



education

Department:
Education
PROVINCE OF KWAZULU-NATAL

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

**ACCOUNTING
SEPTEMBER 2018
COMMON TEST**

MARKS: 100

TIME : 1 hour

This paper consists of 6 pages and an answer booklet of 5 pages.

INSTRUCTIONS AND INFORMATION

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

1. This question paper consists of 6 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:

Question 1: 38 Marks, 23 Minutes	
The topic of this question is:	Content:
Cost Accounting	<ul style="list-style-type: none"> • Calculations • General Ledger • Ethics and Internal Control
Question 2: 34 Marks, 20 Minutes	
The topic of this question is:	Content:
Cash Budget	<ul style="list-style-type: none"> • Debtors Collection Schedule • Cash Budget • Problem Solving
Question 3: 28 Marks, 17 Minutes	
The topic of this question is:	Content:
Inventory Systems	<ul style="list-style-type: none"> • Concepts • Calculation of Purchases • General Ledger

QUESTION 1**(38 Marks, 23 Minutes)****COST ACCOUNTING**

Snuggle Bug Manufacturers is a business that produces thick winter blankets in a variety of colours and designs. The financial year ends on 30 June each year.

REQUIRED:

- 1.1 Calculate the following for the year ended 30 June 2018:
- 1.1.1 Direct Materials Cost (6)
- 1.1.2 Direct Labour Cost (6)
- 1.1.3 Factory Overhead Cost (11)
- 1.2 Prepare the Work-in Progress Stock account in the General Ledger for the year ended 30 June 2018 (12)
- 1.3 The manager is thinking of reducing the quality of material used in manufacturing blankets. This change will not be revealed to customers (labels will not be changed). Comment. (3)

INFORMATION:

A. Stock Balances:

	30 June 2018	1 July 2017
Raw Material Stock	185 660	120 300
Consumable Stores (Factory)	5 100	4 000
Work-in-Progress Stock	103 590	82 416

- B. 40% of the raw materials are purchased for cash. The remainder are purchased on credit. Cash purchases for the financial year amounted to R578 880.
- C. Carriage on raw materials purchased during the year amounted to R25 000.
- D. The following details regarding factory workers' wages needs to be taken into account:
- In total, the workers worked 14 000 hours in the past year. 12 000 hours were for normal time, the remainder was for overtime.
 - Normal time is paid at a rate of R42 per hour. The overtime rate is double that of normal time.
 - The business has 10 workers who are employed full time. 9 of these workers make the blankets, and 1 is employed to clean the factory.
- E. The Factory manager's annual salary amounts to R140 000.
- F. Depreciation for the year amounts to R76 600. 80% of this is allocated to the factory.
- G. Rent for the premises amounts to R350 000 per year. The ratio used to allocate rent, according to floor space, between the factory, the sales department and the offices is 3 : 1 : 1 respectively.
- H. Additional consumable stores for the factory of R26 500 were purchased during the year.
- I. Electricity used by the factory amounted to R132 500 for the year.

QUESTION 2**(34 Marks, 20 Minutes)****CASH BUDGET**

You are provided with an incomplete Cash Budget of Sizwe's Store, a general dealer, that sells for both cash and on credit.

REQUIRED:

- 2.1 Explain how a cash budget can be used as a management tool. (2)
- 2.2 Complete the Debtors' Collection Schedule for October and November 2018. (8)
- 2.3 Sizwe, the owner, would like to increase the percentage of debtors that pay at the end of the first month. Suggest **TWO** strategies that he can implement to encourage debtors to pay their accounts faster. (2)
- 2.4 Complete the missing figures in the Cash Budget that are labelled A to G. (12)
- 2.5 Refer to the amount budgeted for rent income.
- 2.5.1 Calculate the expected percentage decrease in rent income. (4)
- 2.5.2 Supply **ONE** possible reason for the decrease in the rent. (2)
- 2.6 Calculate the total price that will be paid for the vehicle that the business is planning to purchase in October 2018. (4)

INFORMATION:

A Actual and Budgeted Cost of Sales:

