



Education

KwaZulu-Natal Department of Education
REPUBLIC OF SOUTH AFRICA

ACCOUNTING

SEPTEMBER 2016

COMMON TEST

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

MARKS: 100

TIME : 1 hour

This paper consists of 6 pages and an answer booklet of 5 pages.

INSTRUCTIONS AND INFORMATION

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

1. This question paper consists of 6 pages.
2. A special **ANSWER BOOK** consisting of 5 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: 26 Marks, 16 Minutes	
The topic of this question is:	Content:
Cost Accounting	<ul style="list-style-type: none"> • General Ledger • Break Even Point • Internal Control
Question 2: 43 Marks, 26 Minutes	
The topic of this question is:	Content:
Budgeting	<ul style="list-style-type: none"> • Debtors Collection Schedule • Cash Budget • Ethics
Question 3: 31 Marks, 18 Minutes	
The topic of this question is:	Content:
Inventory Systems	<ul style="list-style-type: none"> • Differences between systems • Calculations • Trading Account

QUESTION 1**(26 Marks, 16 Minutes)****COST ACCOUNTING**

"On Point" Manufacturers is a medium size factory, owned by Mrs HB. Led, that manufacturers pencils. The business sells all pencils for R2.50 each. The perpetual inventory system is in use.

REQUIRED:

- 1.1 Complete the missing details / figures labeled A to F. (9)
- 1.2 Identify **TWO** items that could be included under "Factory Overhead Costs". (2)
- 1.3 Calculate the following if 4 000 000 pencils were made during the year:
- 1.3.1 The cost price per unit.
- 1.3.2 The breakeven point for the year ended 30 June 2015. (5)
- 1.3.3 Should the owner, Mrs HB Led be satisfied with the number of pencils made and sold during this financial year? Give a reason, quoting figures, for your answer. (3)
- 1.4 Mrs HB Led has been considering buying some of her raw materials from a local supplier in KwaZulu Natal rather than from the current supplier in the Western Cape.
- 1.4.1 Explain the effect this will have in Direct Material Costs. Give **ONE** reason for your answer. (3)
- 1.4.2 Mrs HB Led is concerned that the quality of the pencils may deteriorate if she uses local raw materials. What can she do to ensure that this does not happen? (2)

INFORMATION

General Ledger of "On Point" Manufacturers
Balance Sheet Section
B2 Raw Materials Stock

2015 July	1	Balance	440 000	2016 June	30	(B)	1560 000
2016 June	30	Bank	(A)			Balance	(C)
		Creditors Control	400 000				
		Carriage on Purchases	180 000				
		Import and Customs Duty	90 000				
			1 910 000				1 910 000
2016 July	1	Balance	(C)				

B3 Work in Progress Stock

2015 July	1	Balance	300 000	2016 June	30	(F)	5 200 000
2016 June	30	Direct Materials Cost	(D)			Balance	?
		Direct Labour Cost	(E)				
		Factory Overhead Cost	1 200 000				
			?				?
2016 July	1	Balance	?				

ADDITIONAL INFORMATION

- Prime costs for the year amounted to R4 560 000.
- There were no finished goods on hand at either the beginning or the end of the financial year.
- Direct Labour Cost and Factory Overhead Costs are considered to be fixed, whereas Direct Material Cost is variable.

QUESTION 2**(43 Marks, 26 Minutes)****BUDGETING**

The following information relates to the financial records of Kitchen King, a business that sells a large variety of items required for their customers to design their dream kitchen.

REQUIRED:

- 2.1 Complete the Debtors' Collection Schedule for June and July 2016. (10)
- 2.2 Complete the Cash Budget for June and July 2016. (26)
- 2.3 Refer to the amounts shown in the Cash Budget for Salaries and Wages..
- 2.3.1 Calculate the percentage increase that was granted to both Salary and Wage earning employees. (4)
- 2.3.2 Is it ethical for employees to receive different percentage increases? Give a reason, quoting figures, for your answer. (3)

INFORMATION

- Information for the 3 months ended 31 July 2016:

	Actual	Budgeted	
	May	June	July
Sales (60% on credit)	371 000	390 000	360 000
Purchases (80% on credit)	163 000	168 000	182 000
Salaries – Store Managers	30 000	30 000	32 400
Wages – Shop Assistants	90 000	90 000	103 500
Sundry Cash Expenses	22 000	22 000	22 000
Depreciation	5 000	5 000	5 000

ADDITIONAL INFORMATION

- It is expected that debtors will settle their accounts as follows:
 - 10% in the month of sale
 - 70% in the first month after the month of the sale
 - 15% in the second month after the month of the sale
 - The remaining 5% usually represents bad debts
- Trade creditors are paid in the month following the month of the transaction in order to obtain a discount of 3%.
- Expenses and income, unless otherwise stated, are received and paid as they arise.
- The unfavorable bank balance was R88 500 on 1 June 2016.

