



FACULTY/COLLEGE	Faculty of Engineering and Built Environment
SCHOOL	School of Civil Engineering and the Built Environment
DEPARTMENT	Construction Management and Quality Surveying
CAMPUS(ES)	DFC
MODULE NAME	Construction Accounting 2 and 3
MODULE CODE	COCCAY02 and CONA331
SEMESTER	Year Module
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	First Assessment Opportunity November 2019

ASSESSMENT DATE	9 November 2019	SESSION	1
ASSESSOR(S)	Ms R Benedict		
INTERNAL MODERATOR	Mr K Morake		
EXTERNAL MODERATOR	Ms T Rafube		
DURATION	180 minutes	TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	7
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INFORMATION/INSTRUCTIONS:

- Answer all questions. Show all calculations and workings clearly.
- Silent, non-programmable calculators may be used.
- Where applicable, round all calculations to two decimal places, unless stipulated otherwise.

QUESTION	TOPIC	MARKS	TIME
1	Accounting Equation	15	25 minutes
2	General Journal	15	25 minutes
2	Inventory System	20	40 minutes
3	Master Budgets	25	45 minutes
4	Cash Budgets	25	45 minutes
		100	180 minutes

QUESTION 1

(15 marks)

Teresa Thuso (TT) Traders opened its doors for business on the 1st September 2018. They have supplied you with the information for the year ending 30 September 2018. They required you to record the above transactions under the accounting equation: The following transactions relate to Teresa Thuso on the month of September 2018.

1. The owner invested R320 000 into TT and this amount was deposited into the businesses bank account.
2. 7th September: A payment of R5 100 was paid for rent by the company.
3. 15th September: Purchased inventory on credit from Mr Colman valued at R33 000, a R3 500 deposit was paid.
4. 19th September: The Company paid R4 050 to Mr Colman for the inventory purchased on the 15th of September.
5. 25th September: The owner also invested an equipment valued at R75 000.
6. 29th September: Ms Teresa drew cash valued at R2 000 out of the business's bank account for his personal use.

Required:

1.1 Use the provided template below, to record the above transactions under the accounting equation. Show an increase with a plus (+) and a decrease with a minus (-).

NOTE: An amount without a (+) or (-) sign will be marked incorrect.

DATE	Account debited	Account credited	Assets	Owners' equity	Liability

Calculate the closing balances for Assets, Owners Equity and Liability accounts in the template provided. (15)

QUESTION 2

(15 marks)

Sita Purple-head is the owner of 'Sita's Hair and Beauty Salon' a business involved in the hairdressing sector. Sita Purple-head uses the **periodic inventory system** to monitor and control her inventories that consist of hair styling products that she sells to her customers. The following transactions took place in 'Sita's Hair and Beauty Salon' during the month of October 2019:

1. Sita Purple-head paid R62 000 of her savings into 'Sita's Hair and Beauty Salon's bank account.
2. Sita Purple-head borrowed R19 900 from her father to boost her own existing capital investment made to the business. The R19 900 was electronically transferred by Sita's father directly into the bank account of the business. The loan (as well as the interest on the loan at the market related rate of 7% per annum will be paid by 'Sita Purple-head and Beauty Salon'.
3. Rent paid rent for the month by cheque, R4 300.
4. Purchased equipment for the salon from Salon Supplies for R23 400. The amount is payable in three equal monthly instalments. The first instalment is due at the end of the month.
5. Sita Purple-head brought a desk, chair and filing cabinet from her home for use in the business the total value of R3 780.

Required:

- 2.1 Use the attached template to show the journal entries for all of the above transactions that occurred during the month of October 2019. (15)

QUESTION 3

(20 marks)

The following transactions were concluded in respect of a particular inventory item by a business called Piero Traders for the month of October 2019.

Date	Details	Number of units	Price per unit
3 October	Inventory on hand	1 000	R7
14 October	Issued	580	
22 October	Received	470	R9
26 October	Issued	400	
29 October	Returned (inventory received on 22 nd)	220	

Required:

Calculate the value of closing inventory on 31 October 2019 using the following methods:

3.1 First in first out method (FIFO). (11)

3.2 Weighted average method (WAM). (9)

NB: Use the following format for both your answers.

Date	Receipts			Issues			Balance		
	Units	Unit price	Value	Units	Unit price	Value	Units	Unit price	Value

QUESTION 4

(25 marks)

Ice Cold Ltd planning to expand its product range for the year ending December 2020. It has completed a sales forecast for the two new products, namely Fridges and Freezers priced at R4 000 and R6 000 respectively.

Sales demand is expected to be as follows:

Fridge	15 000 units
Freezer	12 000 units

Both products use the same type of materials and labour, but use different volumes.

	Fridge	Freezer
Aluminium	30 kg	25 kg
Fibreglass	20 kg	35 kg
Labour	4 hours	5 hours

Expected inventory of materials and finished goods on 1 January 2020:

Aluminium	3 500 kg
Fibreglass	4 000 kg

*There will be no opening inventory for finished goods as this will be the first year of production.

Expected inventory of materials and finished goods on 31 December 2020:

Aluminium	2 000 kg
Fibreglass	1 500 kg
Fridges	500 units
Freezers	400 units

The cost prices expected during 2020 are as follows:

Aluminium	R15 per kg
Fibreglass	R40 per kg
Labour	R25 per hour
Overheads – Fridges	R3 per labour hour
Overheads – Freezers	R4 per labour hour

Required:

Prepare the following budgets for the year ending 31st December 2020:

- | | | |
|-----|--|------|
| 4.1 | The sales budget for both products. | (2) |
| 4.2 | The production budget for both products. | (4) |
| 4.3 | The material usage and purchases budget. | (11) |
| 4.4 | The direct labour budget for both products. | (4) |
| 4.5 | The manufacturing overhead budget for both products. | (4) |

QUESTION 5

(25 marks)

Omega Ltd is in the process of developing a cash budgeting system and asked you to assist them in the preparation of the cash budget for November 2019. They have provided you with the following information:

	September	October	November
Total sales	R650 000	R680 000	R820 000
Total purchases	R300 000	R430 000	R590 000
Insurance expense	R50 000	R72 000	R98 000
Overhead expenses	R70 000	R60 000	R86 000

- It is determined that 50% of total sales will be for cash.
- Past experience indicates that 60% of credit sales will be paid in the month following the month of sale to receive a 8% discount on the amount paid. The remaining 40% is paid two months after the month of sale.
- 60% of purchases are made with cash.
- Creditors are paid in the month following the purchase to receive a 6% discount.
- 40% of Insurance expenses are paid in the month that they are incurred in, the remaining 60% is paid in the following month.
- The closing bank balance for November is estimated to be R166 000.
- Quarterly interest of R40 000 on an investment is received in November.
- Monthly overheads include R19 000 depreciation. Overheads are paid in the month that they are incurred.

Required:

5.1 Prepare the cash budget for November 2019. (Show all calculations clearly) **(25)**

THE END