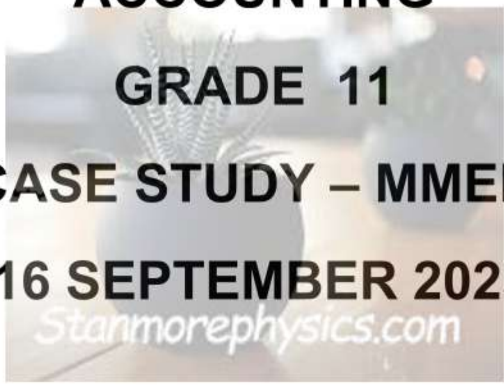
ACCOUNTING

GRADE 11

CASE STUDY – MMED

16 SEPTEMBER 2025



MARKS: 50

TIME: 90 MINUTES

EXAMINER: Mr KJ BENGU

MODERATOR: MRS L ANDREWS

This task consists of 6 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. The Case Study must be administered in class under supervision of the teacher.
2. It must be answered individually.
3. Learners are allowed to use extra material in hard cory, during answering the task. No cell phones allowed.
4. An answer book is provided in which to answer all the questions.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly.

PART A: BUDGETS AND INTERNAL CONTROL

Gragory Seleka is in the clothing business. He is the sole owner of his business.

In 2024, Gragory needed more cash, his business was facing financial difficulties due to financial mistakes he made. He then came up with borrowing money from the bank in a form of a loan but that made his business financial state worse. He was clueless on how to manage business finances. He then met a financial advisor who told him about creating a budget for his business

In 2025 he started to draw-up a budget for his business even though he was still unsure about budgets. He came to you for clarity on budgets and he also wants you help to complete the incomplete extract of the cash budget.

REQUIRED:

1. Answer the following questions:

   1.1. What is the main purpose of preparing the Cash Budget? (2)

   1.2 Name TWO items what will appear in the Cash Budget but not in the Projected Income Statement. (2)

   1.3 Name TWO items that will appear in a Projected Income Statement but not in a Cash Budget. (2)

2 Refer to information 1 to 6 below. Calculate the missing figures in the Cash Budget indicated by A to F (18)

3 To increase sales and the number of customers, Gragory intends to advertise that credit limits for all credit customers will be increased to R50 000 and new customers are welcome to open accounts during the month of August.

   3.1 Do you agree with Gragory? Name THREE things that he should consider before increasing credit limits. (6)

INFORMATION:

1. **Total Sales**

2025		
May	**June**	**July**
R 600 000	R 560 000	R 560 000

- 75% of sales are expected to be on credit.

2. **Total Purchases**

2025		
May	**June**	**July**
R 313 500	R 219 450	R 188 100

- 30% of all purchases are for cash, the rest are on credit.
- Creditors are paid two months after the purchase of stock.

3. **Extract of the Cash Budget for 2025:**

	May (R)	June (R)	July (R)
RECEIPTS			
Cash Sales	**A**	140 000	140 000
Receipts from Debtors	434 250		
Loan from ATM Bank (12% p.a.)	320 000		
PAYMENTS			
Cash Purchases	94 050	65 835	**B**
Payments to Creditors	262 200	364 800	**C**
Interest on Loan	0	3 200	**D**
Repayment of Loan		32 000	32 000
Wages	32 500	22 256	**E**
Advertising	F	6 720	6 720

4. **Loan and Interest on Loan:** The interest on the loan and the monthly loan instalments are payable at the end of each month. Interest is not capitalised. The loan was obtained on 31 May 2025.

5. **Wages:**
In May the business will have five employees, each earning a wage of R1 300 per week. All their employees are paid their wages on Fridays. There are five Fridays in May and four Fridays in June and July 2025.

One employee will resign on 31 May 2025, and the remaining employees will be given a 7% increase from the 1st of June 2025.
The business plans to employ two more staff members at the same weekly wage on 1 July 2025.

6. **Advertising:** The advertising budget increased by 5% with effect from 1 June 2025

30

PART B: MANUFACTURING

LEDGER ACCOUNTS

Trashhold Traders manufactures shirts. The financial year ends on the last day of February each year.

REQUIRED:

Balance / Close off the accounts on 28 February 2025.

1.1 Complete the following Ledger Accounts:

- Raw Material Stock account (8)
- Factory Overhead cost account (12)

INFORMATION:

1.	**Balances of Stock on 1 March 2024:**	**R**
	• Raw Material Stock	120 000
	• Work in Progress Stock	95 000
	• Finished Goods Stock	87 800
	• Consumable Stores on hand	7 500
2	**Stock balances on 28 February 2025**	**R**
	• Raw Material Stock	98 500
	• Work in Progress Stock	?
	• Finished Goods Stock	165 500
	• Consumable Stores on hand	12 500
3	**Transactions for the year ended on 28 February 2025.**	
	• Raw Materials bought- cash	350 500
	• Raw Materials bought - credit	495 000
	• Raw Materials returned to suppliers	20 000
	• Paid cash for Carriage on purchases of Raw Materials	19 500
	• Salary paid to factory foreman	111 080
	• Consumable Stores bought -cash	42 500

