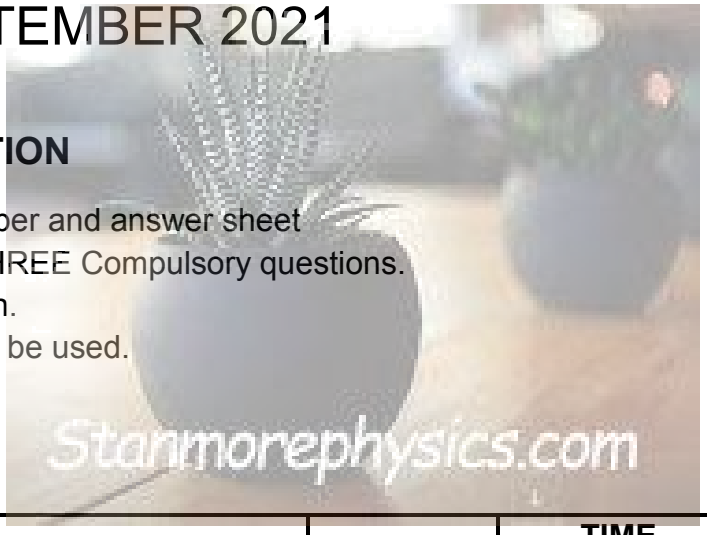
CLICK HERE

GAUTENG PROVINCE
Department: Education
REPUBLIC OF SOUTH AFRICA

2021
ACCOUNTING
GRADE 11
CONTROL TEST THREE
DURATION: 1.5 HOURS
23 SEPTEMBER 2021



INSTRUCTIONS AND INFORMATION

1 You are provided with a question paper and answer sheet
2 This question paper comprises of THREE Compulsory questions.
3 Make use of the time allocation given.
4 Non- programmable calculators may be used.
5 A BLUE/BLACK PEN may be used
6 Show workings to earn part-marks

QUESTION	TOPIC	MARKS	TIME ALLOCATED
1	Cash Budget and Projected Income Statement	25	23
2	Cash Budget	62	55
3	Inventory	13	12
	TOTAL	**100**	**90 minutes**

This question paper consists of 6 pages

QUESTION 1: CASH BUDGET AND PROJECTED INCOME STATEMENT

(25 marks;23 minutes)

1.1 CONCEPTS ON BUDGETS

1.1.1 Explain the difference between the cash budget and a projected income. (2)

1.1.2 Mention two expenses that will not be included under payments in the Cash Budget. (2)

1.2 CASH BUDGET AND PROJECTED INCOME STATEMENT

The information provided was taken from the records of Majozi Stores their financial period ended on 30 June 2021.

REQUIRED

Indicate amounts in the appropriate blocks for the Cash Budget and Projected Income Statement for the month ending 31 July 2021. (21)

Example: An amount of R2 200 for rates and taxes for July 2021, will be transferred to the account of Johannesburg Municipality at the end of the month.

	JULY 2021			
No.	**Cash Budget**		**Projected Income Statement**	
	Receipt	**Payment**	**Income**	**Expense**
Example		R2 200		R2 200

TRANSACTIONS:

1.2.1 The expected cash sales for July 2021 were estimated to be R90 000. The profit mark-up is 60% on cost.

1.2.2 Rent income for the year amounted to R72 000, rent will increase by 10% on the 1st of July 2021.

1.2.3 Goods were sold on credit for R60 000 in June, debtors are expected to pay in July and they will be allowed a discount of R3 000.

1.2.4 On 1 July 2021, R9 000 will be paid for a 6-month advertising contract.

1.2.5 An old laptop will be sold at a loss for to an employee in July for R1 800.The cost price of the laptop was R8 000, the accumulated depreciation amounted to R5 500.

1.2.6 An instalment of R8 450 on the loan will be paid on 25 July 2021.R450 of this amount is the interest on loan.

1.2.7 An insurance premium of R2 500 per month is expected to reduce by 10%, on 1 July 2021.

25

QUESTION 2 : CASH BUDGET (62 marks; 55 minutes)

PHAKISO TRADERS

You are provided with an incomplete Cash Budget of Phakiso Traders for the period 1 July 2021 to 31 August 2021. The business is owned by M Phakiso.

