KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 11

ACCOUNTING

SEPTEMBER 2025

COMMON TEST

MARKS: 100

TIME : 1.5 hours

N.B. This paper consists of 8 pages and an answer booklet of 6 pages

INSTRUCTIONS AND INFORMATION

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

1. This question paper consists of 8 pages.

2. A special **ANSWER BOOK** consisting of 6 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	TOPIC	MARKS	MINUTES
1	Cash Budgets	46	41
2	Cost Accounting	36	33
3	Break-Even	18	16
TOTAL		100	90

QUESTION 1 (46 MARKS; 41 MINUTES)

CASH BUDGETS

The information provided below was extracted from the accounting records of "The Lighting Guys", a retailer that sells light fittings and shades for both home and business use.

REQUIRED:

1.1 A cash budget is a business tool that is used to plan for the future cash needs of a business. Explain why this is necessary. (2)

1.2 Complete the missing amounts in the Debtors Collection Schedule of "The Lighting Guys" for November to December 2025. (11)

1.3 **Refer to information B**
The business plans to write off 5 % of debtors as bad debts at the end of the third month (after 90 days).

1.3.1 Identify the GAAP principle that this business is applying when making provisions for bad debts. (1)

1.3.2 Calculate the amount of debts that the business estimates, will need to written off as bad at the end of November 2025. (2)

1.3.3 Bad Debts are not recorded in a cash budget. Identify where these are recorded when the business is planning for the future. (1)

1.3.4 Mention **TWO** internal control procedures that this business should implement to limit the amount of debts that need to be written off as bad. (2)

1.4 The extract below is from the cash budget, provided in your answer book. It shows the expected payments for rent expense: (4)

	October	November	December
Rent Expense	**12 600**	**13 608**	**13 608**

The landlord has informed the business that there will be an increase in rent from 1 November 2025. Calculate the percentage by which the rent will increase.

1.5 Complete the missing amounts in the Receipts and Payments sections of the Cash Budget for October to December 2025. (23)

INFORMATION:

A Total expected sales for the budget period:

October	November	December
R500 000	R520 000	R540 000

- The percentage of cash sales and credit sales is expected to remain constant throughout the budget period.

B Expected collections from debtors:

- 30 % of debtors are expected to settle their accounts during the month of sale (within 30 days) to qualify for a 5 % discount.
- 40 % of debtors are expected to settle in the month following the credit sales transaction month (after 30 days).
- 25 % of debtors are expected to settle in the second month after the month of sale (after 60 days).
- 5 % of debtors are expected to be written off as bad at the end of the third month (after 90 days).

C Total purchases during the budget period:

August	September	October	November	December
R285 000	R318 000	R306 000	R315 000	R340 000

- 70% of purchases are on credit, the rest is for cash
- Creditors accounts are settled in the second month after the purchase of stock (within 60 days).

D Advertising

- "The Lighting Guys" plans to spend 3 % of total expected sales per-month on advertising in October and November 2025.
- The percentage to be spent on advertising will increase to 5 % in December 2025.

E Loan and interest on Loan:

- The business plans to obtain a loan at the end of October 2025.
- The interest on loan, as well as the monthly payment of the capital portion of R18 000, is payable on the 30th of each month, commencing in November 2025.
- Interest, at a rate of 12 % p.a., is not capitalised. As per the loan agreement, the interest rate will remain constant throughout the budget period.

F Wages:

- All employees are paid their wages on Fridays. There are 5 Fridays in October, 4 in November and 4 in December 2025.
- In October 2025, the business will have 4 employees, each earning a wage of R1 500 per week.
- One of the employees will resign, as of 31 October 2025. This employee will not be replaced. Due the increased workload the business plans to increase the wages of the remaining workers, by 15 % each, from 1 November 2025.
- The business plans to employ two part time employees, in addition to their three current workers, from the first week of December 2025. The part-time workers will be paid at a rate of R1 600 each per week.

46

QUESTION 2 (36 MARKS; 33 MINUTES)

COST ACCOUNTING

The following information relates to Mtunzini Manufacturers. This business makes and sells plastic cutlery and crockery.

