

Education

**KwaZulu-Natal Department of Education
REPUBLIC OF SOUTH AFRICA**

ACCOUNTING

SEPTEMBER 2017

COMMON TEST

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

MARKS: 100

TIME : 1 hour

This paper consists of 6 pages and an answer booklet of 4 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 4 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: 22 MARKS, 13 MINUTES	
The topic of this question is:	Content:
Inventory Systems	<ul style="list-style-type: none"> • Calculation of Cost of Sales • Mark up • Ethics
QUESTION 2: 48 MARKS, 29 MINUTES	
The topic of this question is:	Content:
Budgeting	<ul style="list-style-type: none"> • Debtors Collection Schedule • Cash Budget
QUESTION 3: 30 MARKS, 18 MINUTES	
The topic of this question is:	Content:
Cost Accounting	<ul style="list-style-type: none"> • Concepts • General Ledger • Problem Solving

QUESTION 1**(22 Marks, 13 Minutes)****INVENTORY SYSTEMS**

The information provided below relates to a business run by S. Sithole. This business is the only shop that sells school uniforms in its local area.

REQUIRED:

- 1.1 S. Sithole has chosen to implement the periodic inventory system to calculate this businesses cost of sales.
- 1.1.1 Name the other stock system that can be used. (1)
- 1.1.2 Discuss one reason why S. Sithole decided not to use this system. (2)
- 1.2 Calculate the Cost of sales for the year ended 28 February 2017 using the periodic inventory system. Show calculations in brackets so part marks can be awarded. (12)
- 1.3 Mr Sithole's sales for the financial year ending 28 February amounted to R742 000.
- 1.3.1 Calculate the mark-up that is applied to his school uniforms. (4)
- 1.3.2 What is your opinion on this mark-up? Give a reason for your answer. (3)

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

	28 February 2017	1 March 2016
Stock of School Uniforms	?	34 000
Creditors Control	96 000	103 000

ADDITIONAL INFORMATION:

- A. School uniforms are the only items bought on credit by this business.
- B. The supplier charges R500 per delivery. 19 separate orders were made and delivered during the course of the year.
- C. Creditors were paid R424 570 during the financial year.
- D. Four shirts with a cost price of R80 each were damaged and therefore returned to the supplier. This return has not been recorded.
- E. Old stock to the value of R12 000 was donated to a children's home.
- F. After performing the year-end stock take, 275 items of clothing were on hand at average cost of R90 each.

QUESTION 2**(48 Marks, 29 Minutes)****BUDGETING**

Samkelo's Stationery Shop needs assistance drawing up their cash budget for the three months ended 31 August 2017.

REQUIRED:

- 2.1 Complete the Debtors Collection Schedule for the three months ended 31 August 2017. (12)
- 2.2 Complete the Cash Budget for the three months ended 31 August 2017. (32)
- 2.3 Comment on Samkelo's collection of cash from debtors and/or payment to creditors. (4)

INFORMATION**A. Actual and budgeted sales:**

Month	Actual	Budgeted
March 2017	480 000	
April 2017	440 000	
May 2017	500 000	
June 2017		560 000
July 2017		760 000
August 2017		600 000

B. 75% of total sales are on credit.

C. Sam has noticed that in the past, debtors seems to settle their accounts as follows:

- 50% in the month following the sale to receive a discount of 5%.
- 30% two months after the sale.
- 12% three months after the sale.
- Thereafter the remaining balance is written off as irrecoverable.

D. Purchases of Trading Stock

Month	Actual	Budgeted
March 2017	342 000	
April 2017	314 000	
May 2017	367 000	
June 2017		400 000
July 2017		542 000
August 2017		428 000

- E. 60% of the trading stock is purchased for cash. The remainder is purchased on credit. Creditors are paid in the month following the month of purchase.
- F. Rent Expense is currently R10 000 per month. An increase of 15% is expected from 1 August 2017.
- G. Sam plans to apply for a loan of R250 000 during July 2017. He estimates that the monthly payment, including interest will be R18 000, commencing in August 2017.
- H. R400 000 will be spent on building a new shop for Samkelo's business to operate from. Building is planned for August 2017.
- I. Sam plans to withdraw R15 000 cash per month for personal use. He will however take an additional R2 000 stationery home for his children in July for the start of the third term.
- J. The business bank account had an unfavorable balance of R18 400 on 31 May 2017.

QUESTION 3**(30 Marks, 18 Minutes)****COST ACCOUNTING**

The information below is extracted from the records of Bayanda's Bakery for the year ended 28 February 2017. This bakery focuses mainly on baking bread for the greater Durban area.

