



ACCOUNTING: GRADE 11

SEPTEMBER CONTROLLED TEST

TIME: 1 ½ hours

MARKS: 100

INSTRUCTIONS AND INFORMATION

1. The question paper consists of **THREE** questions.
2. This question paper consist of **FIVE** pages.
3. Answer the questions in the **ANSWER BOOK** provided.
4. Show all workings to earn part marks.
5. Non-programmable calculators may be used.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Questions and time-guide are as follows: Manage your time effectively.

QUESTION	TOPICS	MARKS	TIME
1	Cost Accounting	30	25 minutes
2	Budgeting	50	50 minutes
3	VAT	20	15 minutes
TOTAL		100	90 minutes



QUESTION 1: COST ACCOUNTING

(30 marks; 25 minutes)

1.1 Match the cost items in Column B with the relevant cost account in Column A. Write only the letter (A-D) next to the numbers (1.1.1–1.1.3) in the Answer Book.

COLUMN A		COLUMN B	
1.1.1	Direct labour	A	Depreciation on factory equipment
1.1.2	Selling and distribution	B	Wages to workers in production
1.1.3	Factory overheads	C	Delivery expenses
		D	Carriage on raw material purchased

(3)

1.2 ZINZI'S MANUFACTURERS

The business makes leather handbags. The financial year ended on 30 June 2023.

REQUIRED:

1.2.1 Calculate the Direct labour Cost (6)

1.2.2 Calculate the Factory Overhead Cost by completing the table provided. (12)

INFORMATION:

A. Salaries and Wages: Extract from the employee register

	NUMBER	BASIC SALARY/ WAGES <i>per worker</i>		Total Amount
		Normal time (hours)	Rate per hour	
Employees in production	6	1 600	R50	?
Factory foreman	1	R17 500 per month		R210 000
Cleaners	2	R 4 700 per month		R112 800

- Total overtime for all the employees in production amounted to R65 000.
- Pension Fund of 9% and UIF of 1% are deducted from the salaries/wages of all employees.
- The business contributes 11% to the pension fund and 1% to the UIF on behalf of all employees. This is transferred to the relevant cost accounts where the employees work.
- One of the cleaners works in the factory, the other services the sales and administration sections equally.

B. Factory overhead costs:

The bookkeeper calculated the factory overhead costs as R288 400. He has not taken into account the following expenses:

- The indirect labour cost as outlined in Information A above.
- Total rent amounted to R148 400. This must be shared between the factory, sales and administration departments in the ratio 4 : 2 : 1.
- 65% of the water and electricity account of R75 600 must be allocated to the factory.
- 2/3 of the insurance account of R18 900 relate to the factory.

1.3 DELLA DESIGNS

Della Designs makes ladies blouses. The information is for the financial year ended 28 February 2023.

REQUIRED:

- 1.3.1 Calculate the break-even number of units for the financial year. (4)
- 1.3.2 Comment on whether Della should be satisfied with the level of production achieved. Quote figures. (3)
- 1.3.3 Provide TWO suggestions that Della can use to improve production and profits. (2)

INFORMATION:

	TOTAL AMOUNT	COST PER UNIT
Direct material cost	R 3 276 000	R 180,00
Direct labour cost	2 002 000	110,00
Selling and distribution cost	1 092 000	60,00
TOTAL VARIABLE COST	6 370 000	350,00
Factory overhead cost	2 100 000	115,40
Administration cost	1 718 000	94,40
TOTAL FIXED COST	3 818 000	209,80
Selling price per unit	R580,00	
Units produced and sold	18 200 units	

QUESTION 2: BUDGETING**(50 marks: 50 minutes)**

The information below is from the books of Superior Stationers.