QUESTION 3**(31 Marks, 18 Minutes)****INVENTORY SYSTEMS**

You are provided with information relating to Thembeke Traders for June 2016. This businesses financial year runs from 1 July to 30 June each year. The periodic inventory system is used to calculate cost of sales. Show all calculations so that part marks can be awarded.

REQUIRED:

- 3.1 Tabulate **TWO** differences between the Periodic Inventory System and the Perpetual Inventory System. (8)
- 3.2. Calculate the final amounts that would be recorded to the following:
- 3.2.1 Purchases (5)
- 3.2.2 Sales (5)
- 3.3 Construct the Trading Account in the General Ledger to calculate the Gross Profit for the year ended 30 June 2016. (13)

INFORMATION:

- Stock on hand was R20 000 on 1 July 2015 and, according to a physical count, R28 000 was on hand on 30 June 2016.
- Balances on 1 June 2016:

Sales	307 400
Purchases	149 700
- The following totals have been extracted from the journals for June 2016:

Cash Receipts Journal	
Bank	121 100
Debtors Control	64 000
Sales	57 100

Cash Payments Journal	
Bank	109 000
Purchases	60 000
Carriage on Purchases	36 000
Sundry Accounts	13 000

Debtors' Journal	
Sales	198 000

Debtors' Allowances Journal	
Sales	16 416

Creditors' Journal	
Creditors Control	175 400
Purchases	120 400
Equipment	50 000
Stationery	5 000

Creditors Allowances Journal	
Creditors Control	8 300
Purchases	7 700
Equipment	0
Stationery	600

TOTAL MARKS: [100]



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ACCOUNTING
ANSWER BOOK
SEPTEMBER 2016
COMMON TEST

**NATIONAL
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GRADE 11

Name: _____ Grade: _____

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

N.B. This answer book consists of 5 pages.

QUESTION 1

COST ACCOUNTING

1.1

A		
B		
C		
D		
E		9
F		

1.2 Identify TWO items that could be included under "Factory Overhead Costs".

	2

1.3.1 The cost price per unit .

	2

1.3.2 The breakeven point for the year ended 30 June 2015.

	5

1.3.3 Should the owner, Mrs HB Led be satisfied with the number of pencils made and sold during this financial year? Give a reason, quoting figures, for your answer.

	3

1.4.1 Explain the effect this will have in Direct Material Costs. Give ONE reason for your answer.

	3
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1.4.2 Mrs HB Led is concerned that the quality of the pencils may deteriorate if she uses local raw materials. What can she do to ensure that this does not happen?

	2
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QUESTION 2

BUDGETING

2.1 Debtors' Collection Schedule for June and July 2016.

	Credit Sales	June 2016	July 2016
April 2016			
May 2016			
June 2016			
July 2016			

10

2.2 Cash Budget for June and July 2016

Receipts	June	July	
Total Receipts			
Payments			
Total Payments			
Cash Surplus (Shortfall)			
Bank: Opening Balance			
Bank: Closing Balance			26

2.3.1 Calculate the percentage increase that was granted to both Salary ad Wage earning employees. (4)

Salaries	
Wages	4

2.3.2 Is it ethical for employees to receive different percentage increases? Give a reason, quoting figures, for your answer.

	3

QUESTION 3

INVENTORY SYSTEMS

3.1 Tabulate TWO differences between the Periodic Inventory System and the Perpetual Inventory System.

Periodic Inventory System	Perpetual Inventory System
•	•
•	•

8

3.2.1 Purchases

--

5

3.2.2 Sales

--

5

3.3 **Thembeke Traders General Ledger
Finals Account Section
Trading Account**

13

TOTAL MARKS: [100]



QUESTION 1
COST ACCOUNTING

1.1

A	800 000 ✓✓
B	Raw Materials Issued ✓
C	350 000 ✓✓
D	1 560 000 ✓
E	3 000 000 ✓✓ See D above
F	Finished Goods Stock ✓

(9)

1.2 Identify **TWO** items that could be included under "Factory Overhead Costs". (2)

- Indirect materials ✓
- Indirect labour ✓
- Factory Depreciation
- Factory Water and Electricity

ANY LOGICAL ANSWER

1.3.1 The cost price per unit. (2)

5 200 000 / 4 000 000
= R1.30 ✓✓ No part marks

1.3.2 The breakeven point for the year ended 30 June 2015. (5)

3 000 000 ✓ + 1 200 000 ✓
2.50 ✓ - 1.30 ✓ See 1.3.1
4 200 000
1.20
= 3 500 000 ✓ Check operation one part correct

1.3.3 Should the owner, Mrs HB Led be satisfied with the number of pencils made and sold during this financial year? Give a reason, quoting figures, for your answer. (3)

Yes / No ✓
4 000 000 pencils were made ✓ and only 3 500 000 were needed to break even. ✓

Mark according to answer in 1.3.2



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ACCOUNTING
MARKING MEMORANDUM
SEPTEMBER 2016
COMMON TEST

NATIONAL SENIOR CERTIFICATE

GRADE 11

MARKS : 100

TIME : 1 hour

Question	Topic	Marks	Minutes
1	Cost Accounting	26	16
2	Budgeting	43	26
3	Inventory Systems	31	18
		100	60

N.B. This memorandum consists of 5 pages.