• Paid maintenance on Factory equipment R43 000 (an extra R7 000 is still outstanding)	
• Water and Electricity paid, R28 500 (it must be shared between the factory and the administrative block in the ratio of 4 : 1)	
• Wages paid to Factory workers	388 800
• Rent paid, R88 600 (each department pay rent according to the floor space covered – the factory covers 750 square meters of the total surface area of 1 250 square meters)	
• Sales expenses	99 999
• Total sales for the year (mark – up on cost is 50 %)	1 800 000

4. **Additional Information:**

4.1 75% of consumable stores are used in the factory

4.2 Depreciation for the year:

• Depreciation written off on factory equipment	75 500
• Depreciation written off on delivery vehicle	35 000
• Depreciation written off on office equipment	12 460

20

TOTAL MARKS: 50

SCHOOL: ______________________________

SURNAME: ____________________________

NAME: ________________________________

CASE STUDY

TASK 5

SEPTEMBER 2025

	MARK	MARKER	MODERATOR
A			
B			
TOTAL	50		

This answer book consists of 3 pages.

PART A

1.1 **What is the main purpose of preparing a Cash budget**

2

1.2 **Name TWO items in the Cash Budget that will not be reflected in a Projected Income Statement.**

2

1.3 **Name TWO items that will appear in a Projected Income Statement but not in a Cash Budget.**

2

2. **Refer to information 1 – 6. Calculate the missing figures in the Cash Budget indicated by A – F.**

	CALCULATIONS	ANSWER
A		
B		
C		
D		
E		
F		

18

3 **Do you agree with Gragory? Name THREE things that he should consider before increasing credit limits.**

6

TOTAL MARKS
30

PART B

1.1

GENERAL LEDGER OF TRASHHOLD TRADERS
BALANCE SHEET SECTION
RAW MATERIAL STOCK B

2024 Mar	1	Balance	b/d	120 000					

8

NOMINAL ACCOUNT SECTION
FACTORY OVERHEADS

2025 Feb	28	Salaries		111 080					

12

TOTAL MARKS
20

GRADE 11

MARKING GUIDELINES

SEPTEMBER – 2025

TOTAL: 50 Marks

TIME: 90 minutes

This marking guideline consists of 4 pages.

SECTION A

1.1 What is the main purpose of preparing a Cash budget

Expected responses for two marks: One response Accept Short Answers ✓✓

- To plan
- To determine future receipts and payments
- To control cash
- To project whether the business will operate at a deficit / surplus

2

1.2 Name TWO items in the Cash Budget that will not be reflected in a Projected Income Statement.

Any TWO items ✓✓

- Receipts from Debtors
- Loan
- Payments to creditors / Assets / Drawings / Cash Purchases / Fixed Deposit / Capital

2

1.3 Name TWO items that will appear in a Projected Income Statement but not in a Cash Budget.

Any TWO items ✓✓

- Bad Debts
- Discount allowed / discount received
- Depreciation
- Provision for bad debts
- Profit/loss on sale of asset
- Trading Stock deficit / Trading Stock surplus

2

2. **Refer to information 1 – 6. Calculate the missing figures in the Cash Budget indicated by A – F.**

	CALCULATIONS	ANSWER
A	600 000 x 25%	150 000 ✓✓
B	188 100 x 30%	56 430 ✓✓
C	313 500 x 70%	219 450 ✓✓
D	320 000 one mark – 32 000 one mark 288 000 ✓✓ x 12/100✓x 1/12 ✓	2 880 ☑
E	1 300 x 107%] 1 391 ✓✓ x 4 ✓x 6 ✓	33 384 ☑
F	6 720 x 100/105	6 400 ✓✓

18

3.1 **Do you agree with Gragory? Name THREE things that he should consider before increasing credit limits.**

Any THREE valid points ✓✓ ✓✓ ✓✓

- Screen debtors properly / Background check
- Improve collection from debtors
- Only increase credits for customers who settle their debts promptly
- Any acceptable answer.

6

TOTAL MARKS
30

PART B

1.1

GENERAL LEDGER OF THRASHOLD TRADERS
BALANCE SHEET SECTION
RAW MATERIAL STOCK B

2024 Mar	**1**	**Balance**	**b/d**	**120 000**	2025 Feb	28	Creditors control		20 000 ✓
2025 Feb	28	Bank		350 500 ✓			Direct Material cost		866 500 ☑☑
		Creditors control		495 000 ✓			Balance	c/d	98 500 ✓
		Bank		19 500 ✓					
				985 000	☑ both totals				985 000
2024 Mar.	1	Balance	b/d	98 500					

-1 max presentation

8

NOMINAL ACCOUNT SECTION
FACTORY OVERHEADS

2025 Feb	**28**	**Salaries**		**111 080**	2025 Feb	28	Work in progress		340 665 ☑☑
		Consumable stores (7 500 + 42 500– 12 500) X 75%		28 125 ✓✓*					
		Maintenance		50 000 ✓✓*					
		Water and electricity (28 500 x 4/5		22 800 ✓✓*					
		Rent expenses(88 600 x (750/1 250)		53 160 ✓✓*					
		Depreciation		75 500 ✓✓*					
		***No part marks**		340 665					340 665

TOTAL MARKS
20