



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

GREENBURY SECONDARY SCHOOL

ACCOUNTING: GRADE 11

THIRD CONTROL TEST: 2016

EXAMINER : C. MAHARAJ

DURATION : 1 HOUR

MODERATOR : A. RAJOO

MARKS: 100

INSTRUCTIONS TO LEARNERS:

1. This paper consists of **6 pages**.
2. Answer **ALL** questions on the special answer booklet provided.
3. Show all workings so that part marks can be allocated.
4. You must attempt to comply with the suggested time allocations.

QUESTION	TOPIC	MARKS	SUGGESTED TIME
1	Manufacturing	50	30 minutes
2	Cash Budgets	30	18 minutes
3	Periodic Inventory Systems	20	12 minutes
	Total	100	60 minutes

QUESTION ONE: MANUFACTURING**[50marks: 30 minutes]**

The following information relates to Woof Dog Food Manufactures for the year ended 30 June 2016. The business makes nutritious dog food.

Required :

- 1.1. Calculate the Direct Labour Cost. (Refer to information 4) (6)
- 1.2. Prepare the following accounts in the General Ledger for the year ended 30 June 2016: (10)
- Raw Material Stock Account (10)
 - Factory Overheads Account (25)
- NB: accounts to be properly balanced / closed off**
- 1.3. Calculate the **Unit Cost** of producing a complete box of dog food. (5)
- 1.4. Give **two** reasons why using a local supplier is likely to reduce the unit cost calculated above. (4)

Information :

1. Information relating to the production of dog food for the year ending 30 June 2016.

Number of finished boxes of dog food produced	60 000
Number of units sold	60 000

2. Stock at beginning and end of financial year:

	1 July 2015	30 June 2016
Raw materials(ingredients and cardboard boxes)	150 000	200 000
Work in process	64 000	71 146
Finished goods	Nil	Nil
Indirect material stock(factory)	2 100	3 400
Stock of packing material for deliveries to customers	8 000	5 000

3. **Details in respect of Raw Materials:**

Raw materials include the ingredients (bought from a local supplier) and cardboard box containers (boxes are imported from Japan)

- 3.1. Ingredients bought during the year on credit, R 408 000. This is delivered free of charge.
- 3.2. Returned defective stock to the supplier, R 14 000.
- 3.3. Bought 20 000 cardboard boxes from Japan at a total cost of 50 000 Japanese yen Paid by cheque. (¥ 50 000)
- The exchange rate is as follows::
One Japanese yen = R7.30 (¥ 1 = R7.30) (Currency of Japan is yen)

- 3.4. Import duties paid are calculated at 10%.
- 3.5. Transportation cost paid on boxes, R12 600.
4. **Wages and Salaries are as follows:**
- 4.1.
- There are 8 factory workers who are each required to work 2 120 hours for the period ending 30 June 2016.
 - Their normal time rate is 40 per hour.
 - 6 of the workers had worked a total of 90 hours of overtime each.
 - The overtime rate is one and a half times the normal time rate.
- 4.2. The factory foreman is paid a fixed salary of R 12 000 per month. He gets a bonus equal to an additional months' salary.
- 4.3. The cleaner is paid a fixed salary of R3 000 per month. This is split among the factory, office and sales department in the ratio of 3 : 1 : 2
- 4.4. **Contributions by the business:**
- All employees contribute to UIF. The business contributes 1 % and this is calculated on basic salary/ wage.
 - The business contributes to the foreman's pension fund and is calculated at 12 % of basic salary.
5. Electricity and water paid for the financial year amounted to R 320 000. Allocation is as follows:
- Factory 70 %
 - Office 10 %
 - The remaining amount is allocated to the sales department.
6. The following items were purchased for cash during the financial year:
- Indirect materials R 6 200
 - Packing material R 3 200
7. Rent for the year totalled R 199 500. The rent for July 2016 was paid in advance. The rent increased by 10 % on 1 May 2016. The rent is apportioned according to floor space. The factory occupies 300 sqm² out of a total of 400 sqm².
8. Depreciation for the financial year was calculated s follows:
- Factory plant R 150 000
 - Delivery vehicles R 80 00 (used only for deliveries to customers)
 - Office equipment R 12 000
9. All other expenses totalled R 180 000 for the year. This must be shared as follows:
- Factory 60 %
 - Sales 20 %
 - Office 20 %

QUESTION TWO : CASH BUDGET**[30 marks; 18 minutes]**

You are provided with the Cash Budget and related information of CBS Traders for two months ended 30 April 2017. The business is owned by Mr. C.B Singh.

