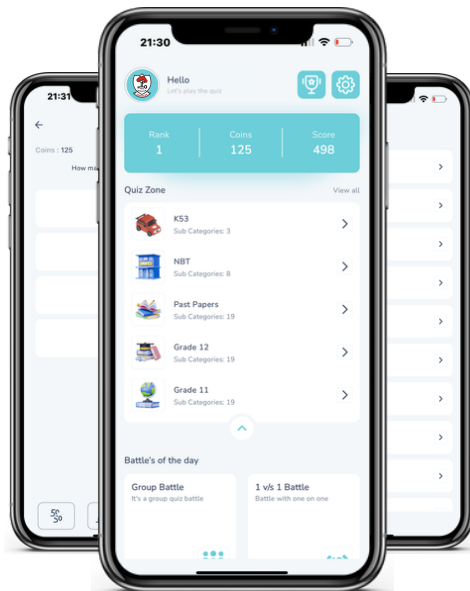




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**GRADE 11**

**NOVEMBER 2015**

**ACCOUNTING**

**MARKS: 300**

**TIME: 3 hours**



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This question paper consists of 16 pages.

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**INSTRUCTIONS AND INFORMATION**

1. This question paper comprises SIX compulsory questions.
2. Answer ALL the questions in the ANSWER BOOK provided.
3. Where applicable, workings must be shown in order to achieve part-marks.
4. Non-programmable calculators may be used.
5. You may use a dark pencil or black/blue ink to answer the questions.
6. A breakdown of the questions is provided below. You must attempt to comply with the suggested time allocation for each question. To exercise good time management, try NOT to deviate from it.

QUESTION	TOPIC	SECTION/CONTENT	MARKS	TIME (minutes)
1	Budgeting	<ul style="list-style-type: none"> <li>Managerial accounting Projected Income Statement and Cash Budget</li> <li>Managing Resources Internal Control of budget</li> </ul>	55	33
2	Reconciliation and internal controls	<ul style="list-style-type: none"> <li>Financial Accounting Debtors and Bank Reconciliation</li> <li>Managing resources Internal controls</li> </ul>	45	27
3	Partnerships – Financial statements	<ul style="list-style-type: none"> <li>Financial accounting Partnerships – financial statements</li> <li>Managing Resources Fixed Assets</li> </ul>	75	45
4	Partnerships – Interpretation	<ul style="list-style-type: none"> <li>Financial accounting Analysis and interpretation of financial information.</li> </ul>	35	21
5	Cost accounting – Manufacturing	<ul style="list-style-type: none"> <li>Managerial accounting Cost accounting and Break-even analysis</li> </ul>	50	30
6	Clubs and Inventory Systems	<ul style="list-style-type: none"> <li>Financial accounting Membership fees and refreshments</li> <li>Managing resources. Stock recording systems</li> </ul>	40	24
			<b>300</b>	<b>180</b>

**QUESTION 1: BUDGETING****(55 marks; 33 minutes)****1.1 CASH BUDGET AND PROJECTED INCOME STATEMENT.**

The following transactions were taken from the records of AV Stores for the period ended 30 June 2015.

**Complete the table in the answer book by filling in the amounts only in the relevant column(s).**

**(10)**

Example: The telephone account for June 2015, R2 130 was paid by cheque.

No.	Amount in the Cash Budget for June 2015		Amount in the Projected Income Statement for June 2015	
	RECEIPT	PAYMENT	INCOME	EXPENSE
Example		R2 130		R2 130

**Transactions:**

- 1.1.1 The expected cash sales for June 2015 were estimated to be R35 200. The profit mark-up is 60% on cost.
- 1.1.2 Total depreciation on fixed assets for the financial year ended 30 June 2015 amounted to R17 040.
- 1.1.3 Cash receipts from debtors for June 2015 are expected to be R62 200. Discounts of R2 150 will be allowed for early payments received.
- 1.1.4 An instalment of R8 460 on the loan is expected to be paid on 25 June 2015. R460 of this amount is the interest on loan.

**1.2 CASH BUDGET**

RCN Transport owned by Sonny Mkize is a small business that offers a delivery service. Their financial year ends on 30 September each year.

**REQUIRED:**

- 1.2.1 Complete the Debtors Collection schedule for October 2015 and November 2015.
- 1.2.2 On 31 October 2015, the following figures were extracted from the records of the business. Explain what you would mention to Sonny about each of the items listed. Give ONE point of advice in each case.

