



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 11

ACCOUNTING
SEPTEMBER 2023
Stanmorephysics.com
COMMON TEST

MARKS: 100

TIME : 1.5 hours

N.B. This paper consists of 9 pages and
an answer booklet of 7 pages

INSTRUCTIONS AND INFORMATION

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

1. This question paper consists of 9 pages.
2. A special **ANSWER BOOK** consisting of 7 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, 34 Minutes	
The topic of this question is:	Content:
Cost accounting	<ul style="list-style-type: none"> • General ledger • Calculation and comment of break-even point • Problem solving
Question 2: 34 Marks, 31 Minutes	
The topic of this question is:	Content:
Inventory Systems	<ul style="list-style-type: none"> • Characteristics of periodic inventory system • Advantages of perpetual inventory system • General ledger
Question 3: 28 Marks, 25 Minutes	
The topic of this question is:	Content:
Budgeting	<ul style="list-style-type: none"> • Debtors collection schedule • Missing amounts in Cash budget • Comment on salary increase

QUESTION 1 (38 MARKS, 34 MINUTES)**COST ACCOUNTING**

The information below is extracted from the records of Philani's Pots for the year ended 28 February 2023. This business focuses on making 6 litre, three legged cast iron pots that can be used to cook on fires.

**REQUIRED:**

- 1.1 Complete the following accounts, correctly balanced / closed off, in the General Ledger of Philani's Pots for the year ended 28 February 2023. Show calculations in brackets so part marks can be awarded.
- 1.1.1 Work-in-progress Stock (11)
- 1.1.2 Factory overhead cost (15)
- 1.2 Philani is concerned about the business level of production during the financial year ended 28 February 2023
- 1.2.1 Calculate the break-even point for 2023. (4)
- 1.2.2 Should Philani be satisfied with the break-even point and level of production for the 2023 financial year. Quote figures to support your answer. (4)
- 1.3 The cast iron pots that are currently being made are 0.7 cm thick. In order to cut costs and maximise profitability, Philani is considering making them 0.5 cm thick instead. Discuss **TWO** possible reasons why the production manager is opposing this idea. (4)

INFORMATION:**A Balances:**

	28 February 2023	1 March 2022
Work-in-progress Stock	301 500	256 000
Finished good stock	226 800	327 600
Consumable stores on hand	8 500	7 000

B Costs for the year ended 28 February 2023:

	Total R	Per unit R
Fixed Costs		
Factory Overhead Cost	1 397 500	215
Variable Costs	2 502 500	385
Direct Materials Cost	1 917 500	295
Direct Labour Cost	585 000	90
Sales of 6 500 units	4 225 000	650

C Additional Information relating to Factory Overheads for the year ended 28 February 2023:

- Consumable stores purchased for use within the factory amounted to R56 000.
- R138 000 was spent to insure the assets in the factory for the year.
- Direct labour cost is 65% of the total labour cost, the remainder of the workers are classified as indirect labour.
- The water and electricity cost R360 000 for the year. This is shared between the factory, sales and administration departments in the ratio of 4 : 1 : 1 respectively
- Total rent for the year amounted to R480 000. The property rented is 300 square meters. Of this total, 230 square meters is used for production.
- Depreciation on factory equipment amounted to R? for the year.

D The break-even point for the financial year ended 28 February 2022 was 4 800 units.

QUESTION 2 (34 MARKS, 31 MINUTES)**INVENTORY SYSTEMS**

AMW Traders currently uses the periodic inventory system to record stock and calculate cost of sales. They apply a 30% mark up on cost to all items sold.

REQUIRED:

- 2.1 With the exception of there being no continuous updating of the trading stock account in the periodic inventory system, mention **ONE** other characteristic of this system. (2)
- 2.2 **Refer to information A and B**
- 2.2.1 Complete the Trading Account in the General Ledger for the month of June 2023, using the periodic inventory system (14)
- 2.3 The financial manager of AMW Traders has suggested that the business change to the perpetual inventory system as this system has many advantages.
- 2.3.1 Discuss **TWO** reasons why the financial manager is suggesting this change. (4)
- 2.3.2 Refer to the information provided below and complete the Trading Stock account, using the perpetual inventory system, for June 2023. (14)

INFORMATION

- A General Ledger accounts of AMW Traders for the year ended 30 June 2023, prepared according to the periodic inventory system.**

**General Ledger of AMW Traders
Nominal Accounts Section
Purchases**

2023 June	30	Bank	CPJ	105 000	2023 June	30	Creditors Control	CAJ	12 600
		Creditors Control	CJ	135 000			Drawings	GJ	5 000
							Trading Account	GJ	222 400
				240 000					240 000

Sales

2023 June	30	Debtors allowances	DAJ	4 160*	2023 June	30	Bank	CRJ	209 950
		Trading account	GJ	342 550			Debtors Control	DJ	136 760
				346 710					346 710

* This amount reflects the selling price of stock returned to AMW Traders.