REQUIRED:

2.1 Calculate the credit sales for June 2021 and then complete the Debtors' Collection Schedule for August 2021. (8)

2.2 Calculate the missing amounts indicated by a question mark in the Cash Budget and also take into account the amounts from the information provided. (40)

2.3 Refer to **Information E and M**. The workers are dissatisfied with the increases they will be receiving in August 2021. They have threatened the management with the strike action if their concerns are not addressed.

2.3.1 Give TWO reasons why the workers are dissatisfied, use figures or indicators to support your answer (4)

2.3.2 By making reference to the cash budget, explain why you would agree with the wage increase offered by Phakiso, provide **ONE** point. (2)

2.4 Respond to the following questions by referring to **INFORMATION A:**

2.4.1 Phakiso decided to offer trade discounts to special customers in July 2021.

In your opinion, has this benefitted the business? Provide figures to support your answer. (2)

2.4.2 Comment on the control of the following expenses, quote figures to support your answer and provide ONE point of advice in EACH case.

- Delivery costs
- Advertising costs (6)

INFORMATION

A. On 31 July 2021 you compared the budgeted amounts with the actual amounts and found the following:

	JULY 2021	
	BUDGETED	**ACTUAL**
Sales	R216 000	R168 000
Cost of sales	144 000	120 000
Gross profit	72 000	48 000
Advertising costs	36 000	46 000
Delivery costs	21 600	25 200

B. Sales, cost of sales and debtors' collection

(i) Actual and budgeted sales and cost of sales:

	SALES		COST OF SALES	
	R		R	
	BUDGETED	ACTUAL	BUDGETED	ACTUAL
May	210 000	156 000	140 000	104 000
June	246 000	178 200	164 000	118 800
July	216 000		144 000	
August	168 000			

(ii) 60% of the total sales are for cash.

(iii) Credit sales are collected as follows:
- 20% collected in the month of sale
- 70% collected in the first month following the sale
- 5% collected in the second month following the sale
- The balance is written off in the third month following the month of sale

C. Delivery costs
- All goods sold are delivered to customers free of charge.
- The delivery costs are budgeted at 10% of sales.

D. Stock levels and payments to creditors
- The business uses a mark-up of 50% on cost.
- The business maintains a fixed-base stock by replacing stock on a monthly basis.
- 75% of the total purchases are on credit.
- Creditors are paid in the month following the month of purchase to take advantage of a 5% discount.

E Salaries
- The workers will receive an increase of 3, 5% in August 2021.
- The manager will receive an increase of 10% in August 2021.
- The rate of inflation is 6%

F Insurance
- The insurance premium is paid at the end of each month.
- The monthly premium will increase by 10% on 1 August 2021.

G. Phakiso is expecting to receive R500 000 from the estate of his deceased uncle during August, at the end of August he will invest 75% into the Fixed Deposit and the balance will be paid towards the Loan Account

H. Interest on the loan at 11% p.a. is payable monthly. The loan balance on 1 July 2021 was R300 000.

I. The owner of the business will increase the withdrawals in August by R800 cash and will withdraw the trading stock at a cost of R750.

J. Telephone expense is expected to increase by R700.

K. Sundry expenses are expected to remain the same over the budget period.

L. Details relating to the delivery expenses and new vehicle

Phakiso thinks that in order to improve his cash flow, he should rather purchase a delivery vehicle in July 2021 and discontinue using Jozi Deliveries for this service. The delivery contract ends on 31 August 2021.

Phakiso would have to pay R50 000 deposit through the business bank account in July. His father has agreed to provide interest-free finance for the balance of the cost. Phakiso would have to repay his father R12 500 per month over 48 months, the first instalment will be paid at end of August.

