

1. You are provided with a question paper with and an **ANSWER BOOK**.
2. This question paper comprises of FIVE compulsory questions. Answer ALL the questions.
3. **Calculations must be shown in order to achieve part-marks.**
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1: marks; minutes	
Topic of the question:	This question integrates:
<i>Accounting concepts</i> <i>Debtors</i> <i>Internal Control</i>	Financial Accounting * Concepts * Debtors Ledger * Control of debtors
QUESTION 2: marks; minutes	
Topic of the question:	This question integrates:
<i>Sole Trader</i> <i>Financial Statements</i>	Financial Accounting ➤ Balance Sheet Note: Tangible / Fixed Assets
QUESTION 3: marks; minutes	
Topic of the question:	This question integrates:
<i>VAT</i>	Financial Accounting * VAT * Calculations * Ethics
QUESTION 4: marks; minutes	
Topic of the question:	This question integrates:
<i>Budget</i>	Financial Accounting * Theory * Budgeting and calculations
QUESTION 5: 24 marks; 20 minutes	
Topic of the question:	This question integrates:
<i>Inventory</i>	Financial Accounting * Theory * Trading Stock Account

QUESTION 1: ACCOUNTING CONCEPTS, DEBTORS, INTERNAL CONTROL AND ANALYSIS OF TRANSACTIONS (marks; minutes)

- 1.1 Choose the correct word(s) from COLUMN B to match the description in COLUMN A. Write only the letter (A-J) in COLUMN B next to the number (1.1.1 – 1.1.10) in the ANSWER BOOK. (10)

COLUMN A		COLUMN B	
1.1.1	Money received by the business for rendering a service or selling stock	A	Petty cash voucher
1.1.2	The document used when paying cash into the current account of the business	B	Debtors
1.1.3	Assets that have a reasonable long life span	C	Capital
1.1.4	Outsiders who owe the business money for stock sold	D	Current assets
1.1.5	The document used to record small cash amounts issued for purchases	E	Fixed / Tangible assets
1.1.6	Money the owner contributes to start a business	F	Original receipt
1.1.7	The document used to record goods sold on credit	G	Duplicate debit note
1.1.8	The internal document used when the stock is returned to a creditor	H	Income
1.1.9	Assets with a short life span and their value changes continually	I	Duplicate receipt
1.1.10	A document required by a customer as proof of payment	J	Bank deposit slip

1.2 DEBTORS and INTERNAL CONTROL

Maxi Arm Bracelets is a jewellery shop that sells stock on credit. Information relating to debtor M Dixon is presented.

REQUIRED:

- 1.2.1 Complete the account of M Dixon in the Debtors Ledger of Maxi Arm Bracelets. (Refer to the Information provided below) (12)
- 1.2.2 What information should Maxi Arm Bracelets obtain before giving credit to M Dixon. (4)
- 1.2.3 List **TWO** methods the business can apply to improve the outstanding amounts that debtors owe. (2)

INFORMATION

- A** Balance due by M Dixon on 1 October 2018, R3 200
B Transactions for October 2018

02	Sold jewellery for R1800 on credit, cost price R900
06	The jewellery was not according to the order and was returned, R180
09	Received payment in settlement of account as at 1 October 2018. Allowed 5% discount for early payment.
15	Sold jewellery for R4 160 on credit, cost price R3 130.
27	Sold a watch for R240 cash, cost price R170.
30	Received payment settling half of her amount owing to date.

QUESTION 2: FINANCIAL ACCOUNTING: Tangible/Fixed Asset Note (marks; minutes)

The following information was extracted from the books of Sunshine Traders for the financial year ended 30 June 2018.

REQUIRED:

- 2.1 Calculate the depreciation on vehicles on 30 June 2018. (5)
- 2.2 Calculate the depreciation on equipment on 30 June 2018. (5)
- 2.3 Prepare the Tangible/Fixed Asset Note on 30 June 2018. (20)
- 2.4 After the extensions and repairs were done to the building, the land and buildings were valued at R500 000.
- 2.4.1 Indicate the amount that will be recorded in the financial statements on 30 June 2018. (2)
- 2.4.2 Name the GAAP principle that is applicable to Question 2.4.1 (2)
- 2.5 It was discovered after preparing the financial statements that the fuel expenses have increased by 80% from last year. The driver who does deliveries takes the vehicle home every day. State **TWO** internal control measures that the owner can put in place to reduce the misuse of the delivery vehicle by the driver. (4)

INFORMATION:

A Some balances on 01 July 2017 in the General Ledger:

	R
Land and Buildings	240 000
Vehicles	190 000
Equipment	56 000
Accumulated depreciation on vehicles	28 500
Accumulated depreciation on equipment	5 600

B The following transactions involving tangible assets took place during the year:

- Extension was done to the shop to the value of R50 000 and repairs to the building, R15 000. Builders Express was paid by cheque on 15 January 2018 and it was recorded in the books of the business.
- The business bought computers and printers for office use for R28 000 on 01 March 2018, installation cost of R2 000 was paid by cheque.
- A new vehicle was bought on credit from ACE Motors on 1 October 2017 for R160 000 and recorded into the books.
- Depreciation is written off on vehicles at 15% per annum on cost price and equipment at 10% per annum on the diminishing balance method.