B Additional information relating to Trading Stock

- Trading stock valued at R180 000 was on hand on 1 June 2023.
- As per a physical stock take on 30 June 2023, stock on hand amounted to R147 300.
- An additional R8 400 was paid (in cash) to BDC Logistics for transporting the trading stock purchased to AMW Traders during the month of 30 June 2023.

QUESTION 3 (28 MARKS, 25 MINUTES)**BUDGETING**

You are provided with the Cash Budget of KZN Traders for the three months ended 31 December 2022.

REQUIRED:

- 3.1 Complete the Debtors Collection Schedule for October to December 2022 (6)
- 3.2 Calculate the figures labelled **A to F** in the Cash Budget (16)
- 3.3 With reference to Salaries:
- 3.3.1 Calculate the percentage increase given to employees in December 2022. (2)
- 3.3.2 One of the employees is not satisfied with the increase. Provide one point to justify why he feels this way. (2)
- 3.3.3 This employee is of the opinion that the R25 000 that the business plans to spend on staff training should rather be allocated to the employees to increase their monthly salaries. Explain why staff training is essential to the business. (2)

INFORMATION**A Sales and cost of sales**

- Total sales for October to December 2022 are estimated to be as follows:

October	R182 000
November	R176 000
December	R170 000

- 40% of sales are for cash, the remainder is on credit.
- A mark-up of 25% on cost is applied to all items sold.

B Debtors Collection

- KZN Traders gives Debtors 30 days to settle all amounts owed.
- Historical information shows that debtors settle their accounts as follows:
 - 35% in the month of sale in order to receive a 5% settlement discount.
 - 45% in the month following the sales transaction
 - 15% in the second month following the sales transaction
 - The remainder is written off in the third month following the sales transaction.

C Purchases

- A fixed base stock is maintained at all times. Stock that is sold within the month is replaced in the same month.
- 65% of purchases are on credit, with the remainder being bought for cash.
- Creditors are paid in full during the month after the purchase occurred.

D Extract from the Cash Budget for the three months ended 31 December 2022

	2022 October	2022 November	2022 December
Receipts	428 540	640 760	184 990
Cash Sales	C	70 400	68 000
Collection from Debtors	?	?	?
Rent Income	?	?	?
Mortgage Loan: XYZ Bank (8% p.a.)	D		
Payments	393 700	494 300	398 430
Cash purchases of stock	50 960	49 280	E
Payment to creditors	?	F	86 944
Repayment of capital portion of loan	0	0	15 000
Interest paid on the mortgage loan		1 985	?
Bank Charges	2 400	2 700	?
Salaries and wages	70 000	70 000	72 100
Telephone	1 200	1 200	1 200
Advertising	2 500	2 500	2 500
Sundry expenses	?	?	?
Staff training programme			25 000
Surplus / deficit for the month	34 840	148 480	(213 440)
Opening bank balance	18 800	53 840	A
Closing bank balance	53 640	200 100	B

28

TOTAL MARKS

100

FORMULAR SHEET: GRADE 11

$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross Profit}}{\text{COS}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total Earnings By Partner}}{\text{Partners' Average Equity}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Av Partners' Equity}} \times \frac{100}{1}$	
Current Assets : Current Liabilities	(CA – Inventory) : Current Liabilities	
$\frac{\text{Average Debtors}}{\text{Credit Sales}} \times \frac{365 \text{ (or 12)}}{1}$	$\frac{\text{Average Creditors}}{\text{Credit Purchases}} \times \frac{365 \text{ (or 12)}}{1}$	
$\frac{\text{Average Inventories}}{\text{Cost of Sales}} \times \frac{365 \text{ (or 12)}}{1}$	$\frac{\text{Cost of Sales}}{\text{Average Trading Stock}}$	
Non-Current Liabilities : Partners' Equity	Total Assets : Total Liabilities	