REQUIRED:

- 2.1 Explain TWO points why it is necessary for a business to prepare a Cash Budget. (4)
- 2.2 Provide TWO examples of items that will not be included in a Cash Budget. (2)
- 2.3 Complete the Debtors Collection Schedule presented in the Answer Book. Note that some figures are provided. (11)
- 2.4 Complete the Cash Budget for August and September 2023. Note that some of the amounts are given in the Answer Book. (25)
- 2.5 Explain TWO reasons that indicates that the business is not managing its cash resources effectively. Quote relevant figures to support your reasons. (4)
- 2.6 The owner discovered that the actual motor vehicle expense for July 2023 was R6 550. Provide TWO possible reasons for this difference (variance). (4)

INFORMATION:**A. Sales and receipts from debtors:**

- Total sales for the budget period:

May	June	July	August	September
R 363 000	R 372 000	R 384 000	R 408 000	R 420 000

- 25% of total sales represent cash sales.
- Although debtors are expected to pay within 30 days, payment trends shows the following:
 - 30% of debtors pay in the month of sales and receive 2% discount.
 - 55% pay in the month following the month of sale.
 - 12% pay two months after the sales month
 - The balance is written off as bad debts thereafter.

B. Purchases of stock and payment to creditors:

- The business uses a constant profit mark-up of 50% on cost.
- The business replaces stock according to the amounts sold in a month.
- 40% of all stock purchased, is paid for in cash.
- Creditors allow 60 days credit The business abides to credit terms and budgets to pay outstanding balances in the second month following the month of purchase.

C. Additional Information

- (i) Motor vehicle expenses is estimated at R5 000 per month. This does not include depreciation which amounts to R1 250 per month.
- (ii) Salaries and wages total R36 000 per month. Employees will receive an 8% annual inflationary increase effective from 1 September 2023.
- (iii) Sundry expenses are budgeted to increase by 2,5% each month.
- (iv) The business has a loan of R240 000 at VW Bank. Interest at 13% p.a. is paid on the last day of each month, and is not capitalised. The business plans to pay R30 000 of the loan amount on 1 September 2023.
- (v) An investment of R40 000 matures on 1 August 2023. The full amount together with interest for the last two months will be received on this date. Interest is calculated at 15% p.a.
- (vi) The Bank had a credit balance (overdraft) of R32 126 on 31 July 2023.

50

QUESTION 3: VAT

(20 marks: 15 minutes)

3.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the numbers (3.1.1-3.1.4) in the Answer Book.

3.1.1 All formal businesses must be registered for VAT.

3.1.2 Registered businesses must submit their VAT returns every month.

3.1.3 Salaries and wages are exempted from VAT.

3.1.4 Vat Output is Vat received from cash and credit sales. (4)

3.2 The information is extracted from the records of Drake Stores, owned by Angie. The business is registered for VAT. The standard rate is 15%. Calculate the missing amounts on the table provided.

AMOUNT EXCLUDING VAT	VAT AMOUNT	AMOUNT INCLUDING VAT
144 500	(a)	(b)
(c)	75 000	(d)
(e)	(f)	230

(11)

3.3 Angie purchases goods on a regular basis from Top Town Wholesalers. The store manager of Top Town Wholesalers has offered Angie a special price of R56 800, Inclusive of VAT, instead of the normal price of R76 200 for trading inventory, if Angie pays cash immediately and does not require any documentation.

- What advice would you offer Angie? Provide ONE point of advice that you would offer Angie, and TWO reasons for the advice offered.

(5)

20

TOTAL: 100

**ACCOUNTING
GRADE 11
SEPTEMBER CONTROLLED TEST 2023
ANSWER BOOK**

MARKS: 100

Name of Learner:

QUESTION	MAXIMUM MARKS	MARKS OBTAINED	MODERATED MARK
1	30		
2	50		
3	20		
TOTAL			



QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	

3

1.2.1

Calculate the Direct Labour Cost	
WORKINGS	ANSWER

6

1.2.2 **FACTORY OVERHEAD COSTS**

Total brought forward	288 400
TOTAL FACTORY OVERHEAD COST	

12

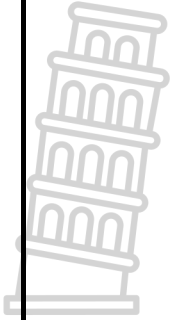
1.3.1

Calculate the Break-even point	
WORKINGS	ANSWER

4

1.3.2

Comment of whether Della should be satisfied with the level of production achieved. Quote figures.



3

1.3.3

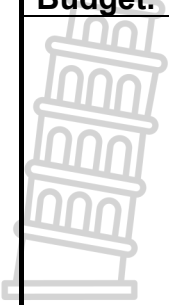
Provide TWO suggestions that Delia can use to improve production and profits.

