education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 10

ACCOUNTING P2
NOVEMBER 2024

MARKS: 150

TIME: 2 hours

This question paper consists of 9 pages, a formula sheet and a 8-page answer book.

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 questions.
3. A Financial Indicator formula sheet is attached at the end 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 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	Control accounts and Reconciliations	60	48
2	Fixed assets	32	26
3	Cost accounting	32	26
4	Budgeting	26	20
TOTAL		**150**	**120**

QUESTION 1: CONTROL ACCOUNTS, RECONCILIATION AND INTERNAL CONTROL (60 marks; 48 minutes)

1.1 UPTOWN TRADERS

The information relates to UPTOWN TRADERS for the period ending 31 October 2024. The business uses a mark-up of 75% on the cost price.

REQUIRED:

1.1.1 Prepare the correct Debtors control account for October 2024 after considering the errors and omissions found. (16)
Note: Show all your calculations to earn part marks.

1.1.2 Prepare the corrected debtors list on 31 October 2024. (18)

1.1.3 Provide TWO reasons why it is important to do the Debtors reconciliation. (4)

1.1.4 Apart from correction of error, what other transaction could appear as journal credits in the Debtors control account? (2)

1.1.5 The owner, Mr Dawson, is warried that the debtors are not paying on time. Describe THREE measures that he can put in place to ensure debtors pay on time. (6)

INFORMATION:

General Ledger of Uptown Traders
Balance sheet accounts
Debtors control account

2024 Oct	1	Balance	b/d	98 650	2024 Oct	31	Bank and discount allowed	CRJ	277 480
	31	Sales	DJ	194 610			Debtors Allowance	DAJ	1 500
		Journal debits	GJ	270			Journal credits	GJ	1 950
							Balance	c/d	7 990
				288 920					288 920
Nov	1	Balance	b/d	7 990					

Debtors List as on 31 October 2024	
Mdiniso	2 760
Twala	6 840
Nel	1 440
Ally	2 190
Vilakazi	3 830
	17 060

ERRORS AND OMISSIONS

A. The Debtors Control opening balance was under cast by R2 000.

B. The total column of the Debtors Allowance Journal was overcast by R350.

C. An invoice for R1 950 issued to Nel was correctly entered in the Debtors Journal, but was incorrectly posted to the account of Ally.

D. A credit note of R350 issued to Mdiniso was not recorded at all.

E. An EFT of R1 500 received from Nel in full settlement of his account of R1 650 was recorded correctly in the subsidiary journal. However, the bookkeeper forgot to record the discount in the account of Nel.

F. A credit note of R980 was correctly entered in the Debtors Allowance Journal, but was incorrectly recorded as an invoice in the account of Vilakazi.

G. No entry has been made for interest charged on the overdue account of Twala, R260.

1.2 **TIM TRADERS**

CREDITORS CONTROL ACCOUNT

The following information was extracted from the accounting records of TIM TRAERS for September 2024.

REQUIRED:

Complete the Creditors control account for the month ending 30 September 2024. Balance the account at the end of the month. (14)

INFORMATION:

Balance as per Creditors control account on 31 August 2024: R 75 280

Creditors Journal

Creditors control	Trading stock	Stationery	Repairs	Sundry accounts
?	10 870	1 470	800	1 790

Creditors Allowance Journal

Creditors control	Trading stock	Stationery	Repairs	Sundry accounts
1 505	1 250	70	150	35

Cash Payments Journal

Bank	Trading stock	Stationery	Creditors control	Discount received	Repairs	Sundry accounts
112 785	50 280	2 580	59 880	2 995	2 890	150

General Journal

General Ledger		Debtors control		Creditors control	
Debit	Credit	Debit	Credit	Debit	Credit
7 655	7 655	280	250	1 200	85

60

QUESTION 2: FIXED ASSETS **(32 marks; 26 minutes)**

OLYMPIC STORES

The following information was extracted from the financial information of Olympic Stores for the year 30 June 2024.

