



**GAUTENG PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

**PROVINCIAL EXAMINATION**  
**NOVEMBER 2023**  
**GRADE 10**

**ACCOUNTING**  
**(PAPER 2)**

**TIME: 2 hours**

**MARKS: 150**

**10 pages, a formula sheet and a 9 page answer book.**

**INSTRUCTIONS AND INFORMATION**

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL workings to earn part-marks.
4. Where applicable, round off all calculations to the nearest rand. All other calculations are to be rounded to ONE decimal place.
5. Read the instructions of each question carefully and follow them precisely.
7. Non-programmable calculators may be used.
8. All answers must be written in black or blue ink.
9. A FORMULA SHEET is attached at the end of this question paper.
10. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

<b>QUESTION</b>	<b>TOPICS</b>	<b>MARKS</b>	<b>TIME</b>
1	Concepts and Creditors' Reconciliation	42	34 minutes
2	Budgeting	34	26 minutes
3	Inventory, Problem Solving and Ethics	46	38 minutes
4	Cost Accounting	28	22 minutes
<b>Total</b>		<b>150</b>	<b>120 minutes</b>

**QUESTION 1: CONCEPTS AND CREDITORS' RECONCILIATION****(42 marks; 34 minutes)****1.1 CONCEPTS**

Indicate whether the following statements are TRUE or FALSE. Write only true or false in your ANSWER BOOK.

- 1.1.1 Payments made to creditors are recorded on the debit side of their account.
- 1.1.2 A receipt is issued by a creditor when goods are purchased on credit.
- 1.1.3 Trade creditors are classified as current assets in the records of a business. (3)

**1.2 CREDITORS' RECONCILIATION****METH STORES**

The information provided below was extracted from the records of Meth Stores for August 2023. The business maintains a mark-up of 25% on cost.

**REQUIRED:**

- 1.2.1 Prepare the Creditors' Control Account in the General Ledger for August 2023. (17)
- 1.2.2 Prepare the corrected Creditors' List on 31 August 2023. (16)
- 1.2.3 Sammy Sithole works for Meth Stores. He is responsible for the following: ordering goods, receiving goods delivered by suppliers and for payment to the suppliers for goods delivered. The owner of Meth Stores is concerned that sales figures are not improving but goods (trading stock) are replaced frequently.
- Provide THREE internal control measures that should be implemented by Meth Stores. (6)

**NOTE:** Show all your calculations in brackets.

**INFORMATION:**

- A. Creditors Control balance on 31 July 2023, R33 500.

**B. TOTALS OF THE SUBSIDIARY JOURNALS ON 31 AUGUST 2023**

<b>Creditors' Journal</b>	
Trading stock	24 000
Sundry accounts	2 100
Creditors' control	26 100

<b>Debtors' Journal</b>	
Sales	36 000
Cost of sales	28 800

<b>Creditors' Allowances Journal</b>	
Trading stock	2 000
Sundry accounts	200
Creditors control	2 200

<b>Debtors' Allowances Journal</b>	
Debtors' allowances	1 000
Cost of sales	800

<b>Cash Payments Journal</b>	
Bank	66 895
Trading stock	23 000
Creditors control	25 550
Discount received	550
Sundry accounts	18 345

<b>General Journal</b>			
<b>Debtors' Control</b>		<b>Creditors' Control</b>	
<b>Dr</b>	<b>Cr</b>	<b>Dr</b>	<b>Cr</b>
780	850	950	800

**C. Creditors' List on 31 August 2023**

<b>Creditors</b>	<b>Amount</b>
AB Dealers	R14 350
BB Traders	7 400
Otto Furnishers	9 300
Crox Stationers	2 300
	<b>33 350</b>

**ERRORS AND ADDITIONAL INFORMATION:**

- (i) An invoice for goods purchased from AB Dealers was erroneously posted to the account of BB Traders, R1 200.
- (ii) Payment of R600 by EFT was made to Crox Stationers for goods previously bought on credit. The transaction was recorded in the Cash Payments Journal but was not posted to the account of Crox Stationers in the Creditors Ledger.
- (iii) The Creditors' Control column in the Creditors' Journal was undercast by R300.
- (iv) No entry has been made for merchandise returned to BB Traders, R770.
- (v) An electronic transfer of R540 was made to the account of Otto Furnishers. It was correctly recorded in the Cash Payments Journal but posted to the account of Otto Furnishers in the Creditors Ledger as R450.
- (vi) A credit note for R330 received from AB Dealers for goods returned was entered correctly in the Creditors' Allowances Journal but was posted to the incorrect side of AB Dealers' account in the Creditors' Ledger.