2

TOTAL MARKS	30	
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2.1 Explain TWO points why it is necessary for a business to prepare a Cash Budget.



4

2.2 Provide TWO examples of items that will not be included in a cash budget.

2

2.3 DEBTORS COLLECTION SCHEDULE

MONTH	CREDIT SALES	AUGUST	SEPTEMBER
June	279 000		
July	288 000		
August		89 046	168 300
September	315 000		

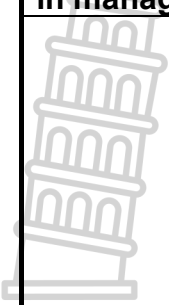
11

2.4. **CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 2023**

CASH RECEIPTS	AUGUST	SEPTEMBER
Cash from Debtors		
Cash Sales	102 000	
TOTAL RECEIPTS		
CASH PAYMENTS		
Cash purchases of Stock		112 000
Payments to Creditors	148 800	
Sundry expenses		7 790
Salaries and wages	36 000	
Motor Expenses	5 000	
Repayment of loan		
Interest on loan	2 600	
TOTAL PAYMENTS		
CASH SURPLUS/SHORTFALL	115 126	
Bank (Opening Balance)		
BANK (Closing Balance)		

2.5

Explain any TWO reasons that indicates whether the business is effective in managing its cash resources or not. Quote figures.



4

2.6

The owner discovered that the actual motor vehicle expense for July 2023 was R6 550. Provide TWO possible reasons for this difference (variance).

4

TOTAL MARKS	50	
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QUESTION 3:

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2

AMOUNT EXCLUDING VAT	VAT AMOUNT	AMOUNT INCLUDING VAT
144 500	(a)	(b)
(c)	75 000	(d)
(e)	(f)	230

11

3.3

ADVICE TO ANGIE AND REASONS	
ADVICE	REASONS

5

TOTAL MARKS	20	
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**GRADE 11: ACCOUNTING SEPTEMBER CONTROLLED TEST
 MARKING GUIDELINE**

QUESTION 1:

1.1

1.1.1	B ✓
1.1.2	C ✓
1.1.3	A ✓

3

1.2.1

Calculate the Direct Labour Cost		ANSWER
WORKINGS		
$6 \times 1\,600 \times 50$ R480 000 ✓✓ one part correct	$(52\,800 + 4\,800)$ OR 12% of normal time $+ R65\,000 \checkmark + R57\,600 \checkmark \checkmark$ if $\times 12$ (or $11\% + 1\%$)	602 600 ✓ one part correct

6

1.2.2 **FACTORY OVERHEAD COSTS**

Total brought forward	288 400
Indirect labour $210\,000 \checkmark + 56\,400 \checkmark + 31\,968 \checkmark \checkmark$ if 12% of total (25 200 + 6 768)	298 368 ✓
Rent expense $148\,400 \times 4/7$	84 800 ✓✓
Water and electricity $75\,600 \times 65\%$	49 140 ✓✓
Insurance $18\,900 \times 2/3$	12 600 ✓✓
TOTAL FACTORY OVERHEAD COST	733 308 ✓

12

1.3.1

Calculate the Break-even point		ANSWER
WORKINGS		
$\frac{3\,818\,000 \checkmark}{580 \checkmark - 350 \checkmark}$ 230 two marks		16 600 units ✓ one part correct

4

1.3.2

Comment of whether Della should be satisfied with the level of production achieved. Quote figures.

Comment must compare BEP to units produced or mention profit / loss ✓✓ figures ✓

- Della would be satisfied that she was able to produce more units than the break-even point; produced 18 200 units whilst the BEP was 16 600 see 1.3.1
- The business is making a profit on 1 600 units (at R230 = R368 000)

3

1.3.3

Provide TWO suggestions that Della can use to improve production and profits.

Any TWO valid suggestions ✓ ✓

- Set production targets and restrict overtime
- Look for cheaper suppliers of material / local / reduce transport (carriage) costs
- Buy in bulk and negotiate discounts
- Control factory costs more effectively – supervise / monitor
- Train workers to be more efficient / reduce wastage

2

TOTAL MARKS	30	
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QUESTION 2:

2.1 Explain TWO points why it is necessary for a business to prepare a Cash Budget.

TWO valid explanation ✓✓ ✓✓

- Cash management – anticipating future receipts and payments and planning accordingly.
- To justify certain expenditure / payments – such as purchase of assets
- To assist with management decisions to expand, cut back, promote
- To determine trends – good or bad, and take corrective action
- To motivate for loans / overdrafts facilities.