REQUIRED

2.1 Complete the following accounts, correctly balanced / closed off in the General Ledger of Mtunzini Manufacturers on 28 February 2025, the end of the current financial year:

2.1.1 Work in Progress Stock (10)

2.1.2 Factory Overhead Cost (21)

2.2 Calculate the total sales for the financial year ended 28 February 2025. (5)

INFORMATION

A Stock Records

	28 February 2025	1 March 2024
Raw material	58 600	52 500
Work in progress	42 000	36 700
Finished goods	62 000	50 850
Consumable stores (for the factory)	3 804	2 650

B **Transactions for the year ended 28 February 2025:**

	R
Raw materials	
Raw materials issued to the factory	2 670 000
Remuneration:	
Salary: Factory manager	248 800
Wages: Factory cleaners	162 200
Wages: Production line workers	943 000
Employers' contributions	?
Other expenses:	
Purchase of consumables (for factory)	45 600
Rent Expense	288 000
Water and Electricity	183 280
Insurance	126 000
Sundry Expenses	65 000
Depreciation on factory equipment	132 000
Advertising	87 600
Transport of finished goods sold	187 500

C **ADDITIONAL INFORMATION**

(i)
- The business contributes towards all employees' total remuneration packages as follows:
  - 1% towards unemployment fund
  - 1% towards the skills development fund
- The business contributes a further 9% towards the pension fund of the factory manager.

(ii) Rent for the year must be split between the various business departments according to the floor space used by each department. The factory occupies 3 060m^2 of the total floor space of 3 600m^2.

(iii) 65% of the water and electricity account is allocated to the factory.

(iv) 10% of the insurance is for the administration department. The balance is divided equally between the production and the selling and distribution departments.

(v) Sundry expenses are split between the production, administration and selling and distribution departments in the ration of 2 : 1 : 1 respectively.

(vi) The business applies a profit mark up of 60% on cost for all items sold.

36

QUESTION 3 (18 MARKS; 16 MINUTES)

BREAK-EVEN

The information provided below was extracted from the financial records of Jozini Manufacturers, a business that makes teddy bears.

REQUIRED:

3.1 Provide **ONE** difference between a fixed cost and a variable cost. (2)

3.2 Identify **TWO** examples, relating to the Jozini Manufacturers, for each of the following costs: (4)

- Direct materials cost
- Administration cost

3.3 Calculate the number of teddy bears that needed to be made and sold in order for Jozini Manufacturers to break even. (7)

3.4 Comment on the break-even point calculated in question 3.3 above. Offer **ONE** point on advice to improve the break-even point in the future. (5)

INFORMATION:

A 35 200 teddy bears were produced and sold during the current financial year.

B The following costs were calculated as at 28 February 2025, the end of the current financial year:

	Total Cost	Unit cost
Direct Materials cost	1 787 500	55
Direct Labour cost	1 232 000	35
Factory overhead cost	422 400	12
Selling and distribution cost	598 400	17
Administration cost	281 600	8

C Teddy Bears are sold for R135 each.

18

TOTAL MARKS **100**

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GRADE 11

ACCOUNTING

ANSWER BOOK

SEPTEMBER 2025

COMMON TEST

MARKS : 100

TIME : 1.5 hours

Name: ________________________________ **Grade:** ________________

Question	Topic	Learner's Mark	Moderator's Mark
1	Cash Budgets		
2	Cost Accounting		
3	Break-Even		

N.B. This answer book consists of 6 pages

QUESTION 1 (46 MARKS; 41 MINUTES)

CASH BUDGETS

1.1 A cash budget is a business tool that is used to plan for the future cash needs of a business. Explain why this is necessary.

2

1.2 Debtors Collection Schedule of "The Lighting Guys" for November to December 2025.

		Debtors Collection		
Month	**Credit Sales**	**October**	**November**	**December**
August	**350 000**	**87 500**		
September	**400 000**	**160 000**		
October	**375 000**	**106 875**		
November	**390 000**			
December				
		354 375		

11

1.3 The business plans to write off 5 % of debtors as bad debts at the end of the third month (after 90 days).

1.3.1 Identify the GAAP principle that this business is applying when making provisions for bad debts.

1

1.3.2 Calculate the amount of debts that the business estimates, will need to written off as bad at the end of November 2025.

2

1.3.3 Bad Debts are not recorded in a cash budget. Identify where these are recorded when the business is planning for the future.

1

1.3.4 Mention **TWO** internal control procedures that this business should implement to limit the amount of debts that need to be written off as bad.