**(10)****(6)**

	OCTOBER 2015	
	BUDGETED (R)	ACTUAL (R)
Maintenance of vehicles	24 500	21 380
Collection from debtors	147 171	115 620
Telephone	2 300	4 860

1.2.3 Complete the Cash Budget for October and November 2015.

(29)

**INFORMATION:**A. **A partially completed Cash Budget for October and November 2015.**

	October 2015	November 2015
<b>CASH RECEIPTS</b>		
Collection from debtors		
Fee income for services rendered	62 000	
Rent income	8 200	
Commission income	4 650	
Fixed deposit		10 000
Interest on fixed deposit	375	
<b>TOTAL RECEIPTS</b>		
<b>CASH PAYMENTS</b>		
Fuel and oil	32 600	
Maintenance of vehicles	24 500	
Salaries		
Drawings		
Telephone	2 300	
Sundry expenses	3 120	
Interest on loan		
Purchase of additional vehicle	-	
<b>TOTAL PAYMENTS</b>		
<b>SUPLUS/SHORTFALL</b>	131 126	
Opening Balance	22 104	
Balance at the end of the month		

B. Services rendered to customers on credit is as follows:

September 2015	142 500
October 2015	176 400
November 2015	174 800

C. Debtors normally pay according to the following pattern:

40%	pay their accounts during the transaction month to take advantage of the 2,5% discount.
55%	pay in the month following the transaction month.
	The balance is usually written off as bad debts after the second month.

- D. The rent income will be increased by 9%, and fuel and oil is expected to go up by 15 cents to the Rand, with effect from 1 November 2015.
- E. A fixed deposit is expected to mature on 1 November 2015. Interest on investment is earned at 9% p.a.
- F. Interest on the loan at 11% p.a. is payable monthly. The loan balance on 1 October 2015 was R300 000.
- G. Salaries are paid to the five drivers employed by the firm. All drivers are expected to get a 6% inflationary increase during November 2015.
- H. The business plans to buy an additional vehicle during November 2015. The total cost of the vehicle is R256 000 inclusive of finance charges. A deposit of 10% is payable. The balance will be settled over 60 months. The deposit and the first monthly instalment will be paid during November 2015.
- I. Commission income is a fixed percentage of the cash fee income for services rendered.
- J. The owner draws R500 cash and takes R150 worth of consumable stores per month for his personal use.
- K. Sundry expenses is expected to increase by 2,5% each month.
- L. All other items on the budget are expected to remain the same over the budget period.

**QUESTION 2: RECONCILIATIONS AND INTERNAL CONTROLS****(45 marks; 27 minutes)****2.1 DEBTORS**

You are presented with information from the records of Mafusa Dealers.

**REQUIRED:**

- 2.1.1 Provide the missing information denoted by **(a)** to **(d)** in the Debtors Control account given below. (4)
- 2.1.2 Provide the source documents that will support the entries for R32 000 and R15 000 on the credit side of the Debtors Control account. (2)
- 2.1.3 Give ONE reason (example) for the following entries: Do not give the same reason for both entries. (2)
- The entry of R12 500 on the credit side of the control account. (2)
  - The entry of R4 760 on the debit side of the control account. (2)
- 2.1.4 Explain why the balance on the Debtors Control Account in the General Ledger should be the same as the total on the Debtors List. (2)
- 2.1.5 Refer to **Information B**.  
Show how each entry would affect the Debtors Control account and/or the Debtors List. Indicate the change by showing the increase (+) or decrease (-) and the amounts, in the table provided. (8)

**INFORMATION:**

A.

**GENERAL LEDGER OF MAFUSA DEALERS  
DEBTORS CONTROL**

2014 May	1	Balance	b/d	35 000	2014 May	31	(c)	DAJ	32 000
	31	Sales	(b)	80 000			Bank	(d)	15 000
		(a)	CPJ	8 000			Discount allowed	CRJ	280
		Sundry accounts	GJ	4 760			Sundry accounts	GJ	12 500
							Balance	c/d	?
June	1	Balance	b/d	?					

- B
- i The total credit sales were undercast by R2 400.
  - ii A cash discount of R410 granted to B. Gumede (a debtor) was not recorded in the respective journal.
  - iii Goods valued at R670 returned by B. Gumede was posted in error to the Debtor's Ledger account of L. Ngema.
  - iv Goods sold to L. Ngema for R3 210 was recorded as R2 310 in the correct journal, and posted as such to the ledger accounts.



**2.2 BANK RECONCILIATION**

The information below is from the records of Freedom Stationers for August 2015.

**REQUIRED:**

2.2.1 Show the entries that must be recorded in the cash journals by completing the table provided in the ANSWER BOOK. (13)

2.2.2 Prepare the Bank Reconciliation Statement on 31 August 2015. (8)

2.2.3 All cash transactions are handled by Innocent Johnson. She has been responsible for this job for the past five years.