QUESTION 3: VAT; ETHICS

(marks; minutes)

3.1 Choose the correct word(s) in brackets to correct the statement. Write only the word(s) next to the numbers (3.1.1 – 3.1.4) in the ANSWER BOOK.

3.1.1 VAT is charged at 15% on (all/certain) goods and services.

3.1.2 It is (compulsory/not compulsory) for all formal businesses to register for VAT.

3.1.3 Input VAT is VAT on (purchases/sales).

3.1.4 Businesses must submit their VAT returns to SARS every (first/second) month. (4)

3.2 What is the difference between “Zero-rated VAT and “VAT exempt”? Give an example of each. (4)

- 3.3 Calculate the missing amounts denoted by (a) to (d).
Note that the standard VAT rate is 15%.

VAT (INCLUSIVE)	VAT (EXCLUSIVE)	VAT AMOUNT
R4 025	R3 500	(a)
R21 850	(b)	R2 850
R92 000	(c)	(d)

(8)

- 3.4 Mabula Traders has ordered goods with a marked price of R18 000 from Beta Suppliers. The sales director of Beta Suppliers, Jimmy Slow, has offered to sell these goods to Mabula Traders for R8 000, provided that they do not have to issue an invoice.

3.4.1 Comment on the offer made by Jimmy Slow. State **TWO** points. (4)

QUESTION 4: BUDGETING

(marks; minutes)

- 4.1 Concepts:

Indicate whether the following statements are true or false. Write only **TRUE** or **FALSE** next to the numbers (4.1.1 – 4.1.3) in the answer book.

- 4.1.1 The process of planning future business actions and expressing those plans in a formal manner, usually in monetary terms, is called budgeting.
- 4.1.2 Most successful businesses generally prepare their budgets from 'the top down'. These budgets are tightly controlled by upper management.
- 4.1.3 Planning plant asset investments is called capital budgeting. (3)

- 4.2 The grade 10 learners plan a Valentines Dance in the school hall to raise funds to buy new rugby jerseys for the first team.

REQUIRED:

- 4.2.1 Calculate the following figures for the budget:

- Total expected receipts from the dance. (5)
- Total expected payments. (5)
- The total surplus for the dance. (3)

INFORMATION:

There are 500 learners who are going to attend the Valentines' ball. A couple pays R150 entrance fee. If someone is going alone, he/she pays R100 per person.

A Tickets

- 150 couples are going to attend.
- 200 learners are going alone.

B Gifts

- Receipts from sales of roses, R3 000.

C Tuck shop

- Sales, R5 600
- Purchases, R2 750

D Rent

The school hall is hired to the learners at R450 for the day.

E Decoration

R1 200 for all the decorations.

QUESTION 5: INVENTORY (TRADING STOCK ACCOUNT)

(35 marks; minutes)

The information below relates to Manfred Traders for May 2018.

REQUIRED:

- 5.1 Take all the relevant information into consideration to answer the questions in your ANSWER BOOK.
- 5.1.1 In which section of the general ledger must trading stock appear? (1)
- 5.1.2 Provide the source documents for [A] to [C] on the debit side of the trading stock account. (3)
- 5.1.3 Provide the missing contra account for R23 850 and R2 100 on the credit side. (2)
- 5.1.4 The total cash sales for May 2018 was R96 000. Calculate the amount to be entered in the Trading Stock account. The business maintains a mark-up % of 50% on cost. (3)

- 5.1.5 Stock with a cost price of R1 800 was withdrawn by the owner on 31 May 2018. The business maintains a mark-up % of 50% on cost. Calculate the selling price. (3)
- 5.1.6 There was a burglary on 31 May 2018 and the value of the stock stolen were correct calculated and entered in the trading stock account. Suggest TWO possible reasons prevent this in the future. (4)
- 5.1.7 The business buys more on credit as cash. Provide figures to support your answer. (2)
- 5.1.8 Calculate the balance of Trading Stock on 31 May 2018. (Include the amounts in the cost of sales and theft according to your calculations. (5)

INFORMATION:

GENERAL LEDGER OF MANFRED TRADERS

Dr		TRADING STOCK						Cr	
2018					2018				
May	1	Balance	b/d	78 600	May	31	Cost of sales	CRJ	?
	31	Bank	CPJ [A]	19 500			5.1.3	DJ	23 850
		Cost of sales	DAJ [B]	3 020			5.1.3	CAJ	2 100
		Creditors' control	CJ [C]	44 600			Drawings	GJ	1 800
		Petty Cash	PCJ	460			Theft	GJ	1 980
							Balance		?
				146 180					
		Balance		?					