

EKURHULENI NORTH DISTRICT

GRADE 11

SUBJECT	:	ACCOUNTING
CODE	:	ACCN
TASK	:	CONTROLLED TEST 2
TIME	:	90 MINUTES
MARKS	:	100
DATE	:	11 SEPTEMBER

QUESTION PAPER

This paper consists of 8 pages

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely



1. Answer ALL the questions
2. A special ANSWER BOOK is provided in which to answer ALL the questions
3. Show ALL workings to earn part-marks
4. You may use a non- programmable calculator
5. You may use a blue ink to answer to answer the questions. **NO PENCIL!!!!**
6. Where applicable, show all calculation to ONE decimal point.
7. Write neatly and legibly
8. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it

QUESTION 1:50 marks; 45 minutes	
Cost accounting	Concepts, Ledger accounts and unit costs calculation
QUESTION 2: 50 marks; 45 minutes	
Budgets	Concepts and Cash budget



QUESTION 1: COST ACCOUNTING**(marks 50; 45 minutes)**

- 1.1. Give ONE term for each of the following description by choosing a cost category next to the question numbers (1.1.1 to 1.1.4) in the ANSWER BOOK

Selling and distribution cost; direct labour cost; direct material cost; administration cost; factory overhead cost

- 1.1.1 Salary of the factory foreman
- 1.1.2 Bad debts
- 1.1.3 Stationery and telephone expenses
- 1.1.4 Wages paid to workers in the production process

1.2 KARDASHIAN MANUFACTURERS

Kardashian Manufacturers produces tennis balls which are supplied to local schools and retailers in the area. The financial year ends on 28/29 February each year

REQUIRED:

- 1.2.1 Calculate the following for the financial year
- Direct material cost (7)
 - Direct labour cost (5)
- 1.2.2 Record the following transactions in the General Ledger
- Work-in-progress stock (10)
 - Finished goods stock (6)
- 1.2.3 The owner is concerned about control of workers in production. Provide TWO points that justify his concern. Quote relevant figures. (6)

INFORMATION:**A Stock balance:**

	28 February 2022	1 March 2021
	R	R
Raw material	38 700	23 400
Work-in-progress	60 000	45 300
Finished goods stock	22 000	27 000

B Transactions for the year:

- Raw material for R342 600 was purchased on credit.
- Damaged raw material worth R15 700 was sent back to creditors.
- Cash purchases of raw material amounted to R155 000.
- Delivery cost on purchases of raw material, R19 400.
- Total factory overheads for the year amounted to R273 340

C Details of workers in production:

Number of workers	4
Normal hours worked (basic)	1 440 hours per week
Normal time as per contract	40 hours per week, 45 weeks per year
Normal time rate	R35 per hour
Total overtime hours worked	640 hours
Overtime paid	R33 600

The business contributes 1% to the UIF and 9% to the Pension fund on behalf of all employees.



1.3 Cost calculations

You are provided with the information relating to Minaj Manufactures for the year ended 28 February 2023. The factory makes wooden catering tables.

1.3.1 Calculate the direct material cost per unit. (3)

1.3.2 Calculate the direct labour cost per unit (3)

1.3.3 Calculate the Prime cost per unit (3)

1.3.4 Calculate the break-even point for the year ended 28 February 2023 and
Comment on your answer. (4)

INFORMATION FOR THE YEAR ENDING 28 FEBRUARY 2023

A.

	Total Cost	Per unit
Direct material cost	768 960	?
Direct labour cost	224 640	?
Total variable cost	1 058 400	R245
Total fixed cost	518 400	R120
Sales	1 728 000	R400

B Additional information

- The business produced and sold 4320 tables during the year.
- There was no work-in progress at the end of the financial year.



QUESTION 2: BUDGETING**(50 marks;45 minutes)**

2.1 State whether the following statements are **True** or **False**. Write only True or False to the question number (2.1.1-2.1.4) in the Answer book.

2.1.1 Provision for bad debts adjustment is an item that will appear in a Cash Budget but not on the Projected Income statement. (1)

2.1.2 What makes the Cash Budget and Projected Income statement similar is that they both project figures for the future. (1)

2.1.3 Depreciation is an imputed expense therefore does not appear in the Cash Budget. (1)

2.1.4 The main purpose of the Cash budget is to project future income and expense. (1)

2.2 THE ROCK TRADERS

Information from the records is for the budget period ended 31 December 2022

REQUIRED

2.2.1 Calculate the percentage of goods sold on credit during December 2022 (4)

2.2.2 Complete the Debtors Collection Schedule for December 2022 (9)

2.2.3 Prepare the Cash Budget for December 2022 (23)

2.2.4 Refer to the Actual figures for October 2022 (**Information K**)


- Identify **TWO** item that was well controlled. In each case, provide a reason for your choice (4)
- Provide the owner with different internal control measures he can use to exercise better control over **TWO** items on the list that are not well controlled (6)



INFORMATION

A. Total sales figures for the budget period ended 31 December 2022:

Goods are sold at a profit mark-up of 50% on cost.



