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Department of  
Education  
FREE STATE PROVINCE

**ACCOUNTING**  
**GRADE 11**  
**CASE STUDY - PROVINCIAL**  
**TASK 5**

Stanmorephysics.com

**Issued date: 20 August 2024**

**Due date: 20 August 2024**

**MARKS: 65**

**TIME: 1 ½ hour**

This task consists of 5 pages.

**PART A: PRODUCTION****(30 marks)****CHARLES MANUFACTURERS**

Charles has a business which manufactures jackets. He obtains fabric from local suppliers. You are provided with information for the year ended 30 June 2024.

**REQUIRED:**

- 1.1 Calculate the following on 30 June 2024:
  - 1.1.1 Calculate the Direct materials cost. (5)
  - 1.1.2 Calculate the Direct labour cost. (5)
- 1.2 Prepare the work in progress stock account (6)
- 1.3 Calculate cost of sales on 30 June 2024. (4)

**INFORMATION:**

Stock	30 June 2024	1 July 2023
	R	R
Direct/Raw material	76 700	85 000
Work in progress	101 750	72 350
Finishing goods	123 450	75 700

**Transactions for the year:**

- A. **Raw materials:**
  - Raw materials purchased on credit during the year, R645 000.
  - Raw materials not according to order were returned to the supplier, R29 600.
  - Transportation of raw material paid, R31 300.
- B. **Direct labour cost**
  - Five workers were employed in production.
  - Each of them worked 1 840 hours normal time during the year at R60 per hour.
  - The overtime register reflected a combined total of 290 hours worked at 1,5 times the normal time rate.
  - The business contributes 9% of the normal wages to the Pension Fund and 1% of the normal wages to the UIF on behalf of all employees.
- C. **Total factory overhead cost**
  - Total cost for the year amounted to R588 850.

## 1.4 MAKUME MANUFACTURERS

Makume Manufacturers produced overalls. The financial year ended on 29 February 2024.

### REQUIRED:

1.4.1 Calculate the following for 2024:

- Total selling and distribution cost (2)
- The break-even point (4)

1.3.2 The current inflation rate is 6%. The indirect labour cost increase with 5% during the year. The business is concerned about the control over certain costs. Refer to Information (c) below for a comparison of this year's costs with the costs of last year.

Explain why Makume should not be too concerned about the Direct Materials cost. Provide figures to support your answer. (2)

Explain why Makume should be concerned about the Direct Labour cost. Provide figures to support your answer. (2)

### INFORMATION:

#### A. Work in progress:

There was no work in progress stock or finished goods stock at the beginning or end of the year.

#### B. Production and sales:

	2024	2023
No. overalls produced & sold	5 500	4 700
Selling price per unit	R330	R300
Break-even point	?	3 200

#### C. Unit costs:

The following costs were extracted from the financial records of Malusi Manufacturers.

	2024 Total	2024 Per unit	2023 Per unit
<b>Variable costs:</b>	?	R162	R140
Direct labour	R346 500	R63	R45
Direct materials	R462 000	R84	R80
Selling and distribution	?	R15	R15
<b>Fixed costs:</b>	<b>R264 000</b>	<b>?</b>	<b>R37</b>
Factory overheads	R165 000	R30	R24
Administration	R99 000	18	R13



**PART B: BUDGETS****(35 marks)****2.1 ROSS TRADERS**

The information relates to Ross Traders. The business is owned by V. Ross and they sell electrical supplies. A mark-up of 60% on cost is applied on all goods.

**REQUIRED:**

- 2.1.1 Complete the partially completed Debtors Collection Schedule. (6)
- 2.1.2 Prepare the Cash Budget for the budget period 1 September 2024 to 31 October 2024. Some figures have been entered for you. (20)
- 2.1.3 Refer to the actual and budget figures in Information (a).
- Identify TWO items on the list that would not appear on a cash budget. Provide a reason for your choice. (3)
  - During September the telephone expense was R2 500 more than the budgeted amount. Provide ONE suitable reason why this could happen. (2)
  - Give ONE reason why the business decided to maintain the telephone expense at R4 000 for the budget period. (2)
  - Explain why the business budgeted more for depreciation from September 2024 (2)

**INFORMATION:**

A. Extract of actual and budgeted figures:

	ACTUAL		BUDGETED	
	July	August	September	October
Sales	180 000	190 000	220 000	155 000
Purchases of stock	112 500	?	?	96 875
Rent income	12 000	12 000	?	?
Fee Income				
Manager's salary	15 000	15 000	15 000	?
Wages (Sales assistants)	18 200	18 200	?	?
Telephone	4 000	4 000	4 000	4 000
Discount received	2 140	1 950	3 350	3 350
Depreciation	4 200	4 200	5 700	5 700
Sundry expenses	12 000	?	?	?