It is clear that the business is not controlling its cash resources effectively. Explain ONE problem you have identified. Provide relevant figures to support your answer and also provide a solution for this problem. (4)

**INFORMATION:**

A. Items from the Bank Reconciliation Statement on 31 July 2015.

Favourable balance on the Bank Statement	6 800
Outstanding deposits Dated 12 July 2015	22 000
Dated 28 July 2015	27 500
Outstanding cheques No. 987 (dated 10 January 2014)	1 200
No. 1239 (dated 28 July 2015)	5 400
No. 1465 (dated 18 August 2015)	13 800
Favourable balance as per Bank Account	35 900

B. A comparison of the bank statement received on 28 August 2015 with the records of the business revealed the following:

- Bank charges of R715 appeared on the bank statement but not in the relevant journal.
- A dishonoured cheque for R7 600 was noted on the bank statement. This cheque was originally received from a debtor, N. Lately, in settlement of her account of R7 750.
- Interest of R320 was credited on the bank statement. This was not recorded in the relevant journal.
- Cheque No. 1 654 issued to Beebro Dealers, a creditor, appeared correctly on the bank statement as R5 780. It was recorded incorrectly in the journal as R8 750.
- A debit order of R345 for the monthly insurance appeared twice on the bank statement. Freedom Stationers was informed by the bank that this mistake will be reversed on the next bank statement.



- Of the outstanding cheques on the July 2015 bank reconciliation statement, only cheque No. 1239 appeared on the bank statement for August 2015. Cheque No. 987 was taken by the owner for his tennis club membership fees. The club no longer exists.
- The outstanding deposit of R27 500 appeared on the bank statement.
- The deposit of R22 000 for commission received was still outstanding. When investigated, Innocent stated that she was robbed on her way to the bank. The owner authorised that this amount be cancelled as it was not certain if any of this money will ever be recovered.
- The August CRJ also showed two outstanding deposits;  
R18 200 on 17 August 2015,  
R21 400 on 29 August 2015.
- The following cheques from the August CPJ were still outstanding.  
No. 1960, for R4 280 (dated 27 August 2015),  
No. 1996, for R5 730 (dated 23 September 2015).
- The bank statement closed off with a favourable balance of R5 055.



**QUESTION 3: PARTNERSHIPS – FINANCIAL STATEMENTS****(75 marks; 45 minutes)**

The following information was taken from the records of Star Traders, with partners Sanjay and Sam. The financial year ended on 28 February 2015.

**REQUIRED:**

3.1 Complete the following notes to the Financial Statements:

3.1.1 Fixed assets (Motor Vehicles and Equipment only). (20)

3.1.2 Partners' Current accounts (25)

3.1.3 Trade and other receivables (6)

3.1.4 Trade and other payables. (4)

3.2 Complete the Statement of Financial Position (Balance Sheet) on 28 February 2015. Where notes are not required, show all workings. (20)

**INFORMATION:**

A. List of balances on 28 February 2015 (amongst others):

Capital: Sanjay	850 000
Capital: Sam	550 000
Current Account: Sanjay (1 March 2014)	23 000
Current Account: Sam (1 March 2014)	7 500 (Dr)
Drawings: Sanjay	45 250
Drawings: Sam	56 250
Land and buildings	1 103 550
Vehicles	700 000
Equipment	430 000
Accumulated depreciation on vehicles (1/3/2014)	280 000
Accumulated depreciation on equipment (1/3/2014)	193 500
Fixed deposit: BASSA Bank (8%p.a)	85 000
Trading stock	248 910
Debtors control	127 300
Creditors control	77 360
Bank (favourable balance)	95 635
Cash float	1 200
Loan: Unity Bank (9,5%p.a.)	320 000

- B. The partnership agreement made provision for the following:
- Both partners are entitled to a salary allowance. Sam's salary is R1 000 per month more than Sanjay's salary allowance. Sanjay's salary allowance for the current financial year was R118 750.
  - Both partners receive interest on their capital balance at 12% p.a. Note that Sanjay decreased his capital balance by R50 000 on 1 December 2014.
  - It was agreed that Sam receive an incentive bonus of R15 000 for the extra hours spent finalising an advertising campaign.
  - Remaining profits (or losses) are shared in the ratio 3 : 2 between Sanjay and Sam respectively.
- C. The net profit (after taking into account all the adjustments) was R462 000.
- D. The total primary distribution for the financial year amounted to R437 000.
- E. The following adjustments were taken into account in determining the net profit amount of R462 000:
- Unused consumable stores amounted to R3 290.
  - The business makes allowance for a provision for bad debts equal to 5% of the debtors control balance.
  - An insurance policy for R4 260 was entered into on 1 May 2014. The annual premium was paid in full.
  - The telephone account for February 2015, R1 840 was only settled on 5 March 2015.
  - The rent for March 2015 was received and deposited. The rent amount of R69 600 was closed off to the profit and loss account.
  - A commission fee of R3 225 was still receivable on 28 February 2015.
  - Depreciation on vehicles at 20% p.a. on carrying value and on equipment at 15% on cost. A new vehicle, costing R145 000 was purchased on 1 June 2014.
  - The profit of R320 on sale of an old office desk sold on 31 December 2014. The cost of the desk was R5 400. It was sold for R1 750 cash.
- F. R25 000 of the Fixed Deposit amount will mature on 30 July 2016.
- G. Interest on loan is capitalised. A fixed monthly instalment of R8 600 inclusive of interest was paid from the time the loan was received. This instalment is expected to remain constant for the next financial year.