REQUIRED:

2.1.1 Describe the historical cost principle and its relevance to fixed assets, by giving an example of how this principle is applied. (2)

2.1.2 What GAAP principle is applied when depreciation is written off on fixed assets? (2)

2.1.3 Explain TWO internal controls procedures that the owner of the business could implement in order to protect the fixed assets of the business. (4)

2.2 Calculate the missing amounts in the Fixed Asset note of Olympic Stores on 30 June 2024. (24)

INFORMATION:

	Land & Buildings	**Vehicles**	**Equipment**
Carrying Value at the beginning	*****	240 000	**2.2.6**
Cost	**2.2.1**	550 000	450 000
Accumulated depreciation	-	**2.2.3**	(180 000)
Movements			
Additions	**2.2.2**	**2.2.4**	****
Depreciation	-	**2.2.5**	**2.2.7**
Carrying Value at the end			
Cost	1 300 000	700 000	*****
Accumulated depreciation	-	*****	*****

ADDITIONAL INFORMATION:

(i) During the year an invoice was received from Builders Suppliers for the following:

A new storeroom built	R450 000
Repairs on existing building	R 20 000
	R470 000

(ii) A new vehicle was bought for cash on 1 November 2023.

(iii) Vehicles are depreciated at 20% p.a. on the cost price method.

(iv) Equipment is depreciated at 10% p.a. on the diminishing balance method. On 31 December 2023 equipment with a cost price of R18 600 was purchased on credit, but no entry was made.

32

QUESTION 3: COST ACCOUNTING **(32 marks; 26 minutes)**

3.1 **MANUFACTURING CONCEPTS**

Choose the correct answer from COLUMN B to match the description in COLUMN A. Write only the letter (A–E) next to the number (3.1.1 to 3.1.5) in the ANSWER BOOK. (5)

	COLUMN A	COLUMN B
3.1.1	Costs that stays the same, no matter how many goods are produced.	A Direct Labour costs
3.1.2	All the costs that are not directly involved in the production of goods.	B Prime costs
3.1.3	The total cost of the direct material and direct labour.	C Fixed costs
3.1.4	The salaries of personnel directly involved in the manufacturing of goods.	D Indirect Labour costs
3.1.5	The cost of the salary of the factory cleaner.	E Manufacturing overheads

3.2 Dan Sithole manufactures and sells wooden furniture made from pallets. The selling price per bench is R2 500. Below is a summary of all his costs for October 2023. He manufactured 500 benches during October.

REQUIRED:

Calculate:

3.2.1 Direct material cost per bench. (4)

3.2.2 Total manufacturing overheads for October 2023. (5)

3.2.3 Total production cost for October 2023 if 500 benches were produced. (7)

3.2.4 Unit cost of production. (3)

3.2.5 What is the percentage profit Dan earned per bench during October 2023, if the benches were sold at R2 500 each? (4)

3.2.6 Explain the difference between fixed and variable costs. (4)

INFORMATION:

Cost per bench	
Wood per bench	R500
Nails per bench	R20
Paint per bench	R50
Wages per completed bench	R1 000
Costs per month	
Salary of the factory foreman	R5 000
Rent of the factory	R8 000
Water and Electricity of the factory	R2 500
Indirect material cost	R 500

QUESTION 4: BUDGETS **(26 marks; 20 minutes)**

4.1 **CONCEPTS**

Choose the correct term from those within the brackets. Write only the term next to the question numbers (4.1.1 to 4.1.5) in the ANSWER BOOK. (5)

4.1.1 A (Capital/Cash) budget is a statement of estimated receipts and payments for a specific period of time.

4.1.2 A (Capital/Cash) budget is a forecast of the future expenditure on fixed assets.

4.1.3 A (Short-/Long-) term budget is a budget prepared for a period of 3 or 6 months.

4.1.4 (Budget speech/Tax) is the main source of income for the government.

4.1.5 (Surplus/Deficit) is when the closing balance of the cash budget is positive.

