

**GRADE 11: ACCOUNTING P2****2023 MID-YEAR EXAMINATION****150 MARKS; 2 HOURS****INSTRUCTIONS AND INFORMATION:**

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET of financial indicators is provided at the back of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show all calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Reconciliations	50	40
2	Cost Accounting	60	50
3	Fixed assets and problem solving	40	30
TOTAL		150	120

This Question Paper consists of 9 pages, a formula sheet and a 8 page Answer Book

QUESTION 1: RECONCILIATIONS**(50 marks; 40 minutes)**

1.1 Indicate whether the following statements are TRUE or FALSE. Write only “true” or “false” next to the numbers (1.1.1 – 1.1.4) in the ANSWER BOOK.

1.1.1 An internal auditor will want to inspect the Bank Reconciliation Statement at the end of each month.

1.1.2 A debit balance on the bank statement reflects an unfavourable balance.

1.1.3 Service fees, cash deposit fees and interest on overdraft are recorded as bank charges in the Cash Payments Journal.

1.1.4 A debit order payment for the owner's personal insurance is recorded as an outstanding EFT.

(4)

1.2 **BANK RECONCILIATION – Wrangle Traders**

The information relates to May 2023. Jeremiah Jacob is the bookkeeper. He is responsible for recording all cash transactions as well as depositing the cash received by the business.

He uses the official bank statement that is received on the 26th of each month to complete the reconciliation process.

REQUIRED:

1.2.1 Record the entries that must be taken into account to update the cash journals by completing the table provided in the Answer Book.

(14)

1.2.2 Calculate the correct Bank Account balance in the General Ledger

(6)

1.2.3 Prepare the Bank Reconciliation Statement on 31 May 2023.

(9)

1.2.4 It is evident that the business does not exercise effective internal controls over the cash resources.

- Identify TWO problems from the information provided.

- In each case, provide a solution for the problem identified.

(6)

INFORMATION:

A. Items from the Bank Reconciliation Statement on 30 April 2023.

Favourable balance on the Bank Statement	R 13 400
Outstanding deposits Dated 10 April 2023	21 600
Dated 27 April 2023	17 200
Outstanding EFTs No. 877	3 680
No. 878	12 100
Balance as per Bank Account	Star morephysics.com

- The deposit on 10 April for cash sales, was reflected as R15 000 on the bank statement. The difference was reported stolen. It must be written off.
- EFT No. 877 in favour of a creditor, appeared with the correct amount of R6 830 on the May bank statement.

B. The cash journals reflected the following provisional totals before receiving the May bank statement:

- Cash Receipts Journal: R92 700
- Cash Payments Journal: R86 300

C. A comparison of the relevant records revealed the following differences:

- Bank charges of R1 120 appeared on the bank statement only.
- The bank statement reflected an EFT from debtor M. Molly for R6 250 in settlement of her account of R6 500.
- Interest of R570 was credited on the bank statement.
- A debit order of R980 for the monthly advertising contract appeared twice on the bank statement. The bank promised to rectify this next month.
- An EFT payment for R4 350 issued to BT Caterers for the launch of a new product appeared on the statement but not in the relevant journal.
- A deposit of R53 000 from PS Schools bursary fund appeared on the statement. This does not relate to the business. The bank was informed to correct this error.
- The May 2023 CRJ also showed two outstanding deposits.
R13 220 on 17 May 2023,
R10 400 on 29 May 2023.
- The following EFTs from the CPJ were still outstanding.
No. 1460, for R4 280
No. 1461, for R5 730
- The bank statement balance on 26 May 2023 was R ?

1.3 CREDITORS RECONCILIATION

Umpti Suppliers is a creditor of Penny Traders. on credit.

The April 2023 statement from Umpti Suppliers reflected a closing balance of **R33 820**. The records of Penny Traders reflected an outstanding balance of **R27 600**. The errors and omissions are listed below.

REQUIRED:

Complete the table provided to show the effect of each error/omission. Indicate whether each amount is a + or – and total each column.

(11)

ERRORS AND OMISSIONS NOTED:

- A. An invoice for R4 450 was incorrectly reflected as R5 450 on the statement.
- B. Penny Traders recorded a 5% discount with the payment of R4 600. Umpti Suppliers did not grant this discount, stating that the EFT was late.
- C. An allowance of R520 for damaged goods was recorded as an invoice in the creditor's ledger account of Umpti Suppliers in the books of Penny Traders.
- D. Penny Traders reflected a credit invoice of R4 190 in the CL account of Umpti Suppliers. This was for goods purchased from Umteen Wholesalers.
- E. A credit balance of R4 720 must be transferred from the debtor's ledger account of Umpti Suppliers to their account in the Creditors Ledger.
- F. A payment of R5 500 made on 28 April 2023 did not appear on the statement. The statement was received on 26 April 2023.

