GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION
NOVEMBER 2023

GRADE 11

ACCOUNTING
PAPER 2

TIME: **2 hours**

MARKS: **150**

13 pages + 1 formula sheet and a 11-pages answer book

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INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL questions are to be answered.
3. Show ALL workings in order for part-marks to be allocated.
4. Where applicable, round-off all calculations to the nearest rand. All other calculations to be rounded-off to two decimal place.
5. Read the instructions of each question carefully and follow them precisely.
6. Learners will forfeit marks for:
    - The use of non-standardised abbreviation
    - Overwriting of figures or words
    - Superfluous/Foreign entries
7. Non-programmable calculators may be used.
8. All answers must be written in blue ink.
9. A FORMULA SHEET for financial indicators is provided at the back of this question paper.
10. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME
1	Reconciliations	40	30 minutes
2	Cost Accounting	40	30 minutes
3	Inventory and Vat calculations	30	25 minutes
4	Budgets	40	35 minutes
	TOTAL:	150	120 minutes

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QUESTION 1: RECONCILIATIONS (40 MARKS; 30 MINUTES)

1.1 CONCEPTS

Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK.

1.1.1 A favourable balance on the Bank Statement is indicated as a … balance.

1.1.2 According to the … concept, bank charges should be separately recorded from interest on overdraft.

1.1.3 A Bank Reconciliation Statement should be prepared every …

1.1.4 An/A … is a financial facility that allows one to withdraw more money than is in the bank account and then interest is charged.

1.1.5 An instruction to the bank to pay a third-party is known as … (5)

1.2 BANK RECONCILIATION

THABANG TRADERS

The following information relates to Thabang Traders for November 2023.

REQUIRED:

1.2.1 Complete the Cash Journals for November 2023. (11)

1.2.2 Calculate the correct bank balance on 30 November 2023. (4)

1.2.3 Prepare the Bank Reconciliation Statement for the month ended 30 November 2023. (8)

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INFORMATION:

A. Extract from the Bank Reconciliation Statement on 31 October 2023:

Outstanding deposits: 10 October 2023	R 23 600
28 October 2023	52 000
Outstanding EFT:	
No. 96	7 800
Favourable balance as per Bank Account	27 200

NOTE:

- The outstanding deposit of R23 600 appeared in the November 2023 Bank Statement.
- The outstanding deposit of R52 000 on the Bank Reconciliation Statement was in respect of fee income for services rendered. It was reflected as R40 000 in the November Bank Statement. After an investigation, it was decided to write-off the missing R12 000.
- EFT 96 appeared on the Bank Statement for November 2023.

B. Provisional totals from the Cash Journals on 30 November 2023:

- **Cash Receipt Journal, R104 000**
- **Cash Payment Journals, R102 000**

C. The following information in the 30 November 2023 Bank Statement did not appear in the November 2023 Cash Journals.

EXTRACT: BANK STATEMENT – MOOLA BANK	AMOUNT
Debit order Municipality – Electricity	R 5 600
Cash handling fees	1 090
Deposit: Services rendered (see additional information D)	37 600
Deposit: A. Adams, a tenant	14 200
EFT Charges	330
EFT – Payment to Patel Traders, a creditor	12 400
D. Lorenzo	5 500
Service fees	1 140
Interest on favourable bank balance	630
EFT – payment to Pablo Insurers	16 000
NME – monthly online magazine subscription	250
NME – monthly online magazine subscription	250

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D. Additional information

- A direct deposit of R37 600 was wrongly reflected on the Bank Statement of the business. The bank will rectify the error.
- The direct deposit from D. Lorenzo was a partial payment of his account. A discount of R500 was allowed.
- The deposit from A. Adams was for the monthly rent.
- The subscription to NME was charged twice. The bank will rectify this error in the new month.

E. The following information in the November 2023 Cash Journals did not appear on the Bank Statement for November 2023:

- Outstanding deposit, R37 000
- EFT 101 for R20 000 to Rambo Stores for a laptop purchased.

1.3 **CREDITORS' RECONCILIATION**

PHUTHI TRADERS

Phuthi Traders buys goods on credit from Mabutho Suppliers.

REQUIRED:

Use the table below to indicate changes to the:

- Creditor's Ledger Account in the books of Phuthi Traders
- Creditors' Reconciliation Statement on 31 March 2023 (12)

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INFORMATION:

A. Creditors' Ledger of Phuthi Traders

Mabutho Suppliers (CL 6)					
			Debit	**Credit**	**Balance**
2022 Mar	1	Balance b/d			135 000
	10	Invoice 95		162 000	
		EFT	67 500		
	17	Debit Note 54	17 280		
		Invoice 102		81 900	
		Invoice 156		50 000	
	21	Invoice 183		100 500	
	24	Debit Note 95		16 200	
	27	Journal Voucher 66	10 800		
	31	EFT and Discount	154 380		295 640

B. Statement of Account received from Mabutho Suppliers

Mabutho Suppliers

Phuthi Traders
34 Zambezi Drive
Johannesburg **25 March 2023**

			Debit	**Credit**	**Balance**
2022 Mar	1	Balance b/d			135 000
	10	Invoice 95	162 000		
		Receipt		67 500	
	17	Credit Note 123		13 680	
		Invoice 156	50 000		
	21	Invoice 183	40 500		
	24	Credit Note 142		16 200	290 120

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C. Errors and Omissions

(i) The incorrect entry of Debit Note 54 in the Creditors' Ledger Account of Mabutho Suppliers relates to the correct Credit Note 123 on the Statement.