4.2 Briefly explain why it is important for a business to prepare a budget. (2)

4.3 What is the main purpose of a cash budget? (2)

4.4 Name TWO items which will not appear in a cash budget. (2)

4.5 **TULANI STORES**

REQUIRED:

Calculate the missing amounts for April and May 2024 donated by 4.5.1 to 4.5.7 (15)

INFORMTION:

CASH BUDGET FOR THE PERIOD APRIL TO MAY 2024

RECEIPTS	**April**	**May**
Cash sales	297 000	**4.5.1**
Rent income	15 000	15 000
Total receipts [A]	**312 000**	**4.5.2**
PAYMENTS		
Cash purchases of trading stock	198 000	207 900
Salaries	**4.5.3**	64 949
Advertising	2 000	2 000
Drawings	4 000	4 800
Sundry other expenses	22 100	**4.5.4**
Bond repayment	16 300	16 300
New equipment	-	15 000
Total payments [B]	**302 292**	**4.5.5**
Cash surplus (shortfall) [A – B]	9 708	(6 755)
Bank: opening balance	14 000	**4.5.6**
Bank: closing balance	**23 708**	**4.5.7**

ADDITIONAL INFORMATION:

(i) The sales are expected to increase by 5% in May 2024.
(ii) A salary increases of 7% will be effective form 1 May 2024.
(iii) Sundry other expenses are expected to increase by 5% per month.

26

TOTAL: 150

<table>
<tr><th colspan="6">GRADE 10 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET</th></tr>
<tr><td colspan="2">$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$</td><td colspan="2">$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$</td><td colspan="2">$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$</td></tr>
<tr><td colspan="3">$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$</td><td colspan="3">$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$</td></tr>
<tr><td colspan="3">Current assets : Current liabilities</td><td colspan="3">(Current assets – Inventories) : Current liabilities</td></tr>
<tr><td colspan="6">(Trade and other receivables + Cash and cash equivalents) : Current liabilities</td></tr>
<tr><td colspan="3">$\frac{\text{Net profit}}{\text{Owner's equity}} \times \frac{100}{1}$</td><td colspan="3">Total assets : Total liabilities</td></tr>
</table>

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GRADE 10

ACCOUNTING P2
NOVEMBER 2024
ANSWER BOOK

QUESTION	MARKS AWARDED	MARKS	INITIAL	MODERATOR
1	60			
2	32			
3	32			
4	26			
TOTAL	150			

This answer book consists of 8 pages.

QUESTION 1:

General Ledger of Uptown Traders
Balance sheet accounts
Debtors control account

16

1.1.2

Debtors List as on 31 October 2024	

18

1.1.3 Provide TWO reasons why it is important to do the Debtors reconciliation.

4

1.1.4 Apart from correction of error, what other transaction could appear as journal credits in the Debtors control account?

2

1.1.5 The owner, Mr Dawson, is warried that the debtors are not paying on time. Describe THREE measures that he can put in place to ensure debtors pay on time.

6

1.2 Creditors control

General Ledger of TIM Traders

Balance sheet accounts

Creditors control account

14

Total marks
60

QUESTION 2: FIXED ASSETS

2.1.1 Describe the historical cost principle and its relevance to fixed assets, by giving an example of how this principle is applied.

2

2.1.2 What GAAP principle is applied when depreciation is written off on fixed assets?

2

2.1.3 List and explain two internal controls procedures that the owner of the business could implement in order to protect the fixed assets of the business.