Required:

- 3.1 State whether the following statements are TRUE or FALSE. If FALSE, correct the underlined word to make the statement TRUE. (6)
- 3.1.1 Flour, yeast and water are considered to be direct materials in Bayanda's Bakery.
- 3.1.2 The person responsible for keeping the kitchen and all equipment clean will be classified as direct labour.
- 3.1.3 Variable costs will remain constant, irrespective of the number of loaves of bread produced.
- 3.1.4 The breakeven point refers to the minimum number of items that this business needs to manufacture before a profit is made.
- 3.2 Complete the following accounts, correctly balanced / closed off, in the General Ledger of Bayanda's Bakery for the year ended 28 February 2017. Show calculations in brackets so part marks can be awarded.
- 3.2.1 Work-in-progress Stock (14)
- 3.2.2 Finished Goods Stock (7)
- 3.3 Bayanda would like to improve the business's profitability without increasing the selling price per loaf of bread. He has therefore decided to make the loaves of bread 1cm shorter. This will result in each loaf having 17 slices of bread, instead of 18. He can therefore make more loaves from the same amount of raw materials. Do you agree or disagree with this decision. Give a reason for your answer. (3)

INFORMATION:**A. BALANCES:**

	28 February 2017	1 March 2016
Work-in-progress Stock	4 000	?

B. ADDITIONAL INFORMATION:

- I. Completed loaves of bread, awaiting delivery amounted to R26 000 on 1 March 2016, and R32 000 on 28 February 2017.
- II. Raw materials issued to the factory amounted to R150 000 for the year ended 28 February 2017.
- III. Total salaries and wages paid to the staff amounted to R732 000. 25% of this was paid to the factory workers and the rest to the managerial staff.
- IV. Electricity accounts totaling R375 000 were paid by the business during the financial year. Electricity is split between the bakery and the offices in the ratio of 4:1.
- V. Sundry expenses paid towards the running of the bakery amounted to R48 000.
- VI. Bread is sold for a markup of 20% on cost. Sales for the year ended 28 February 2017 amounted to R1 471 200.

TOTAL MARKS: [100]

The following information is provided for your reference:

1. The first section of the document contains a list of items.

2. The second section contains a detailed description of the items.

3. The third section contains a list of the items' locations.

4. The fourth section contains a list of the items' dates.

5. The fifth section contains a list of the items' quantities.

6. The sixth section contains a list of the items' values.

7. The seventh section contains a list of the items' owners.

8. The eighth section contains a list of the items' descriptions.

9. The ninth section contains a list of the items' serial numbers.

10. The tenth section contains a list of the items' model numbers.

11. The eleventh section contains a list of the items' manufacturers.

12. The twelfth section contains a list of the items' purchase dates.

13. The thirteenth section contains a list of the items' purchase prices.

14. The fourteenth section contains a list of the items' current values.

15. The fifteenth section contains a list of the items' depreciation rates.

16. The sixteenth section contains a list of the items' useful lives.

17. The seventeenth section contains a list of the items' salvage values.

18. The eighteenth section contains a list of the items' disposal methods.

19. The nineteenth section contains a list of the items' disposal dates.

20. The twentieth section contains a list of the items' disposal costs.





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ACCOUNTING

ANSWER BOOK

SEPTEMBER 2017

COMMON TEST

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

Name: _____ Grade: _____

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

N.B. This answer book consists of 4 pages.

QUESTION 1**(22 Marks, 13 Minutes)****INVENTORY SYSTEMS**

1.1 S. Sithole has chosen to implement the periodic inventory system to calculate this businesses cost of sales.

1.1.1 Name the other stock system that can be used.

(1)

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1.1.2 Discuss one reason why S. Sithole decided not to use this system.

(2)

--

1.2 Calculate the Cost of sales for the year ended 28 February 2017 using the periodic inventory system.

(12)

Show calculations in brackets so part marks can be awarded.

