



**INSTRUCTIONS AND INFORMATION**

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of 7 pages.
2. A special **ANSWER BOOK** consisting of 5 pages is provided in which to answer all the questions.
3. Answer **ALL** the questions.
4. **Workings must be shown in brackets in order to earn part marks.**
5. Non-programmable calculators may be used.
6. You may use dark pencil or black / blue pen to answer the questions.
7. Marks will be deducted for missing details and foreign entries.
8. Use the information in the table below as a guide when answering the question paper:

<b>Question 1: 23 Marks, 14 Minutes</b>	
<b>The topic of this question is:</b>	<b>Content:</b>
Cost Accounting	<ul style="list-style-type: none"> <li>• Interpretation of Work-in-Progress Account</li> <li>• Break even point</li> </ul>
<b>Question 2: 52 Marks, 31 Minutes</b>	
<b>The topic of this question is:</b>	<b>Content:</b>
Budgeting	<ul style="list-style-type: none"> <li>• Debtors Collection Schedule</li> <li>• Projected Income Statement</li> </ul>
<b>Question 3: 25 Marks, 15 Minutes</b>	
<b>The topic of this question is:</b>	<b>Content:</b>
Inventory Systems	<ul style="list-style-type: none"> <li>• Purchases Account</li> <li>• Calculation of Sales and Cost of Sales</li> </ul>

**QUESTION 1****(23 Marks, 14 Minutes)****COST ACCOUNTING****1.1 General Ledger and Interpretation****Required**

Study the Work-in-Progress Stock account in the General Ledger of Themba's Wooden Tables and answer the questions that follow:

- 1.1.1 In which section of the General Ledger will this account be found? (1)
- 1.1.2 Identify **TWO** items that can be included in each of the following amounts in the Work-in-Progress Stock account: (2)
- ( ) a) R112 300. (2)
- b) R210 600. (2)
- 1.1.3 Themba currently employs one supervisor and 3 carpenters to make the tables. Identify which of his employees are considered to be direct labour and indirect labour. Explain your reasoning by giving an example of the type of work each employee will be completing. (4)
- 1.1.4 If this business made 160 wooden tables and sold each table for R4 350, calculate the following: (2)
- a) The cost price per table. (2)
- b) The mark up percentage applied by Themba's Tables. (4)

**Information:****Work in Progress Stock**

2014 March	1	Balance	96 800	2015 Feb	28	Finished Goods Stock	464 000
2015 Feb	28	Direct Labour Cost	137 800			Balance	93 500
		Factory Overhead Cost	112 300				
		Raw Materials Cost	210 600				
			557 500				557 500
2015 March	1	Balance	93 500				

**1.2 Break Even Point**

Billy Bob's Beds produced and sold 3 950 single beds for the year ended 31 August 2015. The following information was extracted from their books:

**Information:**

	Total for 3 950 beds
Sales	R4 740 000
Variable Costs	R2 646 500
Fixed Costs	R713 500

1.2.1 Calculate the break-even point for the year ended 31 August 2015.

(5)

1.2.2 Should Billy Bob's Beds be satisfied with the number of single beds that were made during the year ended 31 August 2015? Explain.

(3)

**QUESTION 2****(52 Marks, 31 Minutes)****BUDGETING****Required:**

- 2.1 Explain the difference between a Projected Income Statement and a Cash Budget. (4)
- 2.2 Complete the following for September to November 2015. (Some amounts have been entered for you.):
- 2.2.1 Debtors Collection Schedule. (9)
- 2.2.2 Projected Income Statement (39)

**Information****Green Tree Stores Income Statement for the year ended 31 August 2015**

Sales	1 600 000
Cost of Sales	(1 000 000)
Gross Profit	600 000
Other Operating Income	73 600
Rent Income	56 800
Commission Income	16 800
Gross Operating Income	673 600
Operating Expenses	(456 500)
Salaries	240 000
Advertising	30 000
Bad Debts	20 000
Depreciation	48 600
Sundry Expenses	117 900
Operating Profit	217 100
Interest Expense (on Loan)	(19 200)
Net Profit for the year	197 900

