



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**



GRADE 11

**ACCOUNTING
SEPTEMBER 2022
COMMON TEST**

MARKS: 100

TIME : 1½ 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 Budget	42	38
2	Cost Accounting	37	32
3	Inventory Systems	21	20
TOTAL		100	90

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QUESTION 1**(42 Marks, 38 Minutes)****CASH BUDGET**

Frank's Fruit and Veg Store is situated in Hluhluwe, KwaZulu Natal. This business sells fresh fruit and vegetables to both businesses and households.

Frank sells most of his fresh produce for cash, but he does permit some local restaurants and holiday lodges to purchase on credit and pay within 60 days.

REQUIRED:

- 1.1 Provide TWO different reasons why it is essential for a business to prepare a Cash Budget. (4)
- 1.2 Complete the following for October and November 2022. (7)
- 1.2.1 Debtors Collection Schedule (Some information in the answer sheet) (7)
- 1.2.2 The Cash Budget for October and November 2022. (27)
- 1.3 Proceeds from sale of an old delivery vehicle can be utilised for other things to improve the business (Refer to B Additional information number 10). Give TWO Suggestions. (4)

INFORMATION:**A. Extract from the Cash Budget for September 2022:**

Receipts	September 2022
Cash Sales	376 600
Cash Receipts from Debtors	147 528
Total Receipts	524 128
Payments	
Cash purchases of stock	336 250
Salary of store manager	12 000
Wages	8 320
Drawings	43 040
Sundry Expenses	10 000
Interest Expense (on Loan)	550
Total Payments	(410 160)
Cash Surplus (Shortfall)	113 968
Bank: Opening Balance	33 000
Bank: Closing Balance	146 968

B. ADDITIONAL INFORMATION

1. Total Sales (including forecasted sales) for the period July to November 2022

July 2022	R476 000
August 2022	R508 000
September 2022	R538 000
October 2022	R544 000
November 2022	R560 000

2. The current percentage of total sales, for both cash and credit sales, is expected to remain constant for the budgeted period.
3. Debtors currently pay according to the following trend:
- 40% paid in the month of sale to receive a 5% discount;
 - 50% paid in the first month following the month of sale;
 - 7% paid in the second month following the month of sale;
 - 3% irrecoverable and is written off in the third month following the month of sale.
4. The current mark-up, of 60%, will be maintained throughout the budget period.
5. Stock of fresh fruit and vegetables are purchased for cash from local farmers in order to maintain a fixed base level of stock on hand at all times.
6. Frank's Fruit and Veg Store increases the staff salaries on 1 October each year.

The business currently employs the following people:

Store Manager	<ul style="list-style-type: none"> • 5% increase in 1 October 2022. • Frank, the owner is going on holiday in November 2022. The manager will therefore be paid an extra R3 000 for added responsibility during this time.
Shop workers	<ul style="list-style-type: none"> • The two shop workers currently work 40 hours each per week at a rate of R26 per hour. Their hourly rate will increase by R1.80 from 1 October 2022. • With the owner going on holiday in November 2022, each shop worker will need to work 15 hours of overtime. Overtime is paid at 1.5 times the rate of normal time.

7. Frank withdraws 8% of the total sales amount each month to pay for his personal expenses. However, he plans to increase this to 12% in November 2022 to pay for his holiday.
8. Sundry expenses are expected to be R10 000 in September and thereafter to increase by 2% per month from October 2022 onward.
9. The business currently has a loan at an interest rate of 5.5% p.a. Frank plans to pay R12 000 off the capital amount of this loan on 31 October 2022.
10. An old delivery vehicle with a book value of R60 000, will be sold for cash at a profit of R15 000 during November 2022.

QUESTION 2**(37 Marks, 32 Minutes)****COST ACCOUNTING**

Geoff Naidoo owns a factory that makes solar powered lights. The financial year ends annually on 28 February.

REQUIRED:

- 2.1 Complete the following accounts in the General Ledger of Naidoo's Lighting for the year ended 28 February 2022. Show calculations in brackets so part marks can be awarded.
- 2.1.1 Work in process stock (10)
- 2.1.2 Finished goods stock (5)
- 2.1.3 Factory overhead cost (20)
- 2.2 The owner, Geoff Naidoo, is concerned with escalating cost of raw material. Give ONE advice on how to reduce costs in future. (2)

INFORMATION**A Balance on 1 March 2021:**

	R
Raw Material Stock	550 000
Finished Goods Stock	230 000
Work-in-process Stock	180 900
Consumable Stores Stock: Factory	8 000

B The following stock items were purchased during the year ended 28 February 2022:

	R
Raw Materials	6 325 000*
Consumable Stores: Factory	52 250

* Included in the cost of raw materials above are 15 000 rechargeable solar batteries, as a cost of €2.60 each. These batteries have been fully paid for and are currently in transit from Germany. They are expected to arrive in Durban in April 2022. One Euro (€) currently costs R17.29.

- C The business currently had R1 560 000 invested in equipment. Depreciation is calculated according the fixed instalment method at a rate of 15% per year. 90% of all equipment is used in the factory.
- D R28 000 was paid for Factory Maintenance for the year. A further R13 000 is owed for repairs done to a machine in the factory on 28 February 2022.