M. Extract from the Cash Budget for the two months ending 31 August 2021

Receipts	**JULY**	**AUGUST**
Cash sales of merchandise	129 600	?
Collection from debtors	?	?
Rent income	15 000	16 500
Commission income	?	?
Total receipts	?	?
Payments		
Cash purchase of trading stock	36 000	?
Payment to creditors	?	102 600
Salary: Manager	36 000	39 600
Salary: Six workers	66 000	?
Telephone	?	7 500
Advertising	36 000	24 000
Insurance	?	5 500
Delivery costs (payable to Jozi Deliveries)	21 600	?
Sundry expenses	6 000	?
Drawings	50 000	?
Loan	?	?
Interest on loan	2 750	2 695
Total payments	?	?
Cash surplus/deficit	?	?
Bank balance at beginning of month	(20 400)	?
Bank balance at end of month	?	?

62

QUESTION 3 : INVENTORY (13 marks; 12 minutes)

MKHWANAZI TRADERS

The information provided below was extracted from the books of Mkhwanazi Traders. The owner maintained an average mark-up of 40% on cost over the last few years. Their financial year ended on 28 February 2021.The business uses the periodic inventory system.

REQUIRED

3.1 Calculate the cost of sales (8)

3.2 Calculate the gross profit (4)

3.3 Provide **ONE** reason for the drop in the mark-up percentage. (1)

INFORMATION

A Balances/Totals at the end of February:

	2021	2020
Trading stock	313 200	394 200
Purchases	2 127 800	
Carriage on purchases	87 700	
Sales	3 038 500	

B. The trading stock amounted to R313 200 after physical stock count.

C. The following transactions were not entered in the books and must be taken into account:

- Trading stock bought on credit from Mongezi Traders for, R 62 000.
- Goods costing R 19 400 were sold for R 20 500.
- Trading stock with the cost of R 4 200 and selling price of R 6 720 was taken by the owner for personal use

D.

Financial Indicators	2021	2020
Mark-up percentage	28%	40%

13

TOTAL MARKS : 100

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ACCOUNTING GRADE 11

TERM 3

CONTROL TEST 3

2021 SEPTEMBER

NAME OF LEARNER	
SCHOOL	
DATE	

QUESTION	TOPIC	MARKS	LEARNER'S MARKS	MODERATED MARKS
1	Cash Budget and Projected Income Statement	25		
2	Cash Budget	62		
3	Inventory	13		
	TOTAL	**100**		

This answer book consists of 5 pages.

QUESTION 1 : CASH BUDGET AND PROJECTED INCOME STATEMENT

1.1 CONCEPTS ON BUDGETS

1.1.1 Explain the difference between the cash budget and a projected income statement.	
	2

1.1.2 Mention TWO expenses that will not be included under payments in the Cash Budget.	
	2

1.2 CASH BUDGET AND PROJECTED INCOME STATEMENT

	JULY 2021			
No.	Cash Budget		Projected Income Statement	
	Receipt	Payment	Income	Expense
Example		R2 200		R2 200
1.2.1				
1.2.2				
1.2.3				
1.2.4				
1.2.5				
1.2.6				
1.2.7				

21

25

QUESTION 2: CASH BUDGET

2.1 Debtors' collection Schedule for July and August 2021

MONTHS	CREDIT SALES	JULY	AUGUST
May	**62 400**	**3 120**	
June		**49 896**	
July	**86 400**		
August	**67 200**		

8

1.2 Cash Budget for July and August 2021

	JULY 2021	AUGUST 2021
CASH RECEIPTS		
Cash sales of merchandise	129 600	
Collection from debtors		
Rent income	15 000	16 500
Commission income		
TOTAL RECEIPTS		
CASH PAYMENTS		
Cash purchase of trading stock	36 000	
Payment to creditors	84 645	
Salary: Manager	36 000	39 600
Salary: Six workers	66 000	
Telephone		7 500
Advertising	36 000	24 000
Insurance		5 500
Delivery costs (payable to Jozi Deliveries)	21 600	
Sundry expenses	6 000	
Drawings	50 000	
Loan		
Interest on loan	2 750	2 695
Total payments		
Cash surplus/deficit		
Bank balance at beginning of month	(20 400)	
Bank balance at end of month		

40

2.3.1 Give **TWO** reasons why the workers are dissatisfied, use figures or indicators to support your answer	
	4

2.3.2 By making reference to the cash budget, explain why you would agree with the wage increase offered by Phakiso, provide **ONE** point.	
	2

2.4.1 Phakiso decided to offer trade discounts to special customers in July 2021. In your opinion, has this benefitted the business? Provide figures to support your answer.	
	2

2.4.2 Comment on the control of the following expenses, quote figures to support your answer and provide **ONE** point of advice in EACH case.