**Additional Information**

1. Sales (including forecasted sales) for the period 1 July 2014 to 30 November 2015 are shown below:

	Total Sales	Cash Sales	Credit Sales
July 2015	119 000	35 700	83 300
August 2015	127 000	38 100	88 900
September 2015	132 000	39 600	92 400
October 2015	136 000	40 800	95 200
November 2015	140 000	42 000	98 000

2. Credit Sales are expected to be collected as follows:
- 20% in transaction month to receive a 5% discount.
  - 70% in the month after the transaction.
  - 5% two months after the transaction.
  - 5% irrecoverable and is written off two months after the transaction.
3. The current percentage mark up on cost will be maintained throughout the budget period.
- 4.
- An increase in salaries becomes effective on 1 September each year. An increase of 8% has been budget for on 1 September 2015.
  - The business currently has 3 employees earning the same monthly salary. From 1 November 2015, a fourth employee, who will earn the same salary, will be employed.
5. The monthly rental was increased by R800 on 1 October 2014. The business intends to increase the tenants rent by R1 000 from 1 October 2015.
6. Green Tree Stores currently pays interest in their loan at a rate of 8% per annum. The capital portion of the loan remained unchanged during the previous financial year. The business plans to increase this loan by R60 000 on 1 November 2015.
7. The business plans for dispose of unused equipment at a book value by the end of September 2015. This will decrease the depreciation on equipment by R200 per month from 1 October 2015. (Note that no assets were bought or sold during the financial year ended 31 August 2015. Assets are depreciated on cost)
8. Sundry expenses are estimated at R10 000 in September and thereafter to increase by 2% per month.

**QUESTION 3****(25 Marks, 15 Minutes)****INVENTORY SYSTEMS****Required:**

Use the information provided below to complete the following for Peter's Plumbing Suppliers for the year ending 31 July 2015.

- 3.1 The Purchases account in the General Ledger, correctly closed off on 31 July 2015. (13)
- 3.2 Calculate the Cost of Sales, for the year ending 31 July 2015, using the periodic inventory system. (Show calculations in brackets so part marks can be awarded.) (7)
- 3.3 Calculation of the Gross Profit for the year ending 31 July 2015. (5)

**Information:****Extract from the Trial balance on 1 July 2015:**

Trading Stock (1 August 2014)	10 600
Purchases	450 000
Carriage on Purchases	6 500
Sales	710 000

**Additional Information for July 2015:**

- R117 000 stock was purchased during July 2015. One third of this was for cash, the remainder was bought on credit.
- Peters Plumbing Suppliers was charged R600 for the transportation of stock from the suppliers to their shop.
- Defective stock valued at R 5 100 was returned to Tool City, our creditor.
- The owner took stock worth R1 300 for personal use.
- Total sales for the month amounted to R53 600.
- According to a physical count, stock worth R12 400 was on hand on 31 July 2015.

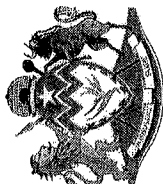
**TOTAL MARKS: [100]**





Cost Grades 10 (11)

**Basic Education**  
 KwaZulu-Natal Department of Education  
 REPUBLIC OF SOUTH AFRICA



ACCOUNTING  
 MARKING MEMORANDUM  
 SEPTEMBER 2015  
 COMMON TEST

NATIONAL  
 SENIOR CERTIFICATE

GRADE 11

MARKS : 100  
 TIME : 1 hour

Question	Topic	Marks	Minutes
1	Cost Accounting	23	14
2	Budgeting	52	31
3	Inventory Systems	25	15
		100	60

N.B. This memorandum consists of 6 pages.

1.1 General Ledger and Interpretation

1.1.1 In which section of the General Ledger will this account be found?

Balance Sheet Section ✓

1

1.1.2 Identify TWO items that can be included in the following amounts in the Work-in-Progress Stock account:

a) R112 300.

- Water and Electricity ✓
- Factory Rental ✓
- Factory Insurance
- Indirect Labour
- Indirect Materials
- Any logical overhead expense for a table manufacturer

b) R210 600.