	Actual Cost of Sales	Budgeted Cost of Sales
August 2018	616 000	
September 2018	528 000	
October 2018		497 200
November 2018		584 000

B 40% of the total sales are for credit. Credit sales for August 2017 to November 2018 are as follows:

Month	Credit Sales	
August 2018	369 600	Actual
September 2018	316 800	Actual
October 2018	297 600	Budgeted
November 2018	350 800	Budgeted

- C. Debtors are expected to pay as follows:
- 10% paid in the month of sale
 - 70% paid in the first month following the month of sale
 - 18% paid in the second month following the month of sale
 - The balance is written off in the third month following the month of sale.
- D. The business maintains a fixed base level of stock at all times.
- E. 50% of the total purchases are on credit. Creditors are paid in full in the month following the month of purchase to take advantage of a 5% discount.
- F. The shop manager will be receiving a 6% increase in his salary from 1 November 2018.
- G. **Cash Budget for the two months ending 30 November 2018:**

	October	November
Receipts		
Cash sales	446 400	A
Collection from debtors	?	?
Rent income	8 000	7 000
Fixed deposit (including interest)	0	?
Total Receipts	?	?
Payments		
Cash purchases of trading stock	248 600	B
Payments to creditors (for stock)	250 800	C
Salary – store manager	24 000	D
Salaries – 5 shop assistants	30 000	31 350
Telephone	6 820	8 400
Advertising	39 600	24 000
Deposit on motor vehicle	88 000	0
Drawings	?	?
Instalment on motor vehicle (12 equal instalments)	0	26 400
Other operating expenses	?	?
Total Payments	?	?
Cash surplus/ deficit	(49 600)	E
Bank balance at beginning of month	22 400	F
Bank balance at end of month	(27 200)	50 000

QUESTION 3**(28 Marks, 17 Minutes)****INVENTORY SYSTEMS**

Sunshine Stores is a small business that is located near a popular beach. It sells sunglasses, umbrellas, towels and other items that beach-goers would like to purchase. The periodic inventory system is in operation.

REQUIRED:

- 3.1 State whether each of the following statements are TRUE or FALSE. If FALSE, correct the UNDERLINED WORD/S to make the statement TRUE. (8)
- 3.1.1 In the perpetual inventory system, cost of sales is calculated after each sales transaction.
- 3.1.2 When using the periodic inventory system, all stock purchased is recorded in the trading stock account.
- 3.1.3 There is no need to purchase expensive equipment when using the periodic inventory method.
- 3.1.4 Businesses that use the perpetual stock system can detect theft relatively easily.
- 3.2 Calculate the value of items purchased for the year ended 30 June 2018. (5)
- 3.3 Complete the Trading Account, correctly closed off, in the General ledger of Sunshine Traders for the year ended 30 June 2018. Show calculations in brackets, where needed. (15)

INFORMATION:

- A. Stock of R28 575 was on hand on 1 July 2017.
- B. Stock costing R773 225 was purchased during the course of the year.
- C. Returns to suppliers for the year amounted to R3 000.
- D. The owner donated stock costing R800 to the local municipality to use as prizes during the June beach festival.
- E. R12 400 was spent on the transport needed to get the stock to the business.
- F. A further R1 400 worth of stock was taken by the owner for his son's birthday party.
- G. The physical stock take at the end of June 2018, revealed that stock on hand amounted to R31 650.
- H. Sunshine Stores sales for the year amounted to R1 237 160 and returns from customers during the course of the year was R4 200.

TOTAL MARKS: [100]



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ANSWER BOOK
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GRADE 11

Name: _____ Grade: _____

Question	Topic	Learners Mark	Moderators Mark
1	Cost Accounting		
2	Cash Budget		
3	Inventory Systems		

N.B. This answer book consists of 5 pages.

