

ACCOUNTING

2020

GRADE 10

PAPER 2

MARKS: 150

TIME: 2 HOURS

This question paper consists of 7 pages, a 12 page answer book and a formula sheet.

QUESTION 1 – 15 marks – 15 minutes	
Topic of the question:	This question integrates:
Value Added Tax and internal control	Theory and problem solving
QUESTION 2 – 65 marks – 45 minutes	
Topic of the question:	This question integrates:
General Ledger and internal control	Analysis of ledger accounts and internal control
QUESTION 3 – 30 marks – 20 minutes	
Topic of the question:	This question integrates:
Budgets	Budget and interpretation
QUESTION 4 – 40 marks – 40 minutes	
Topic of the question:	This question integrates:
Wages and salaries and internal control	Theory, internal control and Wages Journal

Instructions –

- Answer all questions
- A special answer book is provided in which to answer ALL questions
- Show all workings to earn part marks
- You may use a non-programmable calculator
- You may use a dark pencil or blue/black ink to answer the questions
- Write neatly and legibly

QUESTION 1 – INTERNAL CONTROL AND VAT [15 marks]

1.1 INTERNAL CONTROL (6 marks)

Read the following scenario and then answer the questions that follow:

Hillcrest High's Grade 10 learners have been running a small tuck shop business at school during break time. They are a group of five Accounting learners who help each other at the tuck shop. They have been recording everything they do. They kept their stock in an unlocked cupboard in the accounting teacher's classroom. Their cash was put in a shoe box and put inside the cupboard. Two weeks after beginning their project, they were disappointed to notice that their trading stock and cash were missing. They have asked one of the Grade 12 Accounting learners to look at their books and check how much their loss is.

1.1.1 They are running a/an informal or formal business? (2)

1.1.2 The Grade 12 learner acts as their internal or external auditor. (1)

1.1.3 List three internal control measures or procedures that should be implemented to protect the trading stock and cash from being stolen in the future. (3)

1.2 VAT (9 marks)

1.2.1 What does VAT stand for? (1)

1.2.2 What is the current VAT rate in South Africa? (1)

1.2.3 VAT is payable to (1)

1.3 Give two examples for – (4)

1.3.1 Vat exempt goods

1.3.2 Zero rated goods

1.4 What is tax evasion? (2)

QUESTION 2 [65 marks]

Part A (22 marks) DEBTORS CONTROL ACCOUNT

2.1 You have been provided with incomplete ledger accounts relating to Kloof Traders. A letter shows each missing detail and amounts, for example, A, B, C and so on. You are also provided with certain additional information.

REQUIRED

2.1.1 Indicate the details or figures represented by letters A to I. (15)

Note – the **mark up** is 100%. The business has given you the cost of sales figures from the CRJ = R40 000, the DJ = R20 000 and the DAJ = R1 000. Discount allowed to debtors = R1 000

2.1.2 Briefly explain whether collection from debtors is satisfactory. Quote relevant figures. (3)

2.1.3 Give two reasons why a debtor would return stock to the business. (4)

**GENERAL LEDGER OF
DEBTORS CONTROL B11**

2020 Oct	1	Balance	b/d	10 000		2020 Oct	30	B	CRJ	40 025
	E	Sales	DJ	A				C	CRJ	D
		F	CPJ	1 700				I	DAJ	2 000
								Balance	c/d	
				G						
2020 Nov	1	Balance	b/d	H						

PART B – TRADING STOCK ACCOUNT (15 marks)

2.1.4 Complete the Trading Stock account by supplying the missing information (A – J) (11)

2.1.5 Give one possible explanation of R60 on the credit side. (2)

2.1.6 Give one possible explanation of R90 on the debit side. (2)

GENERAL LEDGER OF XX TRADERS

TRADING STOCK ACCOUNT B10

2020 Oct	1	Balance	b/d	A	2020 Oct	30	Creditors control	F	950
	30	B	CPJ	6 880			G	CRJ	9 200
		Creditors control	C	7 430			Cost of sales	H	8 500
		D	DAJ	2 220			I	GJ	60
		Petty Cash	E	90			Balance	b/d	2 410
202 Nov	1	Balance	b/d	J					

PART C – CREDITORS CONTROL ACCOUNT AND DISCOUNT RECEIVED (28)

2.1.7 Is Creditors control a current asset or current liability? (2)

2.1.8 Discount received is classified as a/an income or expense? (2)

2.1.9 Why do suppliers offer discount? Give two reasons. (4)

2.1.10 From the information below you are required to draw up the Creditors Control and Discount received account. (20)

INFORMATION

Balances on 1 October 2020

Debtors Control, R50 000, Creditors Control, R30 650,

Discount allowed, R3 000 and Discount received, R2 000.