(ii) Invoice 102 was incorrectly reflected in the account of Mabutho Suppliers in the Creditor's Ledger. The goods were purchased from Mbutho Suppliers.

(iii) Invoice 183 was incorrectly recorded on the Statement from Mabutho Suppliers.

(iv) Mabutho Suppliers also purchased goods on credit from Phuthi Traders. Phuthi Traders has transferred a debit balance from the Debtor's Ledger (Journal Voucher 66). Mabutho Suppliers will offset this on the next statement.

(v) The transaction on 24 March 2023 is for merchandise returned to Mabutho Suppliers.

(vi) The Statement reflects transactions up to 25 March 2023.

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QUESTION 2: COST ACCOUNTING (40 MARKS; 30 MINUTES)

2.1 **CONCEPTS**

Choose the correct term in COLUMN B that matches an explanation in COLUMN A. Write only the letter (A – E) next to the question numbers (2.1.1 to 2.1.5) in the ANSWER BOOK.

COLUMN A	COLUMN B
2.1.1 Wages paid to the factory cleaner	A direct material cost
2.1.2 Bad debts	B administration cost
2.1.3 Wages of office cleaner	C selling and distribution cost
2.1.4 Wages paid to production workers	D direct labour cost
2.1.5 Material used to make the final product	E indirect labour cost

(5)

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2.2 **MEGGA MANUFACTURERS**

Megga Manufacturers produces plastic chairs which they sell to various retailers at a mark-up of 25%. Their financial year ends on 28 February.

REQUIRED:

Prepare the following ledger accounts.

2.2.1 Direct Material Stock (5)

2.2.2 Work-in-Process Stock (7)

2.2.3 Finished Goods Stock (6)

2.2.4 Factory Overhead Cost (9)

2.3 **Refer to additional information C**

2.3.1 Calculate the break-even point for the financial year ended 28 February 2023. (6)

2.3.2 Comment on whether the business should be happy with the break-even point. Quote relevant figures in your comment. (2)

INFORMATION:

A. The following opening balances appeared in the books on 1 March 2022.

- Raw materials stock R30 000
- Work-in-progress stock R2 000
- Finished goods R44 000
- Factory consumables R24 000

B. Transactions for the year:

(i) Raw materials amounting to R360 000 were bought on credit.

(ii) Raw materials amounting to R12 000 were returned to creditors.

(iii) Consumables stores for the factory were bought cash, which amounted to R16 000.

(iv) Salaries and wages paid amounted to R420 000. R40 000 of this was for indirect labour, and the rest was for direct labour cost.

(v) Rent for the year amounted to R160 000 and must be divided among the factory, sales and office department in the ratio 7 : 2 : 1 respectively.

(vi) Electricity R80 000 (allocate 70% to the factory, 15% to the sales and the balance to administration).

(vii) Sundry factory expenses R6 000.

(viii) Sales amounted to R1 035 000.

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Closing balances on 28 February 2023:

- Raw Materials Stock R22 000
- Work-in-Progress Stock ?
- Finished Goods Stock R84 000
- Factory Consumables R2 000

C.

Additional Information	2022	2023
Break-even point	7 875	
Units produced and sold	12 000	10 000
Total sales	R960 000	R750 000
Total fixed costs	R315 000	R400 000
Total variable costs	R480 000	R480 000

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QUESTION 3: INVENTORY AND VAT CALCULATIONS (30 MARKS; 25 MINUTES)

3.1 CONCEPTS

State whether the statements are TRUE or FALSE. Write only TRUE or FALSE next to the question numbers (3.1.1 to 3.1.5) in the ANSWER BOOK.

3.1.1 Stock purchases are recorded in an asset account called Trading Stock using the perpetual system.

3.1.2 Carriage on purchases is charged directly to the Trading Stock Account when using the periodic system.

3.1.3 Returns and allowances are debited in the Trading Stock Account when using the periodic system.

3.1.4 According to the perpetual system, cost of sales is calculated on a continuous basis.

3.1.5 A stocktake is conducted periodically to determine the amount of stock on hand using the perpetual system. (5)

3.2 BLANTHILLS STORES

The following information was taken from the books of Blanthills Stores. The business is owned by Blantina Hilton. The business uses the periodic inventory system. The business uses a mark-up of 25% on cost price.

REQUIRED:

3.2.1 Calculate the cost of sales. (9)

3.2.2 Calculate the stock turnover rate. (4)

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INFORMATION:

A. Extract from Pre-adjustment Trial Balance on 31 July 2023

Trading stock (1 August 2022)	481 000
Creditors' Control	46 800
Purchases	378 000
Sales	913 500
Debtors' allowance	93 700
Creditors' allowance	15 480
Carriages on purchases	2 792
Customs duties	5 400

B. Additional information

- Stock with a cost of R1 280 was donated to the local charity. This was not recorded.
- Received an invoice from Alex Carriers on 26 July 2023 for transport of goods to our business, R360.
- Goods, with a cost price of R800, were taken by the owner for personal use on 31 July 2023.
- Stock on hand as per physical stocktaking was R160 920.