1.3 Mr Sithole's sales for the financial year ending 28 February amounted to R742 000.

1.3.1 Calculate the mark up that is applied to his school uniforms.

(4)

--

1.3.2 What is your opinion on this mark-up? Give a reason for your answer.

(3)

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QUESTION 2

(48 Marks, 29 Minutes)

BUDGETING

2.1 Debtors Collection Schedule for the three months ended 31 August 2017. (12)

	Credit Sales	June	July	August
March 2017	360 000	43 200		
April 2017	330 000	99 000	39 600	
May 2017				
June 2017				
July 2017				

2.2 Cash Budget for the three months ended 31 August 2017 (32)

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

2.3 Comment on Samkelo's collection of cash from debtors and/or payment to creditors. (4)

QUESTION 3

(30 Marks, 18 Minutes)

COST ACCOUNTING

3.1.1		(6)
3.1.2		
3.1.3		
3.1.4		

3.2.1

B3 Work in Progress Stock

(14)

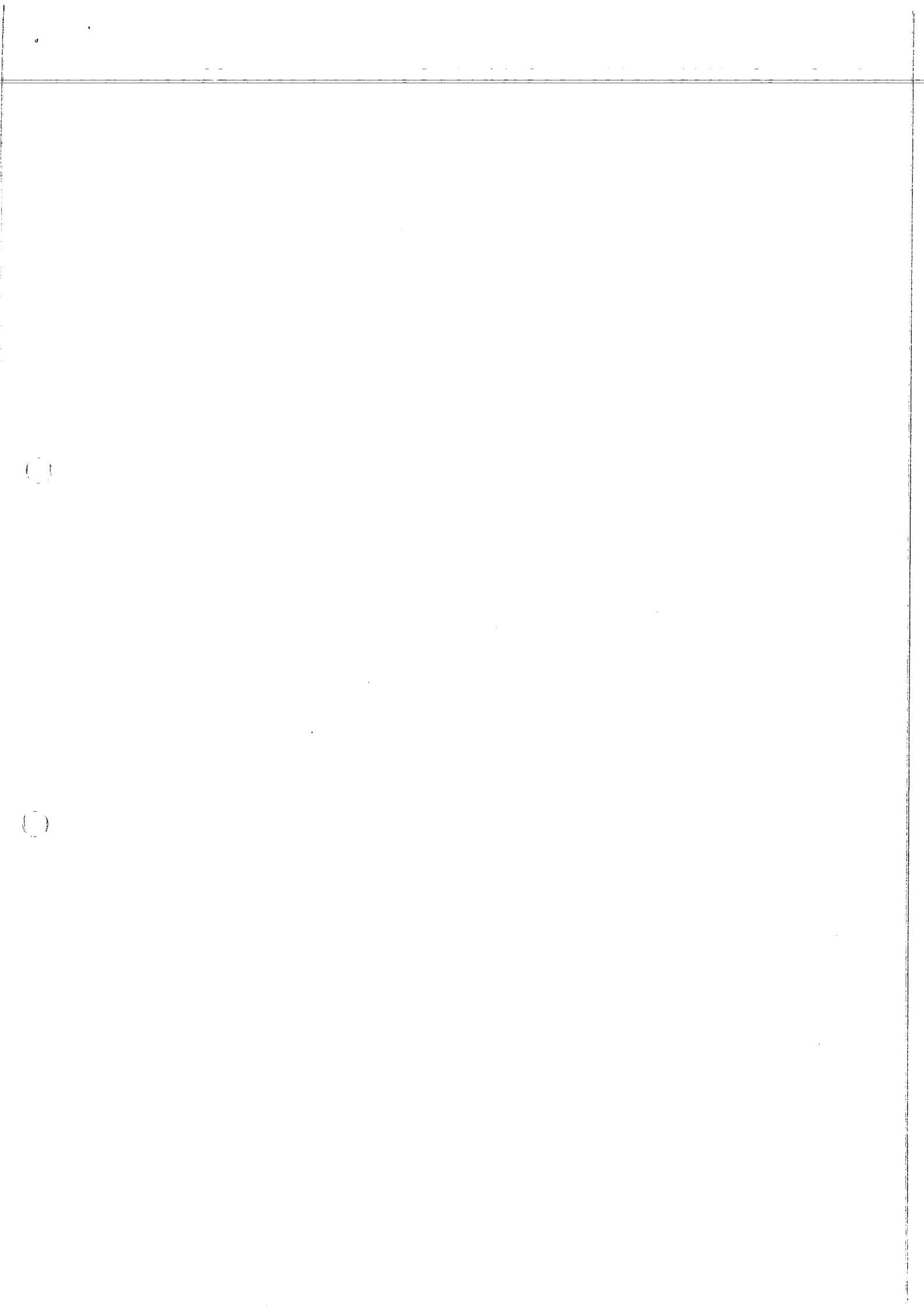
3.2.2

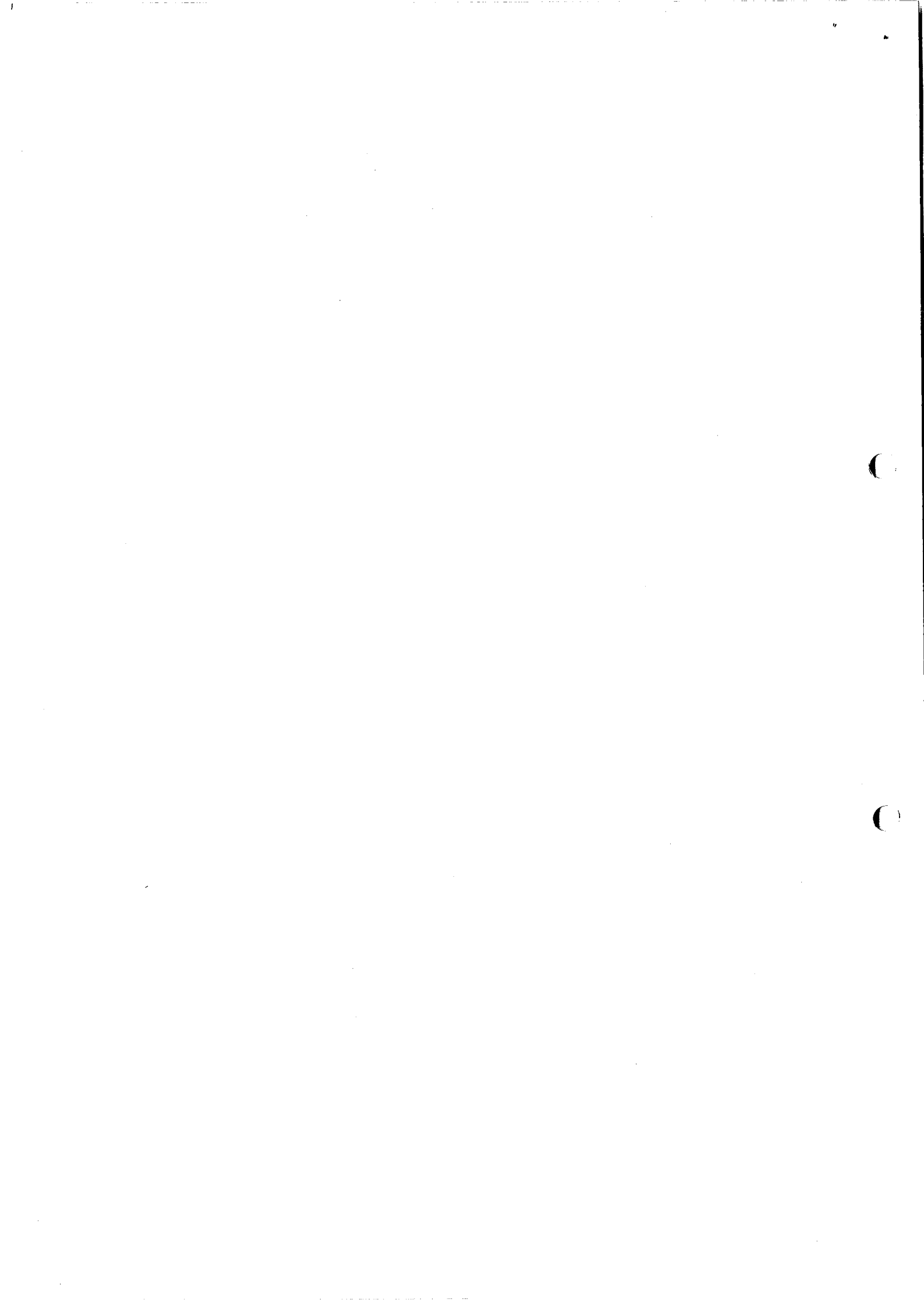
B5 Finished Goods Stock

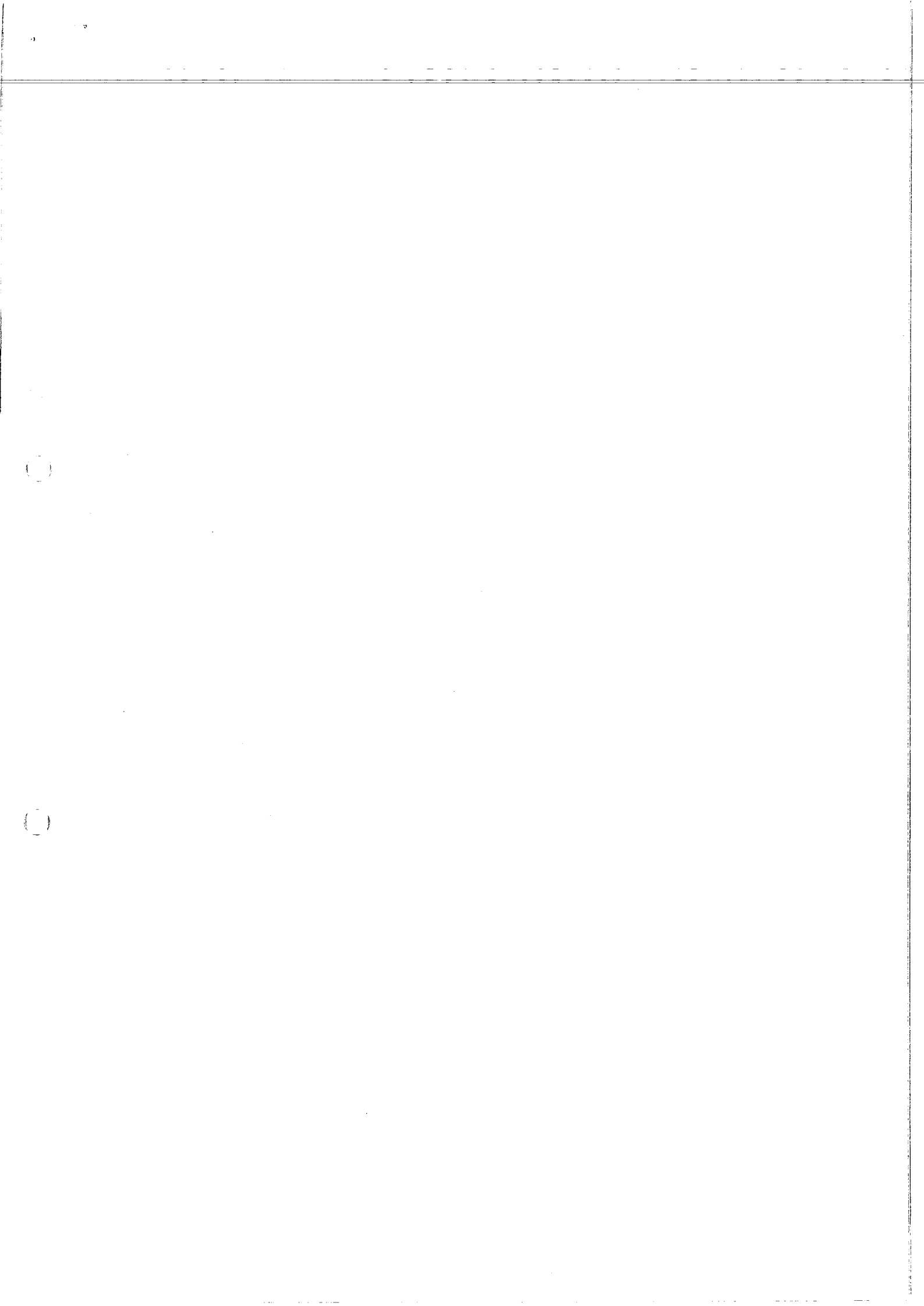
(7)

3.3 Do you agree or disagree with this decision. Give a reason for your answer. (3)

TOTAL MARKS: [100]











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ACCOUNTING
MARKING GUIDELINE
SEPTEMBER 2017
COMMON TEST

NATIONAL
SENIOR CERTIFICATE

GRADE 11

MARKS : 100

TIME : 1 hour

Question	Topic	Marks	Minutes
1	Inventory Systems	22	13
2	Budgeting	48	29
3	Cost Accounting	30	18
		100	60

N.B. This marking guideline consists of 4 pages.

QUESTION 1

(22 Marks, 13 Minutes)

INVENTORY SYSTEMS

1.1 S. Sithole has chosen to implement the periodic inventory system to calculate this businesses cost of sales.

1.1.1 Name the other stock system that can be used. (1)

Perpetual inventory system ✓

1.1.2 Discuss one reason why S. Sithole decided not to use this system. (2)

- It is expensive to purchase the specialized equipment needed for this system. ✓
- It is a far more complicated system as the cost of sales needs to be calculated for each transaction.
- It is more time consuming to record the cost of sales for each transaction.

1.2 Calculate the cost for the year ended 28 February 2017 using the periodic inventory system. (12)

Show calculations in brackets so part marks can be awarded.