QUESTION 1

(38 Marks, 23 Minutes)

COST ACCOUNTING

1.1 Calculate the following for the year ended 30 June 2018:

1.1.1 Direct Materials Cost

	6

1.1.2 Direct Labour Cost

	6

1.1.3 Factory Overhead Cost

	11

1.2 **General Ledger of Snuggle Bug Manufacturers
Balance Sheet Section
Work in Progress Stock**

12

1.3 The manager is thinking of reducing the quality of material used in manufacturing blankets. This change will not be revealed to customers (labels will not be changed). Comment.

	3

QUESTION 2**(34 Marks, 20 Minutes)****CASH BUDGET****2.1 Explain how a cash budget can be used as a management tool.**

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2

2.2 Debtors Collection Schedule for October and November 2018.

	Credit Sales	2018 October	2018 November
August 2018	369 600		
September 2018	316 800		
October 2018	297 600		
November 2018	350 800		

8

2.3 Sizwe, the owner, would like to increase the percentage of debtors that pay at the end of the first month. Suggest TWO strategies that he can implement to encourage debtors to pay their accounts faster.

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2

2.4 Complete the missing figures in the Cash Budget that are labelled A to G.

A	
B	
C	
D	
E	
F	

12

2.5 Refer to the amount budgeted for rent income.

2.5.1 Calculate the expected percentage decrease in rent income.

--	--

4

2.5.2 Supply ONE possible reason for the decrease in the rent.

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2

2.6 Calculate the total price that will be paid for the vehicle that the business is planning to purchase in October 2018.

--	--

4

QUESTION 3**(28 Marks, 17 Minutes)****INVENTORY SYSTEMS**

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

8

3.2 Calculate the value of items purchased for the year ended 30 June 2018.

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5

3.3

Trading Account

15

TOTAL MARKS: [100]



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GRADE 11

MARKS : 100

MARKING PRINCIPLES:

- Unless otherwise stated in the marking guideline, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
- Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
- Full marks for correct answer; if answer incorrect, mark the workings provided.
- If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
- Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or - sign or bracket is provided, assume that the figure is positive.
- Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
- Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
- Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, x, -, or per memo.
- In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a .
- Be aware of candidates who provide valid alternatives beyond the marking guideline.
- Codes: f = foreign item; p = placement/presentation.

N.B. This memorandum consists of 4 pages.

QUESTION 1

(38 Marks, 23 Minutes)

COST ACCOUNTING

1.1 Calculate the following for the year ended 30 June 2018:

1.1.1 Direct Materials Cost (6)

OR 1 447 200 Two marks
 $120\ 300\checkmark + 578\ 880\checkmark + 868\ 320\checkmark + 25\ 000\checkmark - 185\ 660\checkmark$
 $= 1\ 406\ 840\checkmark$ Operation one part correct

1.1.2 Direct Labour Cost (6)

$12\ 000 \times 42 = 504\ 000\checkmark\checkmark$ Two or nothing OR $504\ 000 - 504\ 000 = 453\ 600\checkmark\checkmark$
 Two or nothing
 $2\ 000 \times 84 = 168\ 000\checkmark\checkmark$ Two or nothing $168\ 000 - 168\ 000 = 151\ 200\checkmark\checkmark$ Two
 or nothing
 $672\ 000 \times 9/10\checkmark = 604\ 800\checkmark$ Operation one part correct 604 800

1.1.3 Factory Overhead Cost (11)

$67\ 200\checkmark$ See 1.1.2 + $140\ 000\checkmark + 61\ 280\checkmark + 210\ 000\checkmark + 25\ 400\checkmark + 132\ 500\checkmark$
 100
 $= 636\ 380\checkmark$ Operation one part correct (4 000 + 26 500 - 5
 mark One mark One mark One mark

1.2 General Ledger of Snuggle Bug Manufacturers (12)

Balance Sheet Section
Work in Progress Stock

2017 July	1	Balance	b/d	82 416	2018 June	30	Finished Goods Stock	GJ	2 626 846
2018 June	30	Raw Materials Cost	GJ	1 406 840			Balance	c/d	103 590
		Direct Labour Cost	GJ	604 800					
		Factory Overhead Cost	GJ	636 380					
				2 730 436			<input checked="" type="checkbox"/> Both figures		2 730 436
2018 July	1	Balance	b/d	103 590					