3.3 **VAT**

TEBZA STORES

The following information relates to Tebza Stores for the VAT period ended 31 October 2023. The business is owned by Terrance Gabuza. All goods sold are subject to 15% VAT.

REQUIRED:

Calculate the VAT amount that is either receivable from or payable to SARS on 31 October 2023.
State whether the amount is either payable to, or receivable from SARS.

INFORMATION:

A. Amount owed by SARS on 1 October 2023, R38 200

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B. Amounts from the journals on 31 October 2023:

Transaction	Excluding VAT	VAT amount	Including VAT
Credit sales	420 000		
Cash purchases of trading stock		17 025	
Goods taken by the owner for personal use			11 500
Goods returned by customers	3 000		
Bad debts written-off			23 000

(12)

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QUESTION 4: BUDGETS (40 MARKS; 35 MINUTES)

4.1 CONCEPTS

Choose a correct term in COLUMN B that matches an explanation in COLUMN A. Write only the letter (A – E) next to the question numbers (4.1.1 to 4.1.5).

COLUMN A	COLUMN B
4.1.1 A budget prepared from scratch that is not based on the previous figures	A Capital budget
4.1.2 A statement reflecting an estimated figure for future income and expenses	B Short-term budget
4.1.3 Depreciation is not recorded in the cash budget.	C Zero-based budget
4.1.4 A budget prepared for an immediate period of time e.g. 12 months	D Non-cash item
4.1.5 A future forecast of cash receipts and cash payments	E Projected Income Statement
	F Medium-term budget
	G Cash budget

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4.2 **MATLODI TRADERS**

You are provided with information relating to Matlodi Traders. Their Financial year ends on 31 December 2023. The business is owned by Mpho Tshabalala.

REQUIRED:

4.2.1 Complete the Debtors' Collection Schedule for the months of January and February 2024. (6)

4.2.2 Calculate the missing amounts indicated by the letters **A to I** in the Cash Budget for January and February 2024. (15)

4.3 **Refer to Information B:**

You are provided with the projected and actual figures for December 2023. Quote figures in your explanation in EACH case below.

4.3.1 Explain whether the water and electricity has been well controlled on not. Quote figures to substantiate your answer. (3)

4.3.2 Explain whether you agree with Mpho's decision not to use the full budget for advertising. Quote figures to substantiate your answer. (3)

4.3.3 Explain whether consumable stores has been well controlled or not. Quote figures to substantiate your answer. (4)

4.3.4 Explain how Mpho's decision about the mark-up percentage on sales has affected the business. Quote figures to substantiate your answer. (4)

INFORMATION:

A. (i) Extract of Cash Budget for the period January and February 2024

Cash Receipts	**January**	**February**
Cash sales	504 000	**A**
Collection from debtors	**B**	**C**
Rent income	45 000	**D**
Cash Payments		
Cash purchases	54 000	**E**
Payments to creditors	87 300	**F**
Sundry expenses	**G**	18 000
Loan	30 000	
Interest on loan (12%)	1 500	**H**
Salaries	**I**	126 000

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(ii) Balances on 31 December 2023:

Loan: SFX Bank	150 000
Accrued expenses: Salaries	18 000

(iii) Rent will increase by 15% from 1 February 2024.

(iv) Salaries increased by 5% with effect from 1 February 2024.

(v) A loan repayment will be made on 31 January 2024.

(vi) Sundry expenses increase by R1 500 each month.

(vii) Sales and purchases:

Months	**Actual and Budgeted Credit sales**	**Credit purchases**
November	171 000	81 000
December	172 500	90 000
January	168 000	99 000
February	163 800	108 000

- Credit sales are 25%.

(viii) Debtors are expected to pay as follows:

- 50% in the transaction month subject to a 5% discount
- 30% in the month following the transaction month
- 15% in the second month following the transaction month
- 5% will be written-off as bad debts after the third month

(ix)
- Credit purchases are 60% of total purchases.
- Creditors are paid one month after purchases, subject to a 3% discount.

B. Figures provided for the period ending 31 December 2023:

	PROJECTED	**ACTUAL**
Water and electricity **(tariffs were increased by 15% on 1 December 2023)**	4 500	5 000
Advertising	4 700	1 800
Service fee income	150 000	127 500
Consumable stores	30 000	36 450
Sales	128 700	97 200
Profit	50 700	43 200
Mark-up percentage	65%	80%

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TOTAL: 150

END

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GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Average partners' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average partners' equity}} \times \frac{100}{1}$	
Current assets: Current liabilities	Current assets – Inventories: Current liabilities	
Trade and other receivables + Cash and cash equivalents: Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases or Cost of sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$	
Non-current liabilities: Partners' equity	Total assets: Total liabilities	
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$		

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