	COMMENT (One point)	**ADVICE** (One point)
Delivery costs		
Advertising costs		

6

62

QUESTION 3: INVENTORY

3.1 Calculate the following :

3.1.1 Calculate the cost of sales

Opening Stock	
Purchases	
Carriage on purchases	

8

3.1.2 Calculate the gross profit

4

3.1.3 Provide **ONE** reason for the drop in the mark-up percentage.

1

13

TOTAL: 100

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MARKING GUIDELINES

CONTROL TEST - GRADE 11

ACCOUNTING GRADE 11 – 2021 SEPTEMBER
CONTROL TEST : MARKING GUIDELINES

	MARKS
QUESTION 1	
Cash Budget and Projected Income Statement	25
QUESTION 2	
Cash Budget	62
QUESTION 3	
Inventory	13
TOTAL MARKS	**100**

These marking guidelines consist of 3 pages.

QUESTION 1 : CASH BUDGET AND PROJECTED INCOME STATEMENT

1.1 CONCEPTS ON BUDGETS

1.1.1 Explain the difference between the cash budget and a projected income statement.

Allocate one mark for each explanation ✓ ✓

Cash Budget

- Project or estimate the expected bank balance at end of budget period.
- Project / estimate / monitor / control expected cash receipts and payments over the budget period.

Projected Income Statement

- Project and estimate the expected net profit for the budgeted period.
- Project / estimate / monitor / control expected income and expenses for budget period.

2

1.1.2 Mention TWO expenses that will not be included under payments in the Cash Budget.

- Depreciation ✓
- Discount allowed ✓
- Loss on sale of an asset
- Trading stock deficit
- Bad debts

2

1.2 CASH BUDGET AND PROJECTED INCOME STATEMENT

No.	JULY 2021			
	Cash Budget		Projected Income Statement	
	Receipt	Payment	Income	Expense
Example		R2 200		R2 200
1.2.1	✓90 000		✓90 000	✓✓56 250
1.2.2	✓✓6 600		#☑ 6 600 see cash budget	
1.2.3	✓✓57 000			✓3 000
1.2.4		✓9 000		✓✓1 500
1.2.5	✓1 800			✓✓700
1.2.6		✓8 450		✓450
1.2.7		✓✓2 250		#☑2 250 see cash budget

21

1.2.2 72 000 x (110/100) ÷ 12 = 6 600

1.2.5 2 500 – 1 800 = 700

8 000 - 5 500

25

#☑ if the correct answer is written **ONLY** on the correct side of PIJ award two marks

QUESTION 2: CASH BUDGET

2.1 Debtors' collection Schedule for July and August 2021

MONTHS	CREDIT SALES	JULY	AUGUST
May	**62 400**	**3 120**	
June	✓✓71 280	**49 896**	✓3 564
July	**86 400**	✓17 280	✓60 480
August	**67 200**		✓13 440
		☑ 70 296	☑ 77 484