4

2.2 Provide TWO examples of items that will not be included in a cash budget.

Any TWO valid non-cash examples ✓ ✓

Depreciation / bad debts / discount allowed / discount received / trading stock deficit / profit or loss on sale of asset / provision for bad debts

2

2.3 DEBTORS COLLECTION SCHEDULE

MONTH	CREDIT SALES	AUGUST	SEPTEMBER
June	279 000	33 480 ✓✓	
July	288 000	158 400 ✓✓	34 560 ✓✓
August	306 000 ✓✓	89 046	168 300
September	315 000		92 610 ✓✓
			295 470 ☑

11

2.4. CASH BUDGET FOR THE PERIOD ENDED SEPTEMBER 2023

CASH RECEIPTS	AUGUST	SEPTEMBER
Cash from Debtors		295 470 <input checked="" type="checkbox"/>
Cash Sales	102 000	105 000 ✓✓
Fixed Deposit	40 000✓	
Interest on Fixed deposit	1 000✓✓	
TOTAL RECEIPTS 7		400 470 <input checked="" type="checkbox"/>
CASH PAYMENTS	AUGUST	SEPTEMBER
Cash purchases of Stock	108 800 ✓✓	112 000
Payments to Creditors	148 800	153 600 ✓✓
Sundry Expenses	7 600 ✓✓	7 790
Salaries and wages	36 000	38 880 ✓✓
Motor Expenses	5 000	5 000 ✓
Repayment of loan		30 000 ✓
Interest on loan	2 600	2 275 ✓✓
TOTAL PAYMENTS 13		349 545 <input checked="" type="checkbox"/>
CASH SURPLUS/SHORTFALL	115 126	50 925 <input checked="" type="checkbox"/>
Bank (Opening Balance)	(32 126)✓	83 000 <input checked="" type="checkbox"/>
BANK (Closing Balance) 5	83 000 <input checked="" type="checkbox"/>	133 925 <input checked="" type="checkbox"/>

25



2.5

Explain any TWO reasons that indicates whether the business is effective in managing its cash resources or not. Quote figures.

Any TWO reasons (with figures) ✓✓ ✓✓

- Poor collection from debtors – trend show that debtors are not attracted to the discount as 55% still pay after 30 days (the normal credit terms)
- High % of goods purchased on credit (60%) and better terms not negotiated.
- The business managed to use the fixed deposit to reduce (wipe off) the overdraft and also pay part of the loan.
- Giving a better than inflation increase to workers to motivate them to improve sales and profitability.

4

2.6

The owner discovered that the actual motor vehicle expense for July 2023 was R6 550. Provide TWO possible reasons for this difference (variance).

Any TWO valid reasons, explained ✓✓ ✓✓

- Vehicles may be misused by staff due to poor internal control measures in place
- Possible increase in delivery due to sales volume increasing.
- Fuel and maintenance may be more expensive – budget did not consider it.

4

TOTAL MARKS	50	
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QUESTION 3:

3.1

3.1.1	False ✓
3.1.2	False ✓
3.1.3	True ✓
3.1.4	True ✓

4

3.2

AMOUNT EXCLUDING VAT	VAT AMOUNT	AMOUNT INCLUDING VAT
144 500	(a) 21 675 ✓✓	(b) 166 175 <input checked="" type="checkbox"/> ✓
(c) 500 000 ✓✓	75 000	(d) 575 000 ✓
(e) 200 ✓✓	(f) 30 ✓✓	230

11

3.3

ADVICE TO ANGIE AND REASONS	
ADVICE ✓	REASONS ✓✓ ✓✓
She should avoid such activities / Do not be party to corruption / such behaviour may be tempting but will have long-term consequences	This is unethical and illegal SARS will impose penalties / or take legal action against the business / the image of the business will be tarnished
	Defrauding SARS; the money from VAT is not the businesses money (an agent) Inflating VAT input to pay less is corruption

5

TOTAL MARKS	20	
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