2

1.4 The landlord has informed the business that there will be an increase in rent from 1 November 2025. Calculate the percentage by which the rent will increase.

4

1.5 Complete the missing amounts in the Receipts and Payments sections of the Cash Budget for October to December 2025.

	October	November	December
Receipts			
Cash Sales	**125 000**		
Receipts from Debtors	**354 375**		
Loan: ATM Bank (12% p.a.)	**180 000**		
Total Receipts			
Payments			
Cash Purchases	**91 800**		
Payments to Creditors	**199 500**		
Advertising	**15 000**		
Repayment of Loan	**0**		
Interest on Loan	**0**		
Wages	**30 000**		
Rent Expense	**12 600**		
Total Payments			

23

46

QUESTION 2 (36 MARKS; 33 MINUTES)

COST ACCOUNTING

2.1.1 **Work in Progress Stock**

10

2.1.2 **Factory Overhead Cost**

21

2.2 Calculate the total sales for the financial year ended 28 February 2025.

5

36

QUESTION 3 (18 MARKS; 16 MINUTES)

BREAK-EVEN

3.1 Provide **ONE** difference between a fixed cost and a variable cost.

Fixed Costs	
Variable Costs	

2

3.2 Identify **TWO** examples, relating to the Jozini Manufacturers, for each of the following costs:

Direct Materials cost	
Administration cost	

4

3.3 Calculate the number of teddy bears that needed to be made and sold in order for Jozini Manufacturers to break-even.

7

3.4 Comment on the break-even point calculated in question 3.3 above. Offer **ONE** point on advice to improve the break-even point in the future.

Comment on break-even:

Advice for improvement:

5

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TOTAL MARKS **100**

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GRADE 11

ACCOUNTING

MARKING MEMORANDUM

SEPTEMBER 2025

COMMON TEST

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 6 pages.

QUESTION 1 (46 MARKS; 41 MINUTES)

CASH BUDGETS

1.1 A cash budget is a business tool that is used to plan for the future cash needs of a business. Explain why this is necessary. (2)

- To devise ways to increase receipts or decrease payments when insufficient cash is available.✓✓
- To see whether the business will have sufficient money in the bank or whether additional financing might be needed in the future.
- To make financial decisions regarding the affordability of large purchases.

1.2 Debtors Collection Schedule of "The Lighting Guys" for November to December 2025. (11)

		Debtors Collection		
Month	**Credit Sales**	**October**	**November**	**December**
August	**350 000**	**87 500**		
September	**400 000**	**160 000**	100 000✓	
October	**375 000**	**106 875**	150 000✓	93 750✓
November	**390 000**		111 150✓	156 000✓
December	405 000✓✓			115 425✓☑ cr sales X 30%, less 5%
		354 375	361 150☑	365 175☑

1.3 The business plans to write off 5 % of debtors as bad debts at the end of the third month (after 90 days).

1.3.1 Identify the GAAP principle that this business is applying when making provisions for bad debts. (1)

Prudence Concept✓

1.3.2 Calculate the amount of debts that the business estimates, will need to written off as bad at the end of November 2025. (2)

350 000 X 5%
= 17 500✓☑ one part correct

1.3.3 Bad Debts are not recorded in a cash budget. Identify where these are recorded when the business is planning for the future. (1)

Projected Income Statement✓ Projected Statement of Comprehensive Income

1.3.4 Mention **TWO** internal control procedures that this business should implement to limit the amount of debts that need to be written off as bad. (2)

- Screen debtors✓
- Send statements monthly to debtors✓
- Send reminders to pay the accounts via sms / email / whatsapp
- Set credit limits / Do not exceed credit limits
- Hand over to collection agencies
- Charge interest on overdue accounts

1.4 The landlord has informed the business that there will be an increase in rent from 1 November 2025. Calculate the percentage by which the rent will increase. (4)

$$\frac{13\,608✓ - 12\,600✓}{12\,600✓} \times 100$$

$$\frac{1\,008}{12\,600} \times 100$$

= 8%☑

1.5 Complete the missing amounts in the Receipts and Payments sections of the Cash Budget for October to December 2025. (23)