Required :

- 2.1. Complete the Debtors Collection Schedule for April 2016. **Some figures are inserted on answer booklet.** (8)
- 2.2. Calculate the missing amounts indicated **A to G** in the Cash Budget for March and April. (14)
- 2.3. **Refer to information I.**
Comment on each item (quote figures) and provide one point of advice in each case. (6)
- 2.4. List **two** items that will be included in the Projected Income Statement but not on the Cash Budget. (2)

Information :

- A. Extract from Cash Budget for the two month period ended 30 April 2017.

Receipts	March 2017	April 2017
Cash Sales	A	237 600
Collection from Debtors	144 400	B
Rent income	3 000	C
Loan		180 000
Total Receipts		
Payments		
Cash Purchases	D	257 500
Payments to Creditors	32 250	28 250
Salaries and wages	61 240	61 240
Repayment of loan		E
Interest on loan		F
Insurance	G	6 100
Drawings	20 000	20 000
Sundry expenses	18 000	18 000
Total Payments		

- B. Cash sales amounts to 60 % of total sales.
- C. Total sales for February 2017 were R 380 000.
- D. **Collection from debtors :**
- 45 % settle accounts in the month of sales and receive a 5 % discount.
 - 50 % settle in the accounts in the month following the sales.
 - 5 % is written off.

- E. 10 % of trading stock is bought on credit.
Creditors are paid in full in the month following purchases.
- F. Insurance increased by 25 % on 1 April 2017.
- G. A tenant rented a storage room in the building. He is expected to move in on the 15 March 2017 and is required to pay only half the rent amount.
He was informed that the rent increases by 5.5 % on 1 April each year.
- H. A loan will be acquired on 1 April 2017. The interest on loan is 10.5% p.a.
- The loan is to be repaid in 24 equal monthly instalments commencing on 30 April 2017.
 - Interest on loan is also payable at the end of each month commencing on 30 April 2017.
- I. The owner is concerned about the following items which were budgeted for February 2017.

Item	Budget	Actual
Payment to creditors	39 400	15 600
Insurance	2 260	0

QUESTION THREE: PERIODIC INVENTORY SYSTEM**[20marks; 12 minutes]**

The information below was taken from the books of Super Sport Stores.

The business uses the periodic inventory system and a mark up of 25 % on the cost price.

Required :

- 3.1. Calculate the cost of sales for the year. (13)
Show all workings
- 3.2. Calculate the gross profit. (4)
- 3.3. Calculate the mark- up achieved by the business. (3)

Information :

The following balances appeared in the Pre- Adjusted Trial Balance on 31 December 2016
The financial year ends on 31 December.

Trading stock(1 January 2016)	481 000
Purchases	300 000
Sales	913 500
Debtors allowances	23 700
Carriage on purchases	5 700
Carriage on sales	1 500
Customs duty	5 400

Adjustments and Additional information No entries were made for the following transactions.

- Stock with a cost price of R 1 280 was donated to a home for street children.
- Received an invoice from Nike Transporters for transportation of goods to:
 - To Super Sport Stores R 360.
 - To customers, R 680.
- The owner took goods for personal use, selling price R750. Cost price????
- Goods valued at R 15 400 were defective and was returned to the supplier.
- Bought goods on credit from Puma Ltd for R 78 000.
- Sold goods on credit to a debtor, A. Adidas for R 10 200.
- Physical stock taking shows the value of stock on hand as at 31 December 2016, R-160 900.

100



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ACCOUNTING

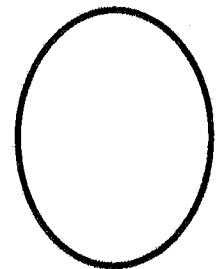
ANSWER BOOK

GRADE 11

NAME OF LEARNER: _____

GRADE: 11 _____

QUESTION	MAX.	FINAL MARKS
1	50	
2	30	
3	20	
	100	



This answer book consists of 5 pages.

QUESTION ONE: MANUFACTURING

[50marks: 30 minutes]

1.1. Calculate the Direct Labour Cost. (Refer to information 4)

6

Raw Materials Stock			

10

Factory Overhead Cost			

25

1.3. Calculate the **Unit Cost** of producing a complete box of dog food.

5

1.4. Give **two** reasons why using a local supplier is likely to reduce the unit cost calculated above.

•
•

4

Total Marks
50

QUESTION TWO : CASH BUDGET

[30 marks; 18 minutes]

2.1. Complete the Debtors Collection Schedule for April 2016.

	Credit Sales		March	April
February	*		76 000	-
March	160 000		68 400	*
April	*			*
			144 400	*

8

2.2. Calculate the missing amounts indicated **A to F** in the Cash Budget for March and April.

	Workings	Answer
A		
B		
C		
D		
E		
F		
G		

14

2.3. Refer to information I.
 Comment on each item (quote figures) and provide one point of advice in each case.

Item	Comment	Advice
Payment to creditors		
Insurance		

6

2.4. List two items that will be included in the Projected Income Statement but not on the Cash Budget.

•
•

2

Total Marks
30

QUESTION THREE: PERIODIC INVENTORY SYSTEM

[20marks; 12 minutes]