- E** R420 000 was paid for water and electricity during the financial year. This cost must be shared in the ratio of 4 : 1 : 1 between the factory, administration and sales departments respectively.
- F** Rent is allocated according to the floor space used by each department. The factory comprises 600 square meters, while the office and sales department combined use 200 square meters. The rental amount paid for the entire premises, from 1 March 2021 to 31 January 2022, was R176 000. The property has been occupied since 2019.
- G** Insurance for the administration department was R12 450. This amounts to 15% of the total insurance for the business. A further 10% of the total insurance is allocated to the sales department with the remainder being proportioned for the factory.
- H** **The gross annual salary / wage bill of the business is made up as follows:**

	R
Salary of Administration Manager	192 000
Salary of Sales Manager	180 000
Salary of Factory Manager	220 000
Salaries of sales and administration workers	576 000
Wages of factory workers	?

All managers are entitled to a pension contribution of R1 500 per manager per month. All employees receive a 1% contribution towards the unemployment insurance fund.

- I** Total sales for the year ended 28 February 2022 amounted to R9 491 937. The business applies a mark-up of 30% on all items produced.

J **Balances on 28 February 2022**

	R
Raw Material Stock	485 000
Finished goods stock	350 000
Work-in-process Stock	230 000
Consumable Stores Stock: Factory	10 600

QUESTION 3**(21 Marks, 20 Minutes)****INVENTORY SYSTEMS**

Zama Khumalo runs a small curio shop, called Khumalo's Curios, in St Lucia. All items that are sold in the shop are purchased from community members to assist them in making an income to support their families.

Khumalo's Curios uses the periodic inventory system to calculate cost of sales.

REQUIRED:

- 3.1 Mention TWO possible reasons that Zama chose to use the periodic inventory system for her business. (4)
- 3.2 Calculate the businesses total purchases for the year ended 31 July 2022. (8)
- 3.3 Draft the Trading Account in the General Ledger for the year ended 31 July 2022. (9)

INFORMATION**A Balances / Totals in the General Ledger**

	R
Stock on hand (1 August 2021)	23 700
Purchases (1 July 2022)	241 200
Carriage on Purchases (1 July 2022)	5 700

B The following transaction were made with community members during July 2022:

- Five large wooden animal carvings were purchased from Mr Mavundla for R350 each.
- Homemade vegetable pickles and jam were purchased from Miss Gasa for a total of R1 220. Unfortunately, 4 bottles of pickles were spoilt and could not be sold. Miss Gasa refunded Zama R80 for these spoilt items.
- Crochet clothing and cloths purchased from Mrs Gumbi for R4 500. Zama took one of these items, costing R250 for personal use.
- Other stock items purchased from walk-in sellers, R10 820.

C Transport Costs

- Due to her community members not always having transport to deliver the items to the shop, Zama often collects them from their homes.
- This month, she travelled 375km to collect items.
- Zama has calculated that her vehicle uses approximately 5 litres of petrol for every 100km travelled.
- The current fuel price is R26.40 per litre.

D Total cash takings for the year amounts to R395 200.**E On 31 July 2022, Zama completed her annual stock take and determined that stock valued at R28 400 was on hand.****TOTAL MARKS :100**



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GRADE 11

**ACCOUNTING
ANSWER BOOK
SEPTEMBER 2022
COMMON TEST**

MARKS : 100

TIME : 1.5 hours



Name: _____ **Grade:** _____

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

N.B. This answer book consists of 6 pages.

QUESTION 1

(42 Marks, 38 Minutes)

CASH BUDGET

1.1 Explain TWO different reasons why it is essential for a business to prepare a Cash Budget.



4

1.2.1 Debtors Collection Schedule

	Credit Sales	September	October	November
July 2022	R142 800	9 996		
August 2022	R152 400	76 200		
September 2022	R161 400	61 332		
October 2022	R163 200			
November 2022				
		147 528		

7

Please Turn Over

QUESTION 2

(37 Marks, 32 Minutes)

COST ACCOUNTING

2.1.1

Work in process stock

(B1)

10

2.1.2

Finished goods stock

5



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GRADE 11

**ACCOUNTING
MARKING GUIDELINE**

**SEPTEMBER 2022
COMMON TEST**

MARKS : 100

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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**(42 Marks, 38 Minutes)****CASH BUDGET**

1.1 Explain TWO different reasons why it is essential for a business to prepare a Cash Budget.

Any TWO different reasons: ✓✓ ✓✓ Part mark for partial answer

- Budgets are used for planning for the expected cash receipts and payments of a business.
- They assess the liquidity situation in the future and assist in determining whether sufficient cash will be available before making business decisions.
- Budgets are useful in determining whether the business may need to arrange for extra funding through loans, overdrafts or more capital.