Opening Stock	34 000	✓
Purchases (424 570 ✓ + 96 000 ✓ - 103 000 ✓ - 12 000 ✓ - 320 ✓)	405 250	✓
Carriage on Purchases (500 X 19)	9 500	✓
Closing Stock (275 X 90)	(24 750)	✓
Cost of Sales	424 000	✓

1.3 Mr Sithole's sales for the financial year ending 28 February amounted to R742 000. (4)

1.3.1 Calculate the mark up that is applied to his school uniforms.

$$\frac{318\,000 \text{ two}}{742\,000} - 424\,000 = \frac{318\,000}{742\,000} \times 100$$

75% ✓

1.3.2 What is your opinion on this mark up? Give a reason for your answer. (3)

- This mark up is very high. ✓
- Parents do not have a choice but to purchase uniforms for their children. This mark up is making it very difficult for the parents. ✓
- S. Sithole is taking advantage of the parents who have no choice but to purchase their uniforms from him.

QUESTION 2
BUDGETING
(48 Marks, 29 Minutes)

2.1 Debtors Collection Schedule for the three months ended 31 August 2017. (12)

	Credit Sales	June	July	August
March 2017	360 000	43 200		
April 2017	330 000	99 000	39 600	
May 2017	375 000 ✓	178 125 ✓	112 500 ✓	45 000 ✓
June 2017	420 000 ✓		199 500 ✓	126 000 ✓
July 2017	570 000 ✓			270 750 ✓
		320 325 ✓	351 600 ✓	441 750 ✓

2.2 Cash Budget for the three months ended 31 August 2017 (32)

Receipts	June	July	August
Cash Sales	140 000 ✓	190 000 ✓	150 000 ✓
Receipts from Debtors	320 325 ✓	351 600 ✓	441 750 ✓
Loan		250 000 ✓	
Total Receipts	460 325 ✓	791 600 ✓	591 750 ✓
Payments			
Cash Purchases of Stock	240 000 ✓	325 200 ✓	256 800 ✓
Payments to creditors	146 800 ✓	160 000 ✓	216 800 ✓
Rent Expense	10 000	10 000 ✓	11 500 ✓
Loan Repayment			18 000 ✓
Building			400 000 ✓
Drawings	15 000	15 000 ✓	15 000 ✓
Total Payments	(411 800) ✓	(510 200) ✓	(918 100) ✓
Cash Surplus (Shortfall)	48 525 ✓	281 400 ✓	(326 350) ✓
Bank: Opening Balance	(18 400) ✓	30 125	311 525
Bank: Closing Balance	30 125 ✓	311 525 ✓	(14 825) ✓

2.3 Comment on Samkelo's collection of cash from debtors and/or payment to creditors. (4)

- Large quantities of inventory are sold on credit (75% credit and 25% cash). ✓✓
- It takes up to 90 days for debtors to settle their accounts. ✓✓
- Large quantities are bought for cash from suppliers (60% cash and 40% credit)
- The business is given 30 days to settle the accounts by suppliers.

QUESTION 3

COST ACCOUNTING

3.1.1	True ✓
3.1.2	False ✓, indirect labour ✓
3.1.3	False ✓, fixed costs ✓
3.1.4	True ✓

(6)

3.2.1

		B3 Work in Progress Stock		
		2016	2017	28
March	1	Balance	6 000	2017
2017	28	Direct Labour Cost	549 000 ✓✓	Feb
Feb		Direct Materials Cost	150 000 ✓	28
		Factory Overhead Cost (183 000 ✓ + 300 000 ✓ + 48 000 ✓)	531 000 ✓	Finished Goods Stock
				1 232 000 ✓
				4 000 ✓
				Balance
				1 236 000 ✓
2017	1	Balance	4 000 ✓	
March				

(14)

3.2.2

		B5 Finished Goods Stock		
		2016	2017	28
March	1	Balance	26 000 ✓	2017
2017	28	Work - in - progress Stock	1 232 000 ✓	Feb
Feb				28
				Balance
				32 000 ✓
				Balance
				1 258 000 ✓
2017	1	Balance	32 000 ✓	
March				

(7)

3.3 Do you agree or disagree with this decision. Give a reason for your answer. (3)

- Agree ✓
- Most customers won't notice 1 slice of bread less. ✓✓
 - The price is remaining the same for the customer so it is good.
- OR
- Disagree
- The customer is paying the same price for less.
 - Customers may be angry if they find out that this has happened.
 - Unethical if the size is determined by SABS.

TOTAL MARKS: [100]