1.3 The manager is thinking of reducing the quality of material used in manufacturing blankets. This change will not be revealed to customers (labels will not be changed). Comment. (3)

- It is unethical to show contents which are not in the product. ✓✓✓
- The business can be viewed negatively and not be trusted/reputation. ✓✓✓
- Loss of customers which can end up in decrease in sales/decrease in profits.
- Any logical answer **Very Good = 3 Good = 2 Incomplete = 1 Wrong = 0**

QUESTION 2**(34 Marks, 20 Minutes)****CASH BUDGET****2.1 Explain how a cash budget can be used as a management tool. (2)**

- Management will use it for planning their cash purchases to see what they can afford and in what month to make the purchase. ✓✓
- It alerts management about the need to cut down on expenditure, or to take out a loan, invest more capital, or apply for an overdraft facility.
- Helps to indicate fraud by comparing the budgeted to the actual amounts
- It is used as a form of internal control to see if their spending or receipts are going according to plan and to make necessary changes in the business.
- Any logical answer **Good = 2 Incomplete = 1 Wrong = 0**

2.2 Debtors Collection Schedule for October and November 2018. (8)

	Credit Sales	2018 October	2018 November
August 2018	369 600	66 528 ✓	
September 2018	316 800	221 760 ✓	57 024 ✓
October 2018	297 600	29 760 ✓	208 320 ✓
November 2018	350 800		35 080 ✓
Operation one part correct		318 048 ✓	300 424 ✓

2.3 Sizwe, the owner, would like to increase the percentage of debtors that pay at the end of the first month. Suggest TWO strategies that he can implement to encourage debtors to pay their accounts faster. (2)

- Charge interest on overdue accounts ✓
- Send regular reminders ✓
- Give discount for early settlements
- Any logical answer

2.4 Complete the missing figures in the Cash Budget that are labelled A to G. (12)

A	526 200	✓✓	Two or nothing
B	292 000	✓✓	Two or nothing
C	236 170	✓✓	Two or nothing
D	25 440	✓✓	Two or nothing
E	77 200	✓✓	Two or nothing

F	(27 200) / -27 200 ✓✓ Two or nothing
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2.5 Refer to the amount budgeted for rent income.

2.5.1 Calculate the expected percentage decrease in rent income. (4)

$\frac{8\,000 - 7\,000}{8\,000} \times 100 = 12,5\%$ ✓	Operation one part correct
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2.5.2 Supply ONE possible reason for the decrease in the rent. (2)

<ul style="list-style-type: none"> • The tenant has asked to decrease the size that is occupied ✓ • The property is in disrepair so the rent has been decreased ✓ • Any logical answer ✓ <p style="font-size: small; margin-top: 0;">Good = 2 Incomplete = 1 Wrong = 0</p>

2.6 Calculate the total price that will be paid for the vehicle that the business is planning to purchase in October 2018. (4)

$88\,000 + (26\,400 \times 12\%)$ $88\,000 + 316\,800$ Two marks $= 404\,800$ ✓ Operation one part correct
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QUESTION 3

INVENTORY SYSTEMS

(28 Marks, 17 Minutes)

3.1 (8)

3.1.1	T✓✓
3.1.2	F✓, Purchases✓
3.1.3	T✓✓
3.1.4	T✓✓

3.2 Calculate the value of items purchased for the year ended 30 June 2018. (5)

$773\,225 - 3\,000 - 800 - 1\,400 = 768\,025$ ✓	Operation one part correct
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3.3 (15)

Trading Account

2017 July	1	Opening Stock✓	28 575✓	2014 June	30	Sales✓	1 232 960✓
2018 June	30	Purchases✓	768 025 ✓ <small>See 3.2</small>			(1 237 160✓ - 4 200✓)	31 650✓
		Carriage on Purchases✓	12 400✓			Closing Stock✓	
		Profit and Loss✓	455 610 ✓				

				<input checked="" type="checkbox"/> Both figures	1 264 610

TOTAL MARKS: [100]