MONTH	ACTUAL		BUDGETED	
	CASH	CREDIT	CASH	CREDIT
October	38 400	57 600		
November	43 200	64 800		
December			48 000	72 000

B. Credit sales are collected according to the following trend:

- 40% in the month of sale (these debtors receive a 5% discount)
- 40% in the month following the month of sale
- 18% two months after the sales month
- 2% is written off as bad debts.

C. Purchases of stock:

- Stock sold is replaced in the month of sale (a base stock is maintained)
- All purchases of trading stock are made on credit.
- Creditors are paid in the month following the month of purchase.

D. The three shop assistants each earn R10 100 per month. During December 2022, two of the three shop assistants will also receive their annual bonuses of 80% of their monthly salary.

E Total rent income for the previous financial for the previous financial year was R139 680. The rent is expected to increase by 5% on the 1 December 2022

F. The owner agreed to monthly drawings of R2 600. This compromises R1 800 cash and the balance in trading stock

- G. Interest on fixed deposit amounts to R9 600 per year. This is received in three equal instalments on 30 September 2022, 31 December 2022 and 31 March 2023
- H. Operating expenses amount to R18 000 per month
- I. Bank charges averages R1 620 per month
- J. The bank balance on 30 November 2022 was R98 330 (favourable).
- K. **Actual and budgeted figures for October 2022**

	BUDGETED	ACTUAL
Drawings	R1 800	R1 500
Repairs and maintenance	R5 000	R1 200
Advertising	R3 600	R3 650
Rent income	R11 640	R5 000

TOTAL 100



ERRATA

EKURHULENI DISTRICT

GRADE 11

CONTROLLED TEST

Question 1



Remove 1.3.2	Add Calculate the direct labour cost per unit (3 marks)
1.3.3	Calculate the Prime cost 3 marks
1.3.4	Calculate the break- even point and comment on you answer/findings 4 marks

Question 2

2.2.4

- Identity **TWO items** that was well controlled. In each case, provide a reason for your choice **4 marks**
- Provide the owner with different internal control measures he can use to exercise better control over **TWO items** that are not well controlled. **6 marks**



EKURHULENI NORTH DISTRICT

GRADE 11

ACCOUNTING

ANSWER BOOK

CONTROLLED TEST 2



NAME OF LEARNER	:	
NAME OF SCHOOL	:	
DATE	:	

QUESTION	TOTAL	MARKS OBTAINED	MODERATOR
QUESTION 1	50		
QUESTION 2	50		
TOTAL	100		

This Answer Book consists of 7 pages



QUESTION 1

1.1



1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2.1

Direct material cost

7


Direct labour cost

5



1.2.2 GENERAL LEDGER OF KARDASHIAN MANUFACTURERS

WORK -IN- PROGRESS STOCK

10

FINISHED GOODS STOCK

1.2.3

The owner is concern about the control of workers in production. Provide TWO points that justify his concern. Quote relevant figures

Point 1:	Figures
Point 2:	Figures



6

6

1.3

1.3.1 Calculate the direct material cost per unit



3

1.3.2 Calculate the direct labour cost per unit

3

1.3.3 Calculate the Prime cost per unit

3

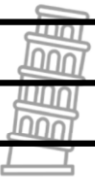
1.3.4 Calculate the break-even point for the year ended ended 28 February 2023 and Comment.

4



QUESTION 2: BUDGETING

2.1

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

2.2

Calculate the percentage of goods sold on credit during December 2022

4



2.3

Complete the Debtors Collection Schedule for December 2022			
MONTH	CREDIT SALES	NOVEMBER	DECEMBER
October	57 600	23 040	
November	64 800		
December	?		
CASH FROM DEBTORS			


9



2.3 CASH BUDGET FOR DECEMBER 2022

RECIEPTS	DECEMBER
Cash Sales	
	
TOTAL RECEIPTS	
PAYMENTS	
Advertising	3 600
Repairs and maintenance	5 000
TOTAL PAYMENTS	
SURPLUS/(SHORTFALL)	
Bank (opening balance)	
Bank (closing balance)	

2.2.4

ITEM	REASON
<p>Well controlled</p> 	
<p>2.2.4 Provide the owner with different internal control measures he can use to exercise better control over TWO items that are not well controlled</p>	
<p>Not well controlled</p>	<p>Internal control measures</p>

4

6



EKURHULENI NORTH DISTRICT

GRADE 11

ACCOUNTING



MARKING GUIDELINE

CONTROLLED TEST 2

MARKING PRINCIPLES:

1. 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.
 2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
 3. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
 4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as working for that figure (not the method mark for the answer). NOTE: If figures are stipulated in marking guideline for components of workings, these do not carry the method mark for final answer as well.
 5. 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.
 6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
 7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
 8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
 9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
 10. 'Operation' means 'Check operation'. 'One part correct' means 'Operation and one part correct'. NOTE: check operation must be +, -, x, ÷, as per candidate's calculation (if valid) or per memorandum.
 11. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
 12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate by with a ☒
 13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
 14. Codes: f = foreign item; p = placement/presentation.
-



QUESTION 1

1.1

1.1.1	Factory overhead cost ✓
1.1.2	Selling and distribution ✓
1.1.3	Administration cost ✓
1.1.4	Direct labour cost ✓

1.2.1

Direct material cost	
23400✓+342 600✓-15 700✓+155 000✓+19 400✓-38 700✓=486 000✓	
(7)	

Direct labour cost	
4 × 1 440 × 35	201 600 ✓ ✓
Contribution (201 600 × 10%)	20 160 ✓
Overtime	33 600 ✓
TOTAL	255 360 ✓
(5)	

1.2.2 GENERAL LEDGER OF KARDASHIAN MANUFACTURERS

WORK -IN- PROGRESS STOCK

2021 march	1	Balance	b/d	45 300 ✓	2022 feb	28	Finished goods stock ✓	1 000 000 ✓
2022 Feb	28	Direct material cost ✓		486 000 ✓			Balance	6 000 ✓
		Direct labour cost ✓		255 360 ✓				
		Factory overhead cost ✓		273 340 ✓				
				1 060 000				1 060 000
2022 March		Balance		60 000				

FINISHED GOODS STOCK

Mach 2021		Balance	b/d	27 000 ✓			Cost of sales ✓		1 005 000 ☑
Feb 2022	28	Work in process ✓		1 000 000 ☑			Balance	c/d	22 000 ✓
				1027 000					1027 000
March 2022		Balance	b/d	22 000					
									(6)

1.2.3

<p>The owner is concern about the control of workers in production. Provide TWO points that justify his concern. Quote relevant figures TWO valid points</p>	
<p>Point 1: Normal hours Worked is below the contracted hours ✓</p>	<p>Figures They should be working 1800 hours (40×45) but only worked 1 440 ✓✓</p>
<p>Point 2: Overtime hours are relatively high. ✓</p>	<p>Figures 640/1 440 (44,4%) 640/ 1 800 (35,5%) ✓✓</p>

1.3

<p>1.3.1 Calculate the direct material cost per unit</p> $\frac{768\,960 \checkmark}{4\,320 \checkmark} = R178 \checkmark$ <p style="text-align: right;">(3)</p>

<p>1.3.2 Direct labour cost per unit</p> $\frac{224\,640 \checkmark}{4320 \checkmark} = R52 \checkmark$ <p style="text-align: right;">(3)</p>

1.3.3 Prime cost per unit

$$52\checkmark + 178\checkmark$$

$$230\checkmark$$

**1.3.4 .**

$$\frac{518\,400\checkmark}{R400\checkmark - R245\checkmark}$$

$$= 3\,344.5 \text{ or } 3345\checkmark$$

The business is making a profit. The break-even point is above the number of units produced and sold.



2.3 CASH BUDGET FOR DECEMBER 2022

RECIEPTS	DECEMBER
Cash Sales	48 000 ✓
Cash from debtors	64 648 ✓
Rent income 139 680 ✓ / $12 \times 105\%$ ✓	12 222 ☑
Interest	3 200 ✓ ✓
TOTAL RECEIPTS	127 070 ☑
PAYMENTS	
Payments to creditors $(43200+64800) \times 100/150$ ✓	72 000 ☑
Salaries $(10\ 100 \times 180\% \times 2) + 10\ 100$ 36 360 ✓ ☑	46 460 ☑
Drawings	1 800 ✓ ✓
Operating expenses	18 000 ✓
Bank charges	1 620 ✓
Advertising	3 600
Repairs and maintenance	5 000
TOTAL PAYMENTS	148 480 ☑
SURPLUS/(SHORTFALL)	(21 410) ☑
Bank (opening balance)	98 330 ✓
Bank (closing balance)	76 920 ☑

23

ITEMS ✓ ✓	REASON ✓ ✓
Well controlled Drawings Adverting	<i>Drawings:</i> The owner is considerate of the cash flow situation <i>The business was in a shortfall position</i> <i>Advertising;</i> This budget was well used. Only R50 over. The business expects sales to increase during November and December, so they must advertise.

2.2.4 Provide the owner with different internal control measures he can use to exercise better control over TWO items that are not well controlled

One point on each

Repairs and maintenance ✓

Have a regular inspection on assets needing maintenance

Take out a contract to ensure that is done regularly ✓✓

Rent income ✓

Stipulate a fixed date for payment – or interest will apply

Suggest a debit order to ensure payment is made

Send a reminder before due date ✓✓