4

2.2 FIXED ASSETS NOTE

2.2.1	
2.2.2	
2.2.3	
2.2.4	
2.2.5	
2.2.6	
2.2.7	

24

Total marks
32

QUESTION 3

3.1 MANAFACTURING COST

Number	Answer
3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

3.2 DAN SITHOLE

3.2.1 Calculate direct material cost per bench.

4

3.2.2 Calculate total manufacturing overheads for October 2023.

5

3.2.3 Calculate total production cost for October 2023 if 500 benches were produced.

7

3.2.4 Calculate the unit cost of production.

3

3.2.5 What is the percentage profit Dan earned per bench during October 2023, if the benches were sold at R2 500 each?

4

3.2.6 Explain the difference between fixed and variable costs.

4

Total marks
32

QUESTION 4

4.1 CONCEPTS

Number	Answer
4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

4.2 Briefly explain why it is important for a business to prepare a budget.

2

4.3 What is the main purpose of a cash budget

2

4.4 Name TWO items which will not appear in a cash budget.

2

4.5 TULANI STORES

Number	Calculation
4.5.1	
4.5.2	
4.5.3	
4.5.4	
4.5.5	
4.5.6	
4.5.7	

15

Total marks
26

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NOVEMBER 2024
MARKING GUIDELINES

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: If figures are stipulated in the marking guidelines for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
9. 'One part correct' means 'operation and one part correct'. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method mark, this will be regarded as 'one part correct'.
10. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
12. Be aware of some candidates who provide valid alternatives beyond the marking guidelines. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 7 pages.

QUESTION 1:

General Ledger of Uptown Traders
Balance sheet accounts
Debtors control account

2024 Oct	1	(98 650✓ + 2 000✓) Balance	b/d	(✓)100 650	2024 Oct	31	Bank & discount allowed	CRJ	✓277 480
	31	Sales	DJ	✓194 610			(1500✓ +350✓–350✓) Debtors Allowance	DAJ	(✓)1 500
		(270✓ + 260✓) Journal debits	GJ	(✓)530			Journal credits	GJ	✓1 950
							Balance	c/d	(✓)14 860
				295 790	(✓) Both totals				295 790
Nov	1	Balance	b/d	(✓)14 860					

16

1.1.2

Debtors List as on 31 October 2024	
Mdiniso (2 760✓ – 350✓)	(✓)2 410
Twala (6 840✓ + 260✓)	(✓)7 100
Nel (1 440 ✓+ 1 950 ✓– 150✓)	(✓)3 240
Ally (2 190✓ – 1 950✓)	(✓)240
Vilakazi (3 830✓ – 980✓ – 980✓)	(✓)1 870
	(✓)14 860

18

1.1.3 Provide TWO reasons why it is important to do the Debtors reconciliation.

Accuracy of Financial information Prevention of fraud Detection of errors and omissions Any two ✓✓ ✓✓ Part marks for incomplete / partial answers
Regular reconciliation allows you to follow up on overdue accounts and manage your credit control process more efficiently. Reconciliation is part of a broader internal control system that helps safeguard assets and ensure the integrity of financial reporting. Preventing Bad Debts

4

1.1.4 Apart from correction of error, what other transaction could appear as journal credits in the Debtors control account?

Bad debts ✓✓

2

1.1.5 The owner, Mr Dawson, is warried that the debtors are not paying on time. Describe THREE measures that he can put in place to ensure debtors pay on time.

Charge overdue debtors with interest ✓✓ Any relevant answers
Send out statements on a regular basis ✓✓
Employ someone to phone the debtors and remind them to pay their accounts ✓✓

6

1.2 Creditors control

General Ledger of TIM Traders
Balance sheet accounts
Creditors control account

2024 Sept	30	Sundry returns and allowances✓	CAJ	✓1 505	2024 Sept	1	Balance	b/d	✓75 280
		Bank & discount received ✓	CPJ	✓59 880		30	Sundry purchases✓	CJ	✓✓14 930
		Journal debits✓	GJ	✓1 200			Journal credits✓	GJ	✓85
		Balance	c/d	(✓)27 710					
				90 295					90 295
					Oct	1	Balance	b/d	(✓)27 710

14

Total marks
60

QUESTION 2: FIXED ASSETS

2.1.1 Describe the historical cost principle and its relevance to fixed assets, by giving an example of how this principle is applied.

Assets are always recorded at the original price even though the market value of the asset is more or less. A vehicle bought for R200 000 will be recorded at R200 000 even though the market value of the vehicle is R180 000 ✓✓

2

2.1.2 What GAAP principle is applied when depreciation is written off on fixed assets?

Materiality ✓✓

2

2.1.3 List and explain two internal controls procedures that the owner of the business could implement in order to protect the fixed assets of the business.

