



ACCOUNTING GRADE 11
SCHOOL BASED ASSESMENT
TERM 3
CASE STUDY
QUESTION PAPER

QUESTION	TOPIC	MARKS ALLOCATED	SUGGESTED TIME
One	Periodic Inventory	20	20 minutes
Two	Cash Budget	40	40 minutes
TOTAL		60	60 minutes

NOTE

- The case study should be administered in class under the supervision of the educator.
- Learners should not refer to any notes during the administration process.

This question paper consists of 5 pages.

QUESTION ONE: PERIODIC INVENTORY

(20 marks: 20 minutes)

KAMLESH TRADERS

Kamlesh is the owner of Kamlesh Traders. The business sells ladies and gents formal shoes to the public and retailers. Kamlesh Traders has recently employed an inexperienced accountant who is struggling to complete inventory calculations, you have been requested to assist.

The business uses a periodic inventory system and the financial year ended on 28 February 2022. The mark-up on cost of sales is 40%.

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REQUIRED:

Kamlesh has requested you to assist the accountant in completing the following:

- 1.1 Provide **ONE** advantage and disadvantage of the periodic system. (02)
- 1.2 Use the information provided to calculate:
 - 1.2.1 Cost of sales (10)
 - 1.2.2 Gross profit (6)
- 1.3 Provide **TWO** reasons why most businesses fail to achieve the intended mark-up. (02)

INFORMATION:

A Extract from the Trial Balance on 28 February 2022

Trading Stock (01 March 2021)	400 000
Total sales	1 333 000
Total purchases	800 000
Debtors Allowances	33 000
Carriage on Purchases	21 500
Carriage on Sales	30 000
Customs Duty	28 000

- B No entry has been made for M. Baloyi (a debtor) who was issued a credit note for goods returned. The cost price was, R2 500.

- C Stock with the selling price of R2 240, was taken by the owner for personal use.
- D A donation of merchandise costing, R1 500, was made to a local charity.
- E Goods costing, R51 000, purchased on credit from Westline Wholesalers were not recorded.
- F Kamlesh Traders returned defective merchandise worth, R9 500 to a supplier.
- G Kamlesh Traders was charged R4 600, for goods transported by Monique Couriers.
- H Transport cost of goods sold to customers, R1 550.
- I Stock on hand at the end of the financial year, R510 000.

QUESTION TWO: CASH BUDGET

(40 marks: 40 minutes)

WOO ACADEMY

The bookkeeper of Woo Academy resigned before completing the budget for June and July 2022. Jenny Woo, the owner who is your friend, has asked you to assist with bookkeeping until she finds another bookkeeper.

REQUIRED:

- 2.1 Jenny is not convinced that a budget is important. Provide **TWO** reasons why it is important to prepare a budget? (2)
- 2.2 Complete a Debtors Collection Schedule. (7)
- 2.3 Calculate the amount of loan owing at the beginning of May. Refer to **INFORMATION I**. (4)
- 2.4 Complete a Cash Budget. (27)

INFORMATION:

	ACTUAL		BUDGET	
	April	May	June	July
Total sales	320 000	336 000	420 000	?
Salaries	8 000	8 000	?	?
Advertising	3 000	3 200	?	?
Interest on loan	1 650	1 500	1 350	?
Drawings	3 000	4 500		5 500

ADDITIONAL INFORMATION

- A Sales volume is expected to increase by 10% in July 2022, 20% of the total sales are for cash.
- B All the stock sold is replaced in the same month of sale.
- C All the stock is bought on credit, a mark-up of 50% is maintained.
Creditors are paid in the month following the purchase of stock.

- D Based on past experience Jenny expects debtors to pay as follows:
- 60% will pay in the month of the sale and will receive a 5% discount
 - 30% will pay in the month following the month of sale
 - 6% will pay two months after the month of sale.

E Woo Academy will sell an old vehicle in June for R95 000. It will be replaced with a new vehicle costing R250 000 on 1 July. A deposit of 10% will be paid at the beginning of July and the balance will be paid monthly over a period of 5 years starting on 31 July 2022.

F Advertising expenditure is 1% of the previous month's total sales, it will remain constant.

G Cash withdrawals will increase by, R500 per month starting from June.

H Woo Academy employs two salesmen at a salary of R4 000 each, per month. One of the salesmen is leaving at the end of June, the other salesman will receive an increase of 5% on 1 July.

I Monthly repayments of loan and interest are done at the end of each month, the interest is charged at 12% p.a. Interest on loan is not capitalized.

J The business is expected to receive a loan of R75 000 from a different financial institution at the end of July, their first monthly repayment will start at end of August, interest is charged at 12% p.a.

40

TOTAL MARKS : 60



GAUTENG PROVINCE

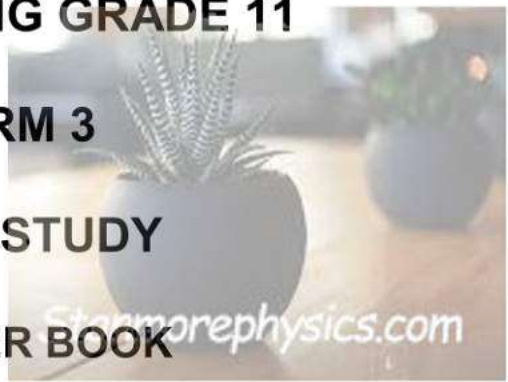
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REPUBLIC OF SOUTH AFRICA

ACCOUNTING GRADE 11

TERM 3

CASE STUDY

ANSWER BOOK



**NAME OF
SCHOOL:**

**NAME OF
LEARNER:**

QUESTION	TOPIC	TOTAL MARKS	MARK OBTAINED	MODERATED MARK
1	Periodic Inventory	20		
2	Cash Budget	40		
TOTAL		60		
$60 \div 1.2 = 50$				

The answer book consists of 5 pages.

QUESTION ONE : PERIODIC INVENTORY

1.1

List ONE advantage and disadvantage of the periodic system.	
Advantage	
Disadvantage	

2

1.2.1 Cost of sales	
Opening stock	400 000

10

1.2.2 Gross Profit	

6

	1.2.2 Provide TWO reasons why most businesses fail to achieve the intended mark-up.
	

2

Total Marks
20

QUESTION TWO : CASH BUDGET

2.1

Provided TWO reasons why is it important to prepare a Budget?

2

2.2

Debtors Collection Schedule for June and July 2022			
Month	Credit Sales	June	July
April	256 000	15 360	
May	268 800		
June	336 000	191 520	100 800
July			210 672
Total			

7

2.3

Calculate the amount of loan owing at the beginning of May.

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4

2.4

CASH BUDGET FOR THE MONTHS JUNE AND JULY 2022		
	JUNE	JULY
RECEIPTS		
Cash Sales		
Receipts from Debtors		
Total receipts		
PAYMENTS		
Payments to creditors	224 000	
Advertising	3 360	
Drawings		5 500
Salaries		
Monthly repayment of loan		
Interest on loan	1 350	
Total Payments		
Surplus / shortfall		
Opening balance	(400 510)	
Closing balance		

27

Total Marks
40