- B. 40% of total sales are for cash. Debtors settle their accounts follows:
- 60% settle in the month following the transaction month and receive 10% discount
  - 35% settle in the 2<sup>nd</sup> month after the transaction month.
  - 5% is usually irrecoverable.
- C. A fixed base stock is maintained. Goods sold are replaced in the month sold. All purchases are on credit and creditors are paid two months after purchases.
- D. Salaries and wages are reviewed at the end of September each year. It was decided that the manager's salary will increase by 20% and the sales assistants will receive a 3% increase.
- E. Sundry expenses are expected to increase by 10% of the previous month's total.
- F. New equipment to the value of R155 000 (including finance charges) will be purchased on 1 September 2024. A deposit of R65 000 will be paid in September and the balance will be paid in ten equal instalments starting from October 2024.
- G. Rent income will be increased by 9% on 1 October 2024.
- H. The owner withdraws R7 250 cash every month.
- I. On 30 September 2024 the bank account showed a favourable balance of R67 900.

**TOTAL: 65 MARKS CONVERTED TO 50 MARKS**



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Surname: \_\_\_\_\_

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School: \_\_\_\_\_

**GRADE 11 – CASE STUDY**  
**ACCOUNTING - AUGUST 2024**

**ANSWER BOOK**  
Stanmorephysics.com

SECTION	MARKS	INITIAL	MODERATOR
A			
B			
TOTAL	65		
CONVERTRD	50		

This question paper consists of 5 pages.

**PART A**

1.1.1 Calculate the Direct materials cost

85 000

5

1.1.2 Calculate the direct labour cost



5

1.2

Dr		GENERAL LEDGER WORK IN PROGRESS STOCK				Cr				
2023	1	Balance	b/d	72 350						
July										

6

1.3 Calculate cost of sales on 30 June 2024

4



**1.4 MAKUME MANUFACTURERS**

**1.4.1 Calculate the following on 29 February 2024:  
Total selling and distribution cost**

2

**The break-even point**



4

**1.3.2 Direct materials cost:  
Explain why Makume should not be too concerned about the Direct Materials cost. Provide figures to support your answer.**

2

**Explain why Makume should be concerned about the Direct Labour cost. Provide a figure and trend to support your answer.**

2

<b>TOTAL MARKS</b>
30



**PART B:**

**2.1.1 ROSS DEALERS  
 DEBTORS COLLECTION SCHEDULE**

Month	CREDIT SALES	SEPTEMBER	OCTOBER
July	108 000		
August			
September	132 000		
October	93 000		

6

**2.1.2 PREPARE THE CASH BUDGET FOR THE BUDGET PERIOD  
 1 SEPTEMBER TO 31 OCTOBER 2024**

RECEIPTS	SEPTEMBER	OCTOBER
Cash sales	88 000	
Cash from debtors		
Rent income		14 715
Fee Income		
<b>TOTAL RECEIPTS</b>		
<b>PAYMENTS</b>		
Payments to creditors	112 500	
Manager's salary	15 000	
Wages (shop assistants)	23 600	
Telephone	6 500	4 000
Sundry expenses		
Drawings	7 250	7 250
Purchase of equipment		
<b>TOTAL PAYMENTS</b>		
<b>CASH SURPLUS/(DEFICIT)</b>	<b>(59 876)</b>	
Bank (Opening balance)		
Bank (Closing balance)		

20

**2.1.3 Identify TWO items on the list that would not appear on a cash budget. Provide a reason for your choice.**

Reason:

3

During September the telephone expense was R2 500 more than the budgeted amount. Provide ONE suitable reason why this could happen.

2

Give ONE reason why the business decided to maintain the telephone expense at R4 000 for the budget period.

2

Explain why the business budgeted more for depreciation from September 2024.

2

<b>TOTAL MARKS</b>
35