1.4.1 Explain the effect this will have in Direct Material Costs. Give ONE reason for your answer. (3)

Direct material costs will decrease ✓ due to the decrease in carriage on purchases. ✓ ✓

1.4.2 Mrs HB Led is concerned that the quality of the pencils may deteriorate if she uses local raw materials. What can she do to ensure that this does not happen? (2)

- Ensure that the local raw materials are up to standard before purchasing them ✓ ✓
- Have strict quality control procedures in place.
- ANY LOGICAL ANSWER

QUESTION 2

BUDGETING

2.1 Debtors' Collection Schedule for June and July 2016. (10)

	Credit Sales	June 2016	July 2015
April 2016	228 000	34 200	
May 2016	222 600 ✓	155 820 ✓	33 390 ✓
June 2016	234 000 ✓	23 400 ✓	163 800 ✓
July 2016		216 000 ✓	21 600 ✓
		213 420 ☑	218 790 ☑

2.2 Cash Budget for June and July 2016 (26)

Receipts	June	July
Receipts from Debtors	See 2.1 213 420 ☑	218 790 ☑
Cash Sales	156 000 ✓	144 000 ✓
Total Receipts	369 420 ☑	362 790 ☑
Payments		
Salaries	30 000 ✓	32 400 ✓
Wages	90 000 ✓	103 500 ✓
Sundry Cash Expenses	22 000 ✓	22 000 ✓
Cash Purchases of Stock	33 600 ✓	36 400 ✓
Payments to Creditors	126 488 ✓ ✓	130 368 ✓ ✓
Total Payments	(302 088) ☑	(324 668) ☑
Cash Surplus (Shortfall)	67 332 ☑	38 122 ☑
Bank: Opening Balance	(88 500) ✓	(21 168) ☑
Bank: Closing Balance	(21 168) ☑	16954 ☑

2.3.1 Calculate the percentage increase that was granted to both Salary and Wage earning employees. (4)

Salaries	$2\ 400 / 30\ 000 \times 100 = 8\% \checkmark \checkmark$
Wages	$13\ 500 / 90\ 000 \times 100 = 15\% \checkmark \checkmark$

2.3.2 Is it ethical for employees to receive different percentage increases? Give a reason, quoting figures, for your answer. (3)

No ✓

- Salary-earners (store managers) received an 8% increase while wage-earners (shop assistants) received 15% ✓. All employees should receive equal percentage increase ✓

OR

Yes ✓

- Even though wage-earners (shop assistants) earners a 15% increase ✓, in rand value per employee, this might still be less than the 8% increase earned by the salary-earners (store managers) ✓

QUESTION 3**INVENTORY SYSTEMS**

- 3.1 Tabulate **TWO** differences between the Periodic Inventory System and the Perpetual Inventory System. (8)

Periodic Inventory System	Perpetual Inventory System
• Stock purchased is recorded in the purchases account. ✓✓	• Stock purchased is recorded in the trading stock account. ✓✓
• Carriage on purchases is recorded in a separate expense account. ✓✓	• Carriage on purchases is debited directly to the trading stock account. ✓✓
• Returns and allowances are credited to the purchases account.	• Returns and allowances are credited to the trading stock account.
• Donations and stock taken by the owner are credited to the purchases account.	• Donations and stock taken by the owner are credited to the trading stock account.
• A stock take is conducted to calculate how much stock is on hand at the end of the year.	• The balance of the trading stock account is compared to a physical stock count to determine a stock surplus / deficit.
• A calculation is required to calculate the cost of sales for the year.	• Cost of sales is calculated on a continual basis.

- 3.2.1 Purchases (5)

$$149\,700\checkmark + 60\,000\checkmark + 120\,400\checkmark - 7\,700\checkmark = 322\,400\checkmark$$

Check operation: one part correct

- 3.2.2 Sales (5)

$$307\,400\checkmark + 57\,100\checkmark + 198\,000\checkmark - 16\,416\checkmark = 546\,084\checkmark$$

Check operation: one part correct

- 3.3 Thembeka Traders General Ledger Finals Account Section Trading Account (13)

	2015 July	1	Opening Stock✓	20 000✓	2016 June	30	Sales✓	See 3.2.2	546 084✓
2016 June	30	Purchases✓ see 3.2.1	322 400✓				Closing Stock✓		28 000✓
		Carriage on Purchases✓	36 000✓						
		Profit and Loss✓	195 684✓						
			574 084						574 084
								Both Totals Check operation	

TOTAL MARKS: [100]