**QUESTION 2: BUDGETING****(34 marks; 26 minutes)**

## 2.1 Gauteng High School for Boys

The rugby team of Gauteng High School for Boys is planning a tour (trip) to Port Elizabeth. The tour is planned for the July 2024 school holidays.

- 2.1.1 Calculate the total expected cost of the tour for all the players (for a three day tour). (27)
- 2.1.2 Calculate the cost of the tour per player. (3)
- 2.1.3 How can the contributions expected from each player be reduced? Provide TWO methods that can be used to raise funds for the team, excluding the sources of funds mentioned in the given information. (4)

**INFORMATION:**

- A.** There are 15 players, 8 reserves in a team and 2 coaches. It is stated in the school policy that the cost of the 2 coaches must be covered by the players.
- B.** The school was able to secure a sponsorship of R18 200 from Planet Rugby Sports.
- C.** A donation of R7 700 was received from a rugby player who plays for the national team.
- D.** The following are the costs/expenses for the tour:

**Uniform/Kit:** A quotation was received from Cassim Outfitters for new uniforms and a sweater which amounts to R800 per player. The coaches will also receive sweaters that will cost R250 each.

**Accommodation:** The team will sleep in two of the Port Elizabeth dormitories for the duration of the tour, at a cost of R980 per dormitory, per day.

**Transport:** Bus hire is R18 000 plus R3,50 per km. The return distance to and from Port Elizabeth is 2 164 km.

**Meals:** The team will be supplied with supper at a cost of R46 per person and breakfast at R18 per person. Lunch costs will be covered by the players.

**Entrance fee:** On the third day the team and coaches will visit the Kruger National Park. The entrance fee is R150 per person. A 20% discount is granted for group bookings exceeding 20 people.

**QUESTION 3: INVENTORY, PROBLEM SOLVING AND ETHICS****(46 marks; 38 minutes)****3.1 INVENTORY****KULA TRADERS**

The information below relates to Kula Traders for January 2023.

**REQUIRED:**

Refer to the Trading Stock Account in the General Ledger and answer the following questions:

- 3.1.1 What is the contra account for **A**? (1)
- 3.1.2 Where do we record the closing trading stock in the financial statements? (2)
- 3.1.3 What transaction gave rise to **B**? (2)
- 3.1.4 What is the contra account indicated by **C**? (1)
- 3.1.5 Give a reason for entry **D**. (2)
- 3.1.6 Calculate the missing amount for **E**. (2)
- 3.1.7 What is the contra account indicated by **F**? (1)
- 3.1.8 Calculate **G**, goods were sold on credit for R27 000, a mark-up of 25% was added. (3)
- 3.1.9 What is the folio reference for **H**? (1)
- 3.1.10 Give THREE possible reasons for item **I**. (6)
- 3.1.11 Calculate the missing amount for **J**. (3)

**INFORMATION:**

**GENERAL LEDGER OF KULA TRADERS**

<b>Dr</b>		<b>TRADING STOCK ACCOUNT</b>						<b>Cr</b>	
2023 Jan	1	Balance	b/d	54 780	2023 Jan	31	<b>(F)</b>	CAJ	5 700
	31	<b>(A)</b>	CPJ	7 008			Cost of sales	DJ	<b>(G)</b>
		Creditors' control <b>(B)</b>	CJ	36 192			Cost of sales	<b>H</b>	22 800
		<b>(C)</b>	DAJ	2 370			<b>(I)</b>	GJ	900
		Petty cash <b>(D)</b>	PCJ	<b>(E)</b>			Balance	c/d	<b>(J)</b>
				102 000					102 000
2023 Feb	1	Balance	b/d	?					

**3.2 PROBLEM SOLVING**

**INFORMATION**

Thuli Mabuza owns four bakeries around Gauteng. They sell a variety of baked products to customers and retailers. The information below is extracted from two of her branches. She is concerned about targeted profits that were not achieved for more than 6 months.

**REQUIRED:**

Use information A and B provided to respond to the following questions.