8

1.2 Cash Budget for July and August 2021

	JULY 2021	AUGUST 2021
CASH RECEIPTS		
Cash sales of merchandise	**129 600**	✓✓100 800
Collection from debtors	☑ 70 296	☑ 77 484
Rent income	**15 000**	**16 500**
Commission income		
Income from deceased estate		✓✓500 000
TOTAL RECEIPTS	☑ 214 896	☑ 694 784
CASH PAYMENTS		
Cash purchase of trading stock **168 000 x 100/150 x 0.25 = 28 000**	**36 000**	✓✓✓28 000
Payment to creditors	**84 645**	✓102 600
Salary: Manager	**36 000**	**39 600**
Salary: Six workers	**66 000**	✓✓68 310
Telephone **(Accept 7 500 - two marks)**	✓✓6 800	**7 500**
Advertising	**36 000**	**24 000**
Insurance	✓✓5 000	**5 500**
Delivery costs (payable to Jozi Deliveries)	**21 600**	✓✓16 800
Sundry expenses	**6 000**	✓6 000
Drawings	**50 000**	✓✓50 800
Loan **(125 000 two marks+ 6 000 one mark)**	✓✓6 000	☑ ✓✓131 000
Interest on loan	**2 750**	**2 695**
Fixed deposit		✓✓375 000
Deposit on vehicle	✓ ✓ 50 000	
Instalment on vehicle		✓12 500
Total payments	☑ 406 795	☑ 870 305
Cash surplus/deficit	☑ (191 899)	☑ (175 521)
Bank balance at beginning of month	**(20 400)**	☑ (212 299)
Bank balance at end of month	☑ (212 299)	☑ (387 820)

40

Allocate marks if 125 000 and 6 000 are recorded separately. If 6 000 is only written under August, award 2 marks.

2 750 – 2 695 = 55 x 12 ÷ 0.11 = 6 000 repayment of loan.

2.3.1 Give TWO reasons why the workers are dissatisfied, use figures or indicators to support your answer

Valid reason ✓ ✓ Relevant figure/s ✓ ✓

- They will receive an increase of 3.5% (R2 310 or R385 each) while the bookkeeper will receive an increase of 10% or by R36 000 or from R30 000 to R39 600.
- 3.5% increase is lower compared to the inflation rate of 6%.

4

2.3.2 By making reference to the cash budget, explain why you would agree with the wage increase offered by Phakiso, provide ONE point.

Valid reason ✓ Relevant figure/s ✓

- The business is experiencing cash flow problems as the bank balance is expected to be overdrawn at the end of August 2021 by (R348 320) /July (R170 299). check figures presented in the Cash Budget
- The total sales for June were (R67 800) lower than budgeted sales **OR** Budgeted R246 000 but sold R178 200.

2

2.4.1 Phakiso decided to offer trade discounts to special customers in July 2021. In your opinion, has this benefitted the business? Provide figures to support your answer.

Valid reason ✓ Relevant figure/s ✓

No

- Actual sales were R48 000 lower compared to budgeted **OR** Budgeted R216 000 but sold R168 000.
- Gross profit was R56 000 compared to the projected amount, R72 000.

2

2.4.2 Comment on the control of the following expenses, quote figures to support your answer and provide ONE point of advice in EACH case.

	COMMENT(One point) **Valid comment ✓ ✓ Figures ✓ ✓**	**ADVICE**(One point) **Valid point ✓ ✓**
Delivery costs	Sales were less than budgeted, so actual delivery expenses should have been R16 800 or reduced by R4 800.	Investigate possible fraud or inefficiency **OR** Change the delivery firm **OR** Charge customers for the deliveries.
Advertising costs	He has overspent by R10 000 (R36 000 budgeted compared to actual R36 000) **OR** did not result to increase in sales, they were R48 000 lesser than budgeted.	Investigate why advertising was ineffective **OR** Improve method of advertising.

6

62

QUESTION 3: INVENTORY

3.1 Calculate the following :

3.1.1 **Calculate the cost of sales**

Opening Stock	✓ 394 200
Purchases (2 127 800 ✓+ 62 000 ✓-19 400 ✓- 4 200✓)	**2 166 200
Carriage on purchases	✓87 700
	2 648 100
Closing Stock	✓ (313 200)
Cost of sales one part correct	*☑ 2 334 900

8

**2 166 200 Allocate four marks to 2 166 200

3.1.2 **Calculate the gross profit**

Sales (3038 500 + 20 500)	✓✓ 3059 000
Cost of sales Check 3.1.1	☑ (2 334 900)
Gross Profit one part correct	☑724 100

4

3.1.3 **Provide ONE reason for the drop in the mark-up percentage.**

- Discounts offered during clearance sales to increase sales
- Discounts to bulk buyers to increase sales
- Incorrect calculation of mark-up
- poor control resulted to theft of stock

1

13

TOTAL: 100