QUESTION 2 COST ACCOUNTING**(60 marks; 50 minutes)**

- 2.1 Match the terms in column A with the examples provided in column B. Write the letter only next to each number (2.1.1 – 2.1.2) in the ANSWER BOOK.

COLUMN A	COLUMN B
2.1.1 Administration cost	A Wood used to make the desks
2.1.2 Direct labour cost	B Advertising expense
2.1.3 Direct material cost	C Office stationery expense
2.1.4 Factory overhead cost	D Factory rent expense
2.1.5 Selling and distribution cost	E Production wages

(5)

2.2 BEACH BUILDERS

The business manufactures school desks. The information presented relates to the financial year ended 28 February 2023.

REQUIRED:

- 2.2.1 Calculate the following:

- Direct material cost.
- Direct labour cost.

(6)

(8)

- 2.2.2 Complete the table for **factory overhead** cost.

(11)

- 2.2.3 Post to the **Work-In-Progress Stock** account in the General Ledger.

(9)

- 2.2.4 Calculate the gross profit for the financial year ended 28 February 2023.

(6)

INFORMATION:

- A. Stock balances:

	28 FEB 2023	1 MARCH 2022
Raw material	R 62 500	R 56 400
Work-in-progress	43 650	34 700
Finished goods	55 200	45 700

- B. Transactions during the year:

	R
Cash and credit purchases of raw material	532 900
Transport cost on raw material	32 800
Defective raw material returned to suppliers	11 600
Cash purchases of factory indirect material	43 750
Production wages	?
Salary of office workers	213 800
Rent expense	265 600
Insurance	25 300
Water and electricity	132 400
Factory sundry expenses	12 550

C. **Production wages:**

Number of employees	5
Normal time (hours per employee)	1 740 hours
Overtime hours worked in total	670 hours
Normal time rate	R46,00
Overtime rate	1,5 times the normal rate

Deductions and contributions:		
	EMPLOYEE	EMPLOYER
Pension Fund	7% of basic	9% of basic
Unemployment Insurance Fund(UIF)	1% of basic	1% of basic

- D. Consumable stores used in the factory amounted to R28 450.
- E. Indirect labour inclusive of benefits totalled R83 000.
- F. The rent expense must be apportioned between the factory, sales department and the office in the ratio 5 : 2 : 1.
- G. 75% of water and electricity must be allocated to the factory.
- H. $\frac{2}{3}$ of the insurance expense is for the factory. Note that the insurance premium for February 2023 was not yet paid. Insurance is a fixed monthly instalment.
- I. Total sales amount for desks was R2 495 500. Desks are sold at a fixed selling price of R500 each.

2.3 RAYMOND MANUFACTURERS

The business manufactures stationery cases for learners. The information was extracted from their records for the financial year ended 30 April.

REQUIRED:

- 2.3.1 Calculate the amounts denoted by **(a)** and **(b)** in the information. (3)
- 2.3.2 Calculate the break-even number of units for the financial year ended 30 April 2023. (4)
- 2.3.3 Comment on the break-even point and the level of production for both years. Quote relevant figures in your comment. (4)
- 2.3.4 Explain ONE possible reason for the change in direct material cost per unit. (2)
- 2.3.5 Provide ONE suggestion that the business can use to improve productivity of the workforce in production. (2)

INFORMATION:

	30 APRIL 2023		2022
	TOTAL COST	UNIT COST	UNIT COST
Fixed costs	312 000	25,00	23,50
Factory overhead cost	224 640		17,00
Administration cost	(a)		6,50
Variable costs		66,50	59,50
Direct labour cost	349 440	28,00	25,60
Direct material cost	374 400	(b)	25,00
Selling and distribution cost			8,90
Number of units produced and sold	12 480		11 800
Selling price per unit	R92,50		R83,00
Break-even number of units	?		11 800

QUESTION 3 MANAGING FIXED ASSETS**(40 marks; 30 minutes)****3.1 PETTY TRADERS**

The information relates to Petty Traders for the financial year ended 28 February 2023.