	October	November	December
Receipts			
Cash Sales	**125 000**	130 000✓✓	135 000✓✓
Receipts from Debtors	**354 375**	361 150☑ see 1.2	365 175☑ see 1.2
Loan: ATM Bank (12% p.a.)	**180 000**		
Total Receipts	[redacted]		
Payments			
Cash Purchases	**91 800**	94 500✓	102 000✓
Payments to Creditors	**199 500**	222 600✓✓	214 200✓✓
Advertising	**15 000**	15 600✓	27 000✓
Repayment of Loan	**0**	18 000✓	18 000✓
Interest on Loan	**0**	1 800✓	1 620✓✓
Wages	**30 000**	20 700✓✓	33 500✓✓
Rent Expense	**12 600**	**13 608**	**13 608**
Total Payments	[redacted]		

46

QUESTION 2 (36 MARKS; 33 MINUTES)

COST ACCOUNTING

2.1.1 **Work in Progress Stock** (10)

2024 Mar	1	Balance	36 700✓	2025 Feb	28	Finished Goods Stock	4 697 750 missing amt ☑
2025 Feb	28	Raw materials cost	2 670 000✓			Balance	42 000✓
		Direct labour cost (943 000✓ + 18 860✓)	961 860☑				
		Factory overhead cost	1 071 190 see FOC☑				
			4 739 750	☑			4 739 750
2025 Mar	1	Balance	42 000✓				

2.1.2 **Factory Overhead Cost** (21)

2025 Feb	28	Consumable Stores (2 650✓ + 45 600✓ - 3 804✓)	44 446☑	2025 Feb	28	Work in Progress stock✓	1 071 190 operation☑
Can be combined		Salary: Factory Manager (248 800✓ + 27 368✓)	276 168☑				
		Wages: Factory Cleaners (162 200✓ + 3 244✓)	165 444☑				
		Rent Expense (288 000 X 3060/3600)	244 800✓✓				
		Water and Electricity (183 280 X 65%)	119 132✓✓				
		Insurance (126 000 X 45%)	56 700✓✓				
		Sundry Expenses (65 000 X 2/4)	32 500✓✓				
		Depreciation	132 000✓				
			1 071 190	☑			1 071 190

2.2 Calculate the total sales for the financial year ended 28 February 2025. (5)

50 850✓ + 4 697 750☑ – 62 000✓
WIP Stock
= 4 686 600 X 160 / 100✓
= 7 498 560☑ operation, one part correct

36

QUESTION 3 (18 MARKS; 16 MINUTES)

BREAK-EVEN

3.1 Provide **ONE** difference between a fixed cost and a variable cost. (2)

Fixed Costs	These are expected to remain constant irrespective of the number of units produced.✓
Variable Costs	These costs change depending on the number of items produced.✓

3.2 Identify **TWO** examples, relating to the Jozini Manufacturers, for each of the following costs: (4)

Direct Materials cost	Material; cotton, stuffing, plastic eyes etc. **ANY TWO VALID EXAMPLES** ✓✓
Administration cost	Paper and printing costs; rent of offices; electricity for offices; salaries to admin staff **ANY TWO VALID EXAMPLES** ✓✓

3.3 Calculate the number of teddy bears that needed to be made and sold in order for Jozini Manufacturers to break-even. (7)

$$\frac{422\,400\checkmark + 281\,600\checkmark}{(135\checkmark - 55\checkmark - 35\checkmark - 17\checkmark)}$$

$$\frac{704\,000}{28}$$

= 25 143 units☑ operation, one part correct; accept 25 142.9 units

3.4 Comment on the break-even point calculated in question 3.3 above. Offer **ONE** point on advice to improve the break-even point in the future. (5)

Comment on break-even:

Valid comment ✓✓ with figures ✓✓

Jozini Manufacturers produced and sold 35 200 teddy bears this year. This is 10 057 units more than the break-even point of 25 143 units – thus resulting in a profit of R1 357 695 (R135 x 10 057) for the company. They made 40 % more teddy bears than the BEP.

Mark according to answer in 3.3

Advice for improvement:

Valid point ✓

- Try to increase the number of units made and sold to be more profitable
- Try to reduce variable costs
- Attempt to find a cheaper supply/supplier of raw materials
- Increase advertising
- Reduce direct labour costs through improved skills or better supervision
- Reduce wastage of raw materials

ANY VALID IMPROVEMENT

18

TOTAL MARKS **100**