4

1.2.1 Debtors Collection Schedule

	Credit Sales	September	October	November
July 2022	R142 800	9 996		
August 2022	R152 400	76 200	10 668✓	
September 2022	R161 400	61 332	80 700✓	11 298✓
October 2022	R163 200		62 016✓	81 600✓
November 2022	R168 000✓			63 840✓
		147 528	153 384	156 738

7

1.2.2 Cash Budget for October and November 2022.

Receipts	October	November
Cash Sales	380 800✓	392 000✓
Cash Receipts from Debtors 1.2.1	153 384☑ See	156 738☑
Sale of Vehicle		75 000✓✓
Total Receipts	534 184	623 738
Payments		
Cash purchases of stock	340 000✓	350 000✓
Salary of store manager	12 600✓	15 600✓☑ Oct + 3 000
Wages	8 896✓	10 147✓☑ Oct + 1 251
Drawings	43 520✓	67 200✓
Sundry Expenses	10 200✓	10 404✓
Repayment of Capital portion of Loan	12 000✓	0
Interest Expense (on Loan)	550✓	495✓✓
Total Payments	(427 766)	(453 846)
Cash Surplus (Shortfall)	106 418☑	169 892☑
Bank: Opening Balance	146 968✓	253 386☑
Bank: Closing Balance	253 386	423 278☑

27

1.3 Proceeds from sale of an old delivery vehicle can be utilised for other things to improve the business (Refer to B Additional information number 10). Give TWO Suggestions.

Any TWO suggestions: ✓✓ ✓✓ Part mark for partial answer

- Pay off the existing loan.
- Deposit/buy new delivery vehicle.
- Business land and buildings improvements.
- Use in marketing and advertisements.
- Invest in fixed deposit.
- Use it to buy more stock.

4

QUESTION 2

(37 Marks, 32 Minutes)

COST ACCOUNTING

2.1.1

Work in process stock

(B1)

2021 Mar	1	Balance	180 900✓	2022 Feb	28	Finished Goods Stock	7 421 490 See 2.1.2 ✓
2022 Feb	28	Raw materials cost (550 000 + 6 325 000 ✓ – 674 310 ✓ – 485 000 ✓)	5 715 690✓ One part correct			Balance	230 000✓
		Direct labour cost Balancing figure	727 200✓				
		Factory overhead cost	1 027 700✓ See 2.1.3				
			7 651 490			✓ Both amounts equal	7 651 490
2022 Mar	1	Balance	230 000				

10

2.1.2

Finished goods stock

(5)

2021 Mar	1	Balance	230 000✓	2022 Feb	28	Cost of sales (9 491 937 X 100/130)	7 301 490 ✓✓
2022 Feb	28	Work-in-process stock	7 421 490✓			Balance	350 000✓
			7 651 490				7 651 490
2022 Mar	1	Balance	350 000				

5

2.1.3 Factory overhead cost

2022 Feb	28	Consumables Stores (8 000 + 52 250✓ – 10 600✓)	49 650✓ One part correct	2022 Feb	28	Work in Process stock	1 027 700 ✓
		Depreciation	210 600✓✓				
		Factory Maintenance (28 000✓ + 13 000✓)	41 000✓				
		Water and Electricity (420 000 X 4/6)	280 000✓✓				
		Factory Rent (176 000✓ + 16 000✓) X 600/800	144 000✓ One part correct				
		Insurance (12 450 /15 X 75)	62 250✓✓				
		Salary: Factory Manager (220 000✓ + 18 000✓ + 2 200✓)	240 200✓ One part correct				
			1 027 700				1 027 700

20

2.2 The owner, Geoff Naidoo, is concerned with escalating cost of raw material. Give ONE advice on how to reduce costs in future.

Any ONE advice : ✓✓ Part mark for partial answer

- Buy locally produced material.
- Manufacture own raw material.
- Improve stock control.
- Utilised waste material to produce other products.

2

37



QUESTION 3

(21 Marks, 20 Minutes)

INVENTORY SYSTEMS

3.1 Mention TWO possible reasons that Zama chose to use the periodic inventory system for her business.

Any TWO reasons : ✓✓ ✓✓ **Part mark for partial answer**

- It is more cost effective as she did not need to purchase specialized equipment.
- Cost of Sales does not need to be calculated on a continual basis for all items sold
- She may be selling a small amount of items that are relatively easy to keep track of.

4

3.2 Calculate the businesses total purchases for the year ended 31 July 2022.

$241\,200 \checkmark + 1\,750 \checkmark + (1\,220 \checkmark - 80 \checkmark) + (4\,500 \checkmark - 250 \checkmark) + 10\,820 \checkmark$
 $= 259\,160 \checkmark$

(5 X 350) 1140 Two marks 4 250 Two marks

8

**3.3 Khumalo's Curio's General Ledger
Final Accounts Section
Trading Account**

2021 Aug	1	Opening Stock	23 700 ✓	2022 July	31	Sales	395 200 ✓
2022 July	31	Purchases	259 160 ✓ See 3.2			Closing Stock	28 400 ✓
		Carriage on Purchases (5 700 ✓ + 495 ✓)	6 195 ✓ One part correct				
		Profit and Loss	134 545 ✓				
			423 600			✓ Both amounts equal	423 600

9

21

TOTAL MARKS: 100