**3.1. Calculate the cost of sales for the year.
Show all workings**

13

3.2. Calculate the gross profit.

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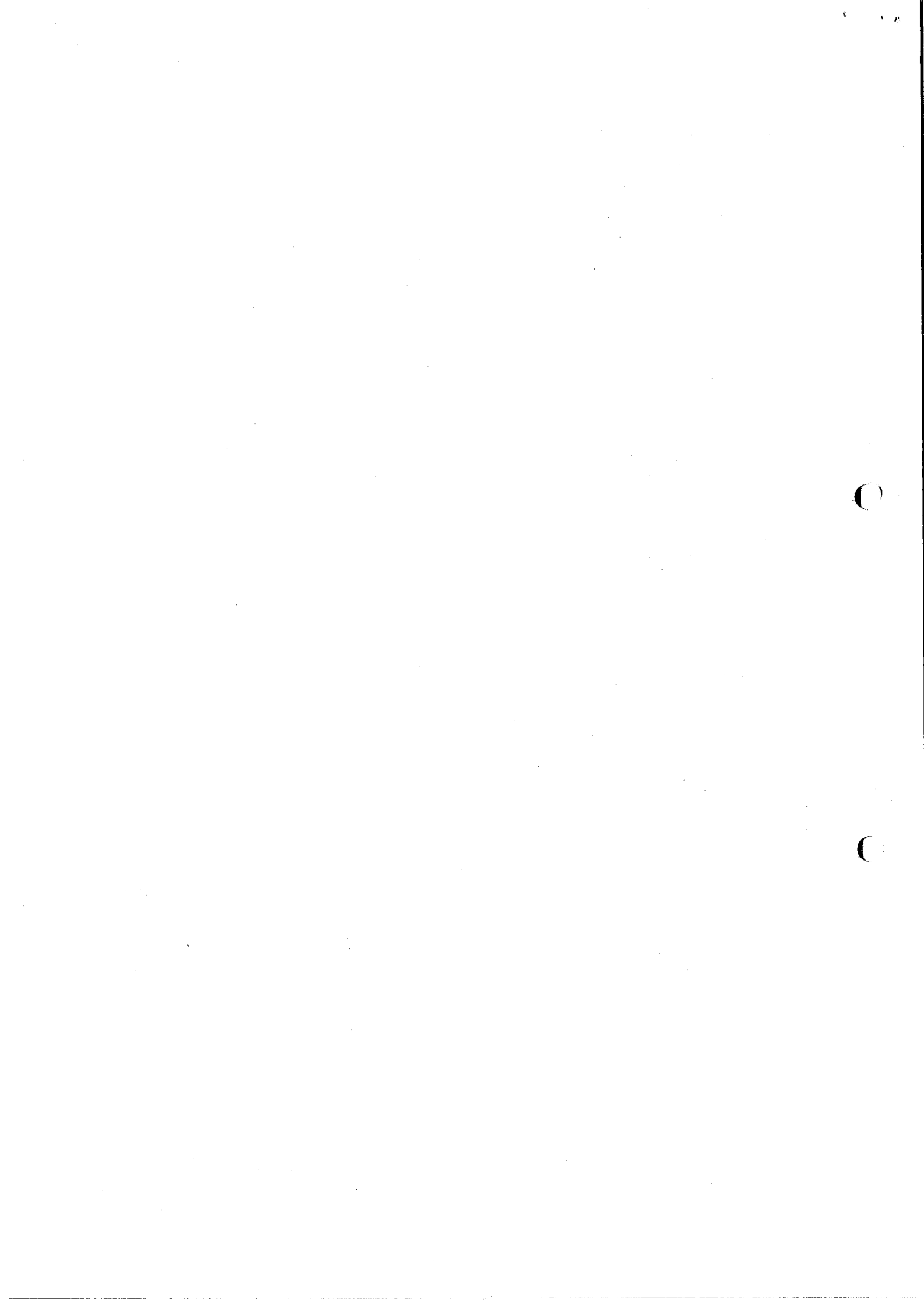
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3.3. Calculate the mark- up achieved by the business.

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3

Total Marks
20



100
100



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ACCOUNTING

ANSWER BOOK

GRADE 11

MEMORANDUM

GRADE: 11 _____

QUESTION	MAX.	FINAL MARKS
1	50	50
2	30	30
3	20	20
	100	100

20

GREENBURY SECONDARY SCHOOL

This answer book consists of 5 pages.