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ACCOUNTING

**ANSWER BOOK
SEPTEMBER 2023
COMMON TEST**

MARKS : 100

TIME : 1.5 hours

Name: _____ **Grade:** _____

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

N.B. This answer book consists of 7 pages

QUESTION 1 (38 MARKS, 34 MINUTES)

COST ACCOUNTING

1.1.1

B3 Work in Progress Stock

2022 March	1	Balance	256 000				

11


1.1.2

F2 Factory Overhead Cost

15

1.2 Philani is concerned about the business level of production during the financial year ended 28 February 2023

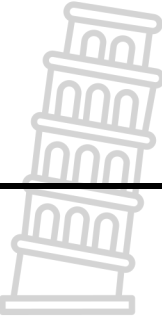
1.2.1 Calculate the break-even point for 2023.


4

1.2.2 Should Philani be satisfied with the break-even point and level of production for the 2023 financial year. Quote figures to support your answer.

4

1.3 The cast iron pots that are currently being made are 0.7 cm thick. In order to cut costs and maximise profitability, Philani is considering making them 0.5 cm thick instead. Discuss **TWO** possible reasons why the production manager is opposed to this idea.

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4

QUESTION 2 (34 MARKS, 31 MINUTES)

INVENTORY SYSTEMS

2.1 With the exception of there being no continuous updating of the trading stock account in the periodic inventory system, mention **ONE** other characteristic of this system.

	2

2.2

**Final Accounts Section
Trading Account**

							14

2.3 The financial manager of AMW Traders has suggested that the business change to the perpetual inventory system as this system has many advantages.

2.3.1 Discuss **TWO** reasons why the financial manager is suggesting this change.

	4

2.3.2

**Balance Sheet Section
Trading Stock Account**

2023 June	1	Balance	b/d	180 000					

14

34



QUESTION 3 (28 MARKS, 25 MINUTES)**BUDGETING****3.1 Debtors Collection Schedule for October to December 2022**

	Credit Sales	October	November	December
August	116 500	17 475		
September	122 800	55 260	18 420	
October	109 200	36 309		
November	105 600			
December				
				6

3.2


	Calculations	Answer
A		
B		
C		
D		
E		
F		
		16

3.3 With reference to Salaries:

3.3.1 Calculate the percentage increase given to employees in December 2022.

	2

3.3.2 One of the employees is not satisfied with the increase. Provide one point to justify why he feels this way.

	
	2

3.3.3 This employee is of the opinion that the R25 000 that the business plans to spend on staff training should rather be allocated to the employees to increase their monthly salaries. Explain why staff training is essential to this business.

	2

28

TOTAL MARKS

100



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GRADE 11

ACCOUNTING
MARKING GUIDELINE
SEPTEMBER 2023
COMMON TEST

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MARKS : 100

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that 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. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as the final figure, award one mark. Not the method mark for the answer. Note: if figures are stipulated in memo for components of workings, these do not carry the method for final answer.
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 method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
9. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, x, ÷, or per candidates operation.
10. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a ☒. Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
11. Be aware of candidates who provide valid alternatives beyond the marking guideline.
12. Codes: f=foreign item; p=placement.

This marking guideline consists of 7 pages.

1.2 Calculate the break-even point for 2023.

(4)

$$\begin{array}{r} 1\,397\,500 \checkmark \\ 650 \checkmark - 385 \checkmark \\ \hline 1\,397\,500 \\ 265 \\ \hline 5\,273.6 / 5\,274 \checkmark \end{array}$$

operation one part correct

1.3 The cast iron pots that are currently being made are 0.7 cm thick. In order to cut costs and maximise profitability, Philani is considering making them 0.5 cm thick instead. Discuss **TWO** possible reasons why the production manager is opposed to this idea.