Physical safeguard of the assets – lock the assets up Install tracer devices to be able to see where the assets move ✓✓ ✓✓
Keep a logbook of everyone using the assets Make sure only authorised use of assets happen Any two relevant answers Part marks for incomplete / partial answers

4

2.2 Fixed assets note

2.2.1 1 300 000✓ - 450 000 ✓	850 000 (✓)
2.2.2	450 000 ✓
2.2.3 550 000 ✓– 240 000✓	310 000 (✓)
2.2.4 700 000 ✓ – 550 000 ✓	150 000 (✓)
2.2.5 550 000 x 20% = 110 000 ✓✓ 150 000(✓) x 20% x $\frac{8}{12}$ ✓= 20 000(✓) (see 2.2.4) 110 000 + 20 000	130 000(✓)
2.2.6 450 000 – 180 000	270 000 ✓✓

2.2.7 270 000 x 10% = 27 000✓✓ 18 600✓ x 10% x $\frac{6}{12}$ ✓= 930 (✓) 27 000 + 930	27 930(✓)

24

Total marks
32

QUESTION 3

3.1 MANAFACTURING COST

Number	Answer
3.1.1	C✓
3.1.2	E✓
3.1.3	B✓
3.1.4	A✓
3.1.5	D✓

5

3.2 DAN SITHOLE

3.2.1 Calculate direct material cost per bench.

500 ✓+ 20 ✓+ 50✓ = 570(✓)

4

3.2.2 Calculate total manufacturing overheads for October 2023.

5 000✓ + 8 000 ✓+ 2 500✓ + 500 ✓= 16 000(✓)

5

3.2.3 Calculate total production cost for October 2023 if 500 benches were produced.

570 + 1 000 = 1 570✓✓ x 500✓ = 785 000✓
16 000✓
801 000✓(✓)

7

3.2.4 Calculate the unit cost of production.

801 000✓ ÷ 500 ✓= 1 602(✓)

3

3.2.5 What is the percentage profit Dan earned per bench during October 2023, if the benches were sold at R2 500 each?

2 500 ✓– 1 602 ✓= 898✓
(898 ÷ 1602) x 100 = 56%(✓)

4

3.2.6 Explain the difference between fixed and variable costs.

Fixed cost stays the same no matter how many units are produced ✓✓

Variable cost change in relation to the amount of units produced ✓✓

4

Total marks
32

QUESTION 4

4.1 CONCEPTS

Number	**Answer**
4.1.1	Cash ✓
4.1.2	Capital ✓
4.1.3	Short ✓
4.1.4	Tax ✓
4.1.5	Surplus ✓

5

4.2 Briefly explain why it is important for a business to prepare a budget.

A budget helps predict future financial performance, allowing businesses to plan for revenue, expenses, and cash flow.
It provides a benchmark to compare actual performance against planned figures, helping identify deviations and manage finances effectively.
A budget helps management to access what its expected bank balance will be and to see if it is expected to have liquidity / cash flow problems. **Any one** ✓✓

2

4.3 What is the main purpose of a cash budget

Ensures that there is enough cash available to cover expenses and avoid shortages.
Helps in planning for future cash needs and making informed financial decisions.
Provides a basis for monitoring and controlling cash flow **Any one** ✓✓

2

4.4 Name TWO items which will not appear in a cash budget.

Bad debts **Any two** ✓✓
Depreciation
Discount received / allowed

2

4.5 TULANI STORES

Number	Calculation
4.5.1	297 000 x 105% = 311 850✓✓
4.5.2	311 850 + 15 000 = 326 850✓✓
4.5.3	64 949 ✓÷ 107✓ x 100✓ = 60 700✓
4.5.4	22 100 x 105% = 23 205✓✓
4.5.5	334 154✓✓
4.5.6	23 708✓
4.5.7	-6 755 + 23 708 = 16 953✓✓

15

Total marks
26