- Woody ✓
- Glue ✓
- Nails
- Varnish
- Any logical raw materials cost

2

2

1.1.3 Themba currently employs one supervisor and 3 carpenters to make the tables. Identify which of his employees are considered to be direct labour and indirect labour. Explain your reasoning by giving an example of the type of work each employee will be completing.

Direct Labour	Carpenters ✓ – they physically make the tables ✓
Indirect Labour	Supervisor ✓ – they ensure that the work is being done but do not physically make the tables ✓

4

1.1.4 If this business made 160 wooden tables and sold each table for R4 350, calculate the following:

a) The cost price per table.

464 000 / 160 = R2 900 ✓

2

b) The mark up percentage applied by Themba's Tables.

$(4\ 350 - 2\ 900) \times 100 = 50\% \square$   
 2 900 ✓

4

1.2 Break Even Point

1.2.1 Calculate the break-even point for the year ended 31 August 2015.

713 500 ✓	
1 200 ✓ - 670 ✓	
713 500	
530	
= 1 346.23	
= 1 347 ✓	
	5

Operation if one part is correct

1.2.2 Should Billy Bob's Beds be satisfied with the number single beds that were made during the year ended 31 August 2015. Explain.

Yes ✓	
3 950 beds were produced and only 1 347 beds were needed to break even and start making a profit. ✓✓	
	3

QUESTION 2

BUDGETING

2.1 Explain the difference between a Projected Income Statement and a Cash Budget.

- and outflows of cash in order to predict the bank balances during each month of the budget period. ✓✓
- A Projected Income Statement looks at the expected incomes and expenses during the budgeted period in order to show the predicted monthly net profit. ✓✓

Cash Budget is used to look at predicted inflows and outflows of cash in order to predict the bank balances during each month of the budget period. ✓✓

A Projected Income Statement looks at the expected incomes and expenses during the budgeted period in order to show the predicted monthly net profit. ✓✓

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2.2.1 Debtors Collection Schedule

	Credit Sales	Sept	October	November
July 2015	R 83 300	4 165		
August 2015	R 88 900	62 230	4 445	
September 2015	R 92 400	17 556 ✓	64 680 ✓	4 620 ✓
October 2015	R 95 200		18 088 ✓	66 640 ✓
November 2015	R 98 000			18 620 ✓
		83 951 ✓	87 213 ✓	89 880 ✓

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2.2.2 Projected Income Statement

	Sept	October	November
Sales	132 000	136 000	140 000
Cost of Sales	(82 500)✓	(85 000)✓	(87 500)✓
Gross Profit	49 500	51 000	52 500
Other Operating Income	6 200	7 200	7 200
Commission Income	1 400	1 400	1 400
Rent Income	4 800	5 800	5 800
Gross Operating Income	55 700	58 200	59 700
Operating Expenses	(42 315)	(42 595)	(50 174)
Advertising	2 500	2 500	2 500
Salaries and Wages	21 600	21 600	28 800
Bad Debts	4 165	4 445	4 620
Depreciation	4 050	3 850	3 850
Sundry Expenses	10 000	10 200	10 404
Operating Profit	13 385	15 605	9 526
Interest Expense (on Loan)	(1 600)	(1 600)	(2 000)
Net Profit for the month	11 785	14 005	7 526

39

QUESTION 3

(25 Marks, 15 Minutes)

INVENTORY SYSTEMS

3.1		DR		Purchases		CR			
2015 July	1	Total✓	b/f	450 000 ✓	2015 July	31	Creditors Control✓	CAJ	5 100✓
	31	Bank✓	CPJ	39 000✓			Drawings✓	GJ	1 300✓
		Creditors Control✓	CJ	78 000✓			Trading Account✓	GJ	560 600
				567 000					567 000

13

3.2 Calculation of Cost of Sales.

Opening Stock	10 600✓
Purchases	560 600
Carriage on Purchases (6 500✓ + 600✓)	7 100✓
Closing Stock	578 300
Cost of Sales	(12 400)✓
	565 900

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3.3 Calculation of the Gross Profit for the year ending 31 July 2015.

Sales (710 000✓ + 53 600✓)	763 600✓
Cost of Sales	(565 900)
Gross Profit	197 700

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TOTAL MARKS: [100]