REQUIRED:

3.1.1 Calculate the following:

- Additions to land and buildings (2)
- The cost of the new equipment purchased on 1 December 2022. (4)
- Total depreciation on vehicles for the financial year. (7)
- The carrying value of vehicles on 28 February 2023. (5)

3.1.2 Prepare the Asset Disposal account for the trade-in of old equipment on 1 December 2022. (9)

3.1.3 Explain TWO reasons why a business may decide to dispose of its fixed assets. (4)

INFORMATION:

A. Extract from the accounting records:

	28 Feb 2023	28 Feb 2022
Land and buildings	4 750 000	3 640 000
Vehicles at cost	1 110 000	870 000
Accumulated depreciation on vehicles	?	391 500
Equipment at cost	820 000	780 000
Accumulated depreciation on equipment	?	342 000

- B. Extensions to the warehouse were done during the financial year.
- C. A new vehicle was purchased on 1 November 2022. No vehicles were sold.
- D. On 1 December 2022, equipment with a cost of R180 000 was traded-in for new equipment. The carrying value of the equipment traded in was R88 128 on 1 December 2022. This trade-in resulted in a loss on disposal of R33 128.
- E. Depreciation policy:
 Vehicles: 15% on cost
 Equipment: 20% on carrying value.

3.2 LUCY'S SHUTTLE SERVICES

Lucy Lo owns three mini-buses. She wants to assess their performance so that appropriate action can be taken in the new year.

REQUIRED:

3.2.1 Identify ONE major problem relating to each mini-bus. Quote figures. (6)

3.2.2 Provide a solution to the problems identified. (3)

INFORMATION:

Information from the business records on 30 April 2023, the financial year end.

	BUS 1	BUS 2	BUS 3
Date purchased	1 July 2015	1 April 2020	1 May 2022
Cost of vehicle	R120 000	R270 000	R380 000
Accumulated depreciation	R119 999	R162 000	R76 000
Total revenue from taxi fares	R812 500	R495 000	R267 200
Kilometres covered	81 250 km	52 500 km	26 720 km
Average fare per kilometre	R10	R10	R10
Fuel and repair cost	R585 000	R270 000	R65 000

GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Partner's Average equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average owners equity}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365 \text{ or } 12}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$	
Non-current liabilities: Owners' equity	Total assets: Total liabilities	
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$		



GRADE 11: ACCOUNTING P2

MID-YEAR EXAMINATION: 2023

ANSWER BOOK

Stanmorephysics.com

Name of Learner	
School	

QUESTION	MAX MARKS	MARKS OBTAINED	MODERATED MARKS
1	40		
2	40		
3	40		
4	30		
	150		

These marking guidelines consist of 8 pages.

QUESTION 1: RECONCILIATIONS

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2

1.2.1

[illegible]

14

1.2.2

Calculate the correct Bank Account balance in the General Ledger

6

BANK RECONCILIATION STATEMENT ON 31 MAY 2023

9

PROBLEM IDENTIFIED

6

CREDITORS RECONCILIATION

11

Q1	50	
----	----	--

QUESTION 2

2.1 Match the terms.

2.1.1	
2.1.2	
2.1.3	
2.1.4	
2.1.5	

5

2.2 BEACH BUILDERS

2.2.1 Calculate:

Direct material cost

6

Direct labour cost

8

2.2.2 FACTORY OVERHEAD COST

	R

11

GENERAL LEDGER OF BEACH BUILDERS WORK-IN-PROGRESS STOCK ACCOUNT

[illegible]

GROSS PROFIT CALCULATION

Stanmorephysics.com

6

RAYMOND MANUFACTURERS

(a)

(b)

3

Verify the break-even number of units for the financial year ended 30 June 2016 by doing a calculation

4

2.3.3 Comment on the break-even point and the level of production for both years. Quote relevant figures in your comment.

4

2.3.4 Explain ONE possible reason for the change in direct material cost per unit.

2

2.3.5 Provide ONE suggestion that the business can use to improve productivity of the workforce in production.

2

Q2

60

QUESTION 3

3.1.1 Calculate the following:

WORKINGS	ANSWER
Additions to land and buildings	
	2
Cost of the new equipment purchased	
	4
Total depreciation on vehicles for the year.	
	7
Carrying value of vehicles on 28 February 2023.	
	5

3.1.2

GENERAL LEDGER OF PITT TRADERS ASSET DISPOSAL ACCOUNT

9

3.1.3 Explain TWO reasons why a business would want to dispose of its fixed assets.

4

3.2

IDENTIFY ONE PROBLEM. QUOTE FIGURES	PROVIDE A VALID SOLUTION
MINI-BUS 1:	
MINI-BUS 2:	
MINI-BUS 3:	

9

Q3

40