DEPARTMENT OF COMMERCE
H.O.D. MRS C MAHARAJ

[Signature]

QUESTION ONE: MANUFACTURING

[50marks: 30 minutes]

1.1. Calculate the Direct Labour Cost. (Refer to information 4)

Normal time: $8 \times 2120 \times 40$	678 400	<i>N</i>
Overtime : $6 \times 90 \times 60$	32 400	<i>N</i>
UIF Contributions ($678\ 400 \times 1/100$)	6 784	<i>N</i>
	717 584	<i>(D)</i>

6
6

Raw Materials Stock			
1	Balance	b/d	150 000 ✓
	Creditors Control		408 000 ✓
	Bank (50 000 x 7.30)		365 000 ✓
	Bank (365 000 x 10/100)		36 500 ✓
	Bank		12 600 ✓
			972 100
1	Balance	b/d	200 000 ✓

10
10

Factory Overhead Cost			
	Foreman salary $144\ 000 + 12\ 000 + 1\ 440 + 17\ 280$		174 720 ✓
	Indirect labour $(36\ 000 + 3\ 600) \times 3/6$		18 180 ✓
	Electricity & water $320\ 000 \times 70/100$		224 000 ✓
	Indirect materials $(2\ 100 + 6\ 200 - 3\ 400)$		4 900 ✓
	Rent $(199\ 500 - 16\ 500) \times 300/400$		137 250 ✓
	Depreciation		150 000 ✓
	Other expenses $(180\ 000 \times 60/100)$		108 000 ✓
			817 050

25
25

1.3. Calculate the **Unit Cost** of producing a complete box of dog food.

$\text{Unit cost} = \frac{\text{total cost of production of finished goods}}{\text{number of units produced}}$ $= \frac{758\,100 + 717\,584 + 817\,050 + 64\,000 - 71\,146}{60\,000}$ $= \text{R}38.09$

5
5

1.4. Give **two** reasons why using a local supplier is likely to reduce the unit cost calculated above.

• No import duties / custom duties incurred //
• No exchange rate fluctuations //

4
4

Total Marks
50
50

QUESTION TWO : CASH BUDGET

[30 marks; 18 minutes]

2.1. Complete the Debtors Collection Schedule for April 2016.

	Credit Sales		March	April
February	*152 000 //		76 000	-
March	160 000		68 400	*80 000 //
April	*158 400 //			*67 716 ✓
			144 400	*147 716 (✓)

8
8

2.2. Calculate the missing amounts indicated A to F in the Cash Budget for March and April.

	Workings	Answer
A	$160\ 000 \times 100 = 400\ 000 \times 60 / 100$	240 000
B		147 716
C	$3\ 000 + 3\ 000 = 6000 \times 1.055$	6 330
D	$28\ 250 \times 100 / 10 = 282\ 500 \times 90 / 100$	254 250
E	$180\ 000 / 24$	7 500
F	$180\ 000 \times 10.5 / 100 \times 1 / 12$	1 575
G	$6\ 100 \times 100 / 125$	4 880

14
14

2.3. Refer to information I.
Comment on each item (quote figures) and provide one point of advice in each case.

Item	Comment	Advice
Payment to creditors	Overbudgeted by R 23 800 Budget not done realistically	Investigate why creditors are not being paid, could be charged interest. Suppliers will stop selling to business.
Insurance	Overbudget by R 2 260	Monies not used for insurance. Policy will lapse, could face increased premiums in future.

6
6

2.4. List two items that will be included in the Projected Income Statement but not on the Cash Budget.

• Depreciation	• Discount allowed	• Drawings of stock
• Bad debts	• Discount received	• Profit / loss on sale

2
2

Total Marks
30
30

QUESTION THREE: PERIODIC INVENTORY SYSTEM

[20marks; 12 minutes]

3.1. Calculate the cost of sales for the year.

Show all workings

Opening stock	481 000	/
Add: Purchases (300 000 - 1 280 - 600 - 15 400 + 78 000)	360 720	0
Carriage on purchases (5 700 + 360)	6 060	/
Customs duty (5 400)	5 400	/
	853 180	
Less: Closing stock	(160 900)	/
Cost of sales	692 280	0

13

13

3.2. Calculate the gross profit.

$$\begin{aligned}
 \text{Gross Profit} &= \text{sales} - \text{cost of sales} \\
 &= (913\,500 - 23\,700 + 10\,200) - 692\,280 \\
 &= \text{R } 207\,720 \quad 0
 \end{aligned}$$

4

4

3.3. Calculate the mark-up achieved by the business.

$$\begin{aligned}
 \text{Mark-up} &= \frac{\text{gross profit}}{\text{cost of sales}} \times 100 \\
 &= \frac{207\,720}{692\,280} \times 100 \\
 &= 30\% \quad 0
 \end{aligned}$$

3

3

Total Marks
20
20