(6)

Any TWO possible reasons ✓✓ ✓✓

- The pots will be of a poorer quality – this could lead to be easily damaged and causing possibly harm to the customers.
- Customer loyalty will be lost that could cause a decline in sales
- The equipment / machinery in the factory will need to be altered to make the pots thinner. This may not be possible.
- **ANY LOGICAL ANSWER**

38



QUESTION 2 (34 MARKS, 31 MINUTES)

INVENTORY SYSTEMS

2.1 With the exception of there being no continuous updating of the trading stock account in the periodic inventory system, mention **ONE** other characteristic of this system. (2)

Any one characteristic ✓✓

- Stock can only be determined through physical stock take
- Cost of sales is calculated at the end of the financial year not at point of sale
- Cheaper system to maintain and suitable for businesses that sell variety items
- Stock purchases is recorded in the purchases account
- Expenses incurred in obtaining stock are recorded into the relevant expense account.
- Returns and allowances on stock purchased are credited to the purchases account
- There is no need to spend money on expensive equipment as this system can be done without the use of a computer.
- **ANY LOGICAL ANSWER**

2.2 (14)

**Final Accounts Section
Trading Account**

2023 June	1	Opening Stock✓	180 000 ✓	2023 June	30	Closing Stock✓	147 300 ✓
	30	Purchases✓	222 400 ✓			Sales✓	342 550 ✓
		Carriage on Purchases✓	8 400 ✓				
		Profit and Loss✓	79 050 ✓✓				
			489 850			✓ both totals	489 850

2.3 The financial manager of AMW Traders has suggested that the business change to the perpetual inventory system as this system has many advantages.

2.3.1 Discuss **TWO** reasons why the financial manager is suggesting this change. (4)

Any 2 reasons ✓✓ ✓✓

- There is better control over stock as stock movements are recorded on a continuous basis.
- Theft is detected easier as the amount of stock on hand is always available.
- Makes it easier to order stock as the business knows how much stock is on hand at all times.
- This is a computerized system so stock records are more accurate.
- **ANY LOGICAL ANSWER**

2.3.2

(14)

**Balance Sheet Section
Trading Stock Account**

2023 June	1	Balance	b/d	180 000	2023 June	30	Cost of Sales	DJ	105 200 ✓✓
	30	Creditors Control	CJ	135 000 ✓			Cost of Sales	CRJ	161 500 ✓✓
		Cost of Sales	DAJ	3 200 ✓✓			Drawings	GJ	5 000 ✓
		Bank	CPJ	105 000 ✓			Creditors Control	CAJ	12 600 ✓
		Bank (Carriage)	CPJ	8 400 ✓			Balance operation	c/d	147 300 ☑
				431 600			☑ both totals		431 600
2023 July	1	Balance	b/d	147 300☑					

can be
combined to
R113 400✓✓

34



QUESTION 3 (28 MARKS, 25 MINUTES)**BUDGETING****3.1 Debtors Collection Schedule for October to December 2022****(6)**

	Credit Sales	October	November	December
August	116 500	17 475		
September	122 800	55 260	18 420	
October	109 200	36 309	49 140✓	16 380✓
November	105 600		35 112✓	47 520✓
December	102 000✓			33 915✓

3.2

	Calculations	Answer
A		200 100✓
B	-213 440 – 200 100 (from A)	(13 340)✓
C	182 000 – 109 200 or 182 000 X 40%	72 800✓✓
D	$1\ 985\checkmark \times 12/1\checkmark = 23\ 820 \times 100/8\checkmark$	297 750☑ (one part correct)
E	$170\ 000\checkmark \times 100/125\checkmark = 136\ 000 \times 35\%\checkmark$	47 600☑ (one part correct)
F	$182\ 000\checkmark \times 100/125\checkmark = 145\ 600 \times 65\%\checkmark$	94 640☑ (one part correct)

3.3 With reference to Salaries:

3.3.1 Calculate the percentage increase given to employees in December 2022. (2)

$$\frac{72\,100 - 70\,000}{70\,000} \times 100$$

= 3% ✓ one part correct

3.3.2 One of the employees is not satisfied with the increase. Provide one point to justify why he feels this way. (2)

A 3% increase is not good when compared with the current inflation rate in the country of approximately 5 to 6%. ✓✓

3.3.3 This employee is of the opinion that the R25 000 that the business plans to spend on staff training should rather be allocated to the employees to increase their monthly salaries. Explain why staff training is essential to this business. **Any one reason** (2)

- Trained staff will work more effectively, thus increasing the businesses income (and possibly decreasing unnecessary expenses)
- Training is therefore necessary to increase the businesses overall performance, which should result in the business being able to give a bigger increase in the future.
- **ANY LOGICAL ANSWER**

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28

TOTAL MARKS

100