CASH RECEIPTS JOURNAL OF BB BREADS – OCTOBER 2020 CRJ 10								
DOC	D	DETAILS	Bank	Sales	COS	Debtors- Receipts	Discount allowed	Sundries
		Totals		52 920	37 800	21 730	730	
CASH PAYMENTS JOURNAL OF BB BREADS – OCTOBER 2020 CPJ 10								
DOC	D	DETAILS	Bank	Trading stock	Creditors - Payments	Discount received	Debtors control	Sundries
		Totals		31 950	25 670	1 090	4 000	
DEBTORS JOURNAL OF BB BREADS – OCTOBER 2020 DJ 10								
DOC	D	DETAILS		Debtors control	Sales	COS		
		Totals		45 000	45 000	32 000		

DEBTORS ALLOWANCES JOURNAL OF BB BREADS – OCTOBER 2020 DAJ 10								
DOC	D	DETAILS		Debtors control	Debtors allow	COS		
		Totals		4 000	4 000	2 500		
CREDITORS JOURNAL OF BB BREADS – OCTOBER 2020 CJ10								
DOC	D	DETAILS		Creditors control	Trading stock	Stationery	Equip	Sundries
		Totals		?	40 000	2 000	35 000	8 000
CREDITORS ALLOWANCES JOURNAL OF BB BREADS – OCTOBER 2020 CAJ 10								
DOC	D	DETAILS		Creditors control	Trading stock	Stationery	Sundries	
		Totals		?	4 000	500	200	

QUESTION 3 – BUDGETS (30 marks)

3.1 Indicate whether the following are True or False (5 marks)

- 3.1.1 A cash budget is a plan showing only the money expected to be received.
- 3.1.2 A cash budget is a plan showing money to be received and payments to be made.
- 3.1.3 Shortfall is when you receive more money than what you spend.
- 3.1.4 Another name for shortfall is a surplus
- 3.1.5 A long term budget is drawn up for a period of five years.

3.2 Grade 11 learners at Hillcrest High School are responsible to organise the Matric Dance. Since Grade 10 learners need to be knowledgeable, it is important to take note of what the 2020 Grade 11's did.

REQUIRED

- 3.2.1 Prepare a budget for the 2020 matric farewell using the information supplied. (11)
- 3.2.2 Make a suggestion how to cut the costs for décor and food for the 2020 matric dance. (4)
- 3.2.3 Name one other possible fundraising method. [not mentioned in the information given below] (2)
- 3.2.4 Name two sources of income and two expenses found in a household budget. (4)

INFORMATION

Décor	6 000
Catering	20 000
Rent paid to hire the venue	100
Cake sale to raise funds	3 500
Donations	15 000
Soccer tournament to raise funds	2 000
Raffle organised by the Grade 11's to raise funds	1 500
Washing cars at school to raise funds	800

3.2.5 Did the grade 11's make a surplus or deficit? Give a reason for your answer. (4)

QUESTION 4 ETHICS, INTERNAL CONTROL AND WAGES JOURNAL

[40 marks]

ETHICS (13 marks)

4.1 Read the paragraph below, and then answer the questions that follow.

“More than a third of small businesses in South Africa pay their workers less than the minimum wage (as set out by the government). This statement was based on inspections carried out at 1 744 workplaces in this sector, where compliance levels found to be at 65%”.

4.1.1 Explain the difference between wages and salaries. (4)

4.1.2 Define the concept “deductions” and “contributions”. (4)

4.1.3 Why does the government set minimum wages? (2)

4.1.4 Would you regard the actions of these small businesses as ethical? Motivate your answer. (3)

4.2 INTERNAL CONTROL AND WAGES JOURNAL (27)

KK Clean Cleaning Services is a small business that renders cleaning services to other businesses in Hillcrest.

KK Clean Cleaning Services recently received complaints from numerous clients. It is alleged that the cleaners frequently gather in the restroom to chat and their productivity is substandard.

REQUIRED

4.2.1 What does PAYE and UIF stand for? (2)

4.2.2 Mr Worker is frequently late for work and leaves early on a Friday. What steps should the owner of KK Clean Cleaning Services take to prevent this from becoming a habit of his staff. (3)

4.2.3 Why do the workers belong to the Better Pension Fund? (2)

4.2.4 Prepare the Wages Journal for the week ending 26 October 2020. (20)

A - Extract from the attendance register - 26 October 2020

ATTENDANCE	EMPLOYEE	M WORKER	B HILL	A NGCOBO
MONDAY	Time in	07:00	08:00	08:30
	Time out	12:00	13:00	12:00
	Time in	13:00	14:00	13:00
	Time out	17:00	17:00	16:00
TUESDAY	Time in	06:00	08:00	08:00
	Time out	12:00	13:00	12:00
	Time in	13:00	14:00	13:00
	Time out	17:00	17:00	17:00
WEDNESDAY	Time in	06:00	08:00	08:30
	Time out	12:30	13:00	12:00
	Time in	13:30	14:00	13:00
	Time out	17:00	17:00	17:00
THURSDAY	Time in	07:00	08:00	08:00
	Time out	13:00	13:00	12:00
	Time in	14:00	14:00	13:00
	Time out	18:00	17:00	17:00
FRIDAY	Time in	08:00	08:00	08:00
	Time out	12:00	13:00	14:00
	Time in	13:00	14:00	-
	Time out	16:00	17:00	-
TOTAL HOURS WORKED		45	40	35

B - KK Cleaning Services applies the following –

- Normal wage rate, R20 per hour
- Normal work week, is 40 hours [any hours over 40 equals overtime]
- Overtime wage rate, is 1,5 times the normal wage rate

Deductions

- PAYE – 18% of gross wage
- UIF – 1% of gross wage
- Better Pension Fund – 8% of basic/normal wage

Contributions

- UIF - 1% of gross wage
- Pension Fund – R1 for R1 basis