



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

<b>ASSESSMENT DATE</b>	December 2019	<b>SESSION</b>	
<b>ASSESSOR(S)</b>	Ms R Benedict		
<b>INTERNAL MODERATOR</b>	Mr K Morake		
<b>EXTERNAL MODERATOR</b>	Ms T Rafube		
<b>DURATION</b>	180 minutes	<b>TOTAL MARKS</b>	100

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	<b>7</b>
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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 Theory	15	25 minutes
2	Accounting Equation	15	25 minutes
2	Inventory System	20	40 minutes
3	Master Budgets	25	45 minutes
4	Cash Budgets	25	45 minutes
		<b>100</b>	<b>180 minutes</b>

<b>QUESTION 1</b>
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<b>(15 marks)</b>
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- 1.1 Explain the Five (5) differences between financial and management accounting (10)
- 1.2 Name and explain the Five (5) forms of ownership (5)

**QUESTION 2**

**(15 marks)**

Morake Traders opened its doors for business on the 1<sup>st</sup> September 2019. They have supplied you with the information for the year ending 30 September 2019. They required you to record the above transactions under the accounting equation: The following transactions relate to Mr Morake on the month of September 2019.

1. 1<sup>st</sup> September: The owner invested R406 000 into Morake Traders Ltd and this amount was deposited into the businesses bank account.
2. 2<sup>nd</sup> September: A payment of R7 400 was paid for rent by the business.
3. 6<sup>th</sup> September: Purchased inventory on credit from Mr Neman valued at R35 000, a R5 000 deposit was paid.
4. 16<sup>th</sup> September: The business paid R4 000 to Mr Neman for the inventory purchased on the 6<sup>th</sup> of September.
5. 22<sup>th</sup> September: The owner also invested equipment valued at R61 300 into the business.
6. 27<sup>th</sup> September: Mr Morake drew cash valued at R3 250 out of the business's bank account for his personal use.

**QUESTION 3**

**(20 marks)**

Marothodi Healthy Style (MHS) is the company that produces healthy drinks using fruits and vegetables. Company has inventory of healthy lifestyle in their community around South Africa (SA). The following transactions took place during the month of October 2019:

- 1      October inventory on hand 82 at R132.00 and 96 units at R164.00 each
- 7      October issued 85 units
- 13     October purchased 55 units at a total cost of R7300
- 28     October returned 35 units to the supplier who is a farmer. (Purchased 13 October)

**Required:**

Determine the value of closing inventory on the 31st of October. Present your answer in the format of an inventory ledger card. Use the following format:

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

- 3.1 The value of closing inventory using the First in First Out (FIFO) method. **(11)**
- 3.2 MHS Company has decided to change from a FIFO system to a WAM system. The cost of the opening inventory must first be converted to a weighted average cost. Thereafter determine the value of the closing inventory using the weighted average method. **(8)**

**QUESTION 4**

**(25 marks)**

Ice Cold Ltd is 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 31<sup>st</sup> 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 budgeted manufacturing overheads for both products. | (4)  |

**QUESTION 5**

**(25 marks)**

The management of Lungile Limited has decided to prepare a cash budget for February and March 2020. The following forecasts are available for the two months ending March 2020:

	<b>Total purchases</b>	<b>Total sales</b>	<b>Overhead costs</b>	<b>Wages</b>
<b>January</b>	R 85 000	R170 000	R 0	R 0
<b>February</b>	R90 000	R180 000	R56 000	R35 000
<b>March</b>	R60 000	R190 000	R44 000	R34 000

**Additional information:**

- Purchases of materials on credit amounted to 55% of total purchases and 45% of total purchases are in cash. The suppliers are paid 50% in the month of purchases and 50% in the next month. If we pay in the month of purchases we receive a 6% discount;
- 40% of total sales is for cash and the remainder is credit sales;
- Debtors pay their accounts as follows:
  - 70% pay the month after sales and will receive a 7% discount,
  - 30% will pay two months after sales;
- Overhead expenses are paid in the same month that they occur;
- Wages are paid in the month that they occur;
- New equipment costing R66 000 is to be paid in March;
- During February an old machine which cost R43 000 three years ago, was sold for R13 070 cash. The money was paid during March;
- The bank balance on 1<sup>st</sup> February 2020 is estimated to be R92 650.

**Required:**

Prepare the cash budget for February and March 2020. Show all calculations.

**(25)**

**THE END**