- 3.2.1 Calculate the number of cakes sold at Diepkloof Square Bakery. (2)
- 3.2.2 Diepkloof Square Bakery has a high number of cakes that are not collected. Suggest TWO strategies that can be implemented by the business to improve collection of cakes by customers. (Refer to information A and B.) (4)
- 3.2.3 Suggest TWO methods that can be used by the business to promote sales. (4)
- 3.2.4 Refer to information A. Identify a problem at Naledi Mall Bakery and provide TWO solutions to the problem. Use figures to support the identified problem. (6)

**INFORMATION:**

**A.**

<b>Information on wedding and birthday cakes for September 2023</b>		
	<b>Diepkloof Square Bakery</b>	<b>Naledi Mall Bakery</b>
Targeted number of sales	340	340
Number of orders placed by customers	280	290
Number of cakes sold	?	254
Number of cakes missing	0	34
Number of cakes on hand/not collected by customers	8	2
Number of employees	3 bakers	3 bakers
	3 shop assistants	3 shop assistants

- B.**
- A deposit of 10% is paid before orders can be processed.
  - The minimum price for birthday cakes is R500 and for wedding cakes R1 800.

**3.3 ETHICS**

**Egoli Clothing Store**

Egoli Clothing Store is owned by Nelly Masinya. She sells clothes, handbags and shoes. The store is next to the Mall of East. Goods are sold for cash and on credit to loyal customers who qualify to buy on credit. Goods are bought in Italy (abroad). Nelly has been informed by her suppliers that a new branch will be opening in Witbank (Mpumalanga).

Nelly will pay less for goods and transportation costs. She is not prepared to adjust the selling price of her goods. She feels that this is an opportunity to make more profit.

**REQUIRED**

3.3.1 What advice would you offer her? Provide THREE points.

(6)

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**QUESTION 4: COST ACCOUNTING**

**(28 marks; 22 minutes)**

**4.1 CONCEPTS**

Match the concepts in COLUMN A with appropriate item or explanation provided in COLUMN B. Write only the letter next to the question numbers (4.1.1 to 4.1.5) in the ANSWER BOOK.

**INFORMATION:**

COLUMN A	COLUMN B
4.1.1 Direct material cost	A Manager in the factory
4.1.2 Direct labour cost	B Advertising
4.1.3 Factory overhead cost	C Office rent
4.1.4 Sales and distribution cost	D Wood for the tables and chairs
4.1.5 Administration cost	E Machine operators

(5)

**4.2 THELMA MANUFACTURES**

Thelma Manufacturers design handbags and sell them at a mark-up of 40% on cost. With the current loadshedding implementation, production costs have increased, and sales figures have decreased.

**REQUIRED:**

**Calculate the following costs, showing all calculations.**

- 4.2.1 Calculate the direct material cost. (9)
- 4.2.2 Calculate the direct labour cost. (3)
- 4.2.3 Calculate the total direct cost. (2)
- 4.2.4 Calculate the factory overhead cost. (2)
- 4.2.5 Calculate the total cost of production. (2)
- 4.2.6 Calculate the production cost per handbag. (2)
- 4.2.7 Calculate the selling price per handbag. (3)

**INFORMATION:**

The following costs are taken from records of Thelma Manufacturers for the month of September 2023.

<b>COSTS AND EXPENSES</b>		
<b>Per handbag</b>		
	<b>Quantity</b>	<b>Price per item</b>
Zips	2	R5 per zip
Fabric	1,5 metres	R25 per metre
Sewing cotton	10 metres	R2 per metre
Beads	4 packets	R9 per packet
<b>Labour Cost</b>		
Labour (factory)	3 hours	R36 per hour
<b>Factory Expenses</b>		<b>Amount</b>
Rent		R4 000
Electricity		R700
Insurance		R590
Cleaning material		R350

- 100 units were produced and sold

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**TOTAL: 150****END**

**GRADE 10 ACCOUNTING FINANCIAL INDICATORS FORMULA SHEET**

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Current Assets: Current Liabilities	Current Assets – Inventories: Current Liabilities	
(Trade and other receivables + Cash and cash equivalents): Current liabilities		
$\frac{\text{Net profit}}{\text{Owner's equity}} \times \frac{100}{1}$	Total assets: Total liabilities	

EXEMPLAR