**QUESTION 4: PARTNERSHIPS – INTERPRETATION****(35 marks; 21 minutes)**

Golden Traders is a partnership business owned by partners N. Yong and G. Sung.  
The financial year ended on 28 February 2015.

**REQUIRED:**

4.1 Calculate the following:

4.1.1 The total current liabilities. (4)

4.1.2 Percentage return earned by N. Yong. (5)

4.1.3 Debt/equity ratio. (4)

4.1.4 Acid-test ratio. (4)

4.2 Comment on the liquidity of the business.  
Quote TWO financial indicators (with figures) in your answer. (6)

4.3 Do you think that N. Yong is satisfied with his return on investment? Explain.  
Quote TWO relevant financial indicators (with figures) to support your answer. (6)

4.4 The partners want to expand the existing business and are considering increasing the loan. What advice would you offer them? Support your answer by making reference to TWO financial indicators (with figures). (6)

**INFORMATION:**

A.

**GENERAL LEDGER OF GOLDEN TRADERS  
APPROPRIATION ACCOUNT**

2015 Feb	28	Salary: Yong	150 000	2015 Feb	28	Profit and Loss	446 400
		Salary: Sung	182 400				
		Interest on Capital: Yong	42 000				
		Interest on Capital: Sung	28 000				
		Bonus: Sung	12 000				
		Current account: Yong	19 200				
		Current account: Sung	12 800				

B. **Balances and other information:**

	28 FEBRUARY 2015	28 FEBRUARY 2014
Capital: Yong	525 000	400 000
Capital: Sung	350 000	400 000
Current account: Yong	9 100 (Dr)	15 400
Current account: Sung	10 600	12 200
Loan: Mia Bank (11%p.a.)	400 000	400 000
Trade debtors	273 200	142 000
Cash and cash equivalents	36 800	36 600
Trading stock	177 000	50 000
Current liabilities	?	127 000
Current ratio	2,5 : 1	1,8 : 1
Acid test ratio	?	1,2 : 1
Debt equity ratio	?	0,5 : 1
Return on total capital employed	43%	37%
Return earned by Yong	?	48%
Return earned by Sung	61%	57%

**QUESTION 5: COST ACCOUNTING – MANUFACTURING****(50 marks; 30 minutes)**

- 5.1 You are provided with information taken from the records of Fluzzie Cleaners for the financial year ended 28 February 2015. The business manufactures and sells a single type of cleaning broom.

**REQUIRED:**

- 5.1.1 Calculate:

- Direct material cost (6)
- Direct labour cost (6)
- Factory overhead costs. (15)

- 5.1.2 Post to the Work-In-Process Stock account in the General Ledger. Show all workings in brackets. (10)

**INFORMATION:**

A. <b>Stock balances:</b>	<b>28 February 2015</b>	<b>1 March 2014</b>
Raw material stock	33 650	27 500
Work-in-process stock	19 950	17 600
Factory indirect material stock	2 170	3 330

- B. **Transactions for the financial year ended 28 February 2015:**

Raw material purchased (cash and credit)		826 500
Damaged raw materials returned to suppliers		5 200
Carriage on purchases of raw materials		7 840
Salaries: Factory foreman		62 500
Office workers		32 200
Wages: Production wages (refer to information C)		?
Office workers		7 900
UIF contributions	Factory workers in production	?
1% of basic salaries or wages	Factory foreman	625
	Office workers	322
Factory indirect material purchased		85 180
Advertising		7 500
Factory maintenance		24 285
Rent expense		108 000
Bad debts		9 200
Brooms stolen		3 720
Water and electricity		67 100
Depreciation of factory plant		16 660
Sundry expenses		45 700

C. **Factory workers in the production process:**

Number of workers in production	6 employees
Normal hours worked by each factory worker above	1 680 hours
Overtime hours worked by each worker above.	240 hours
Normal time wage rate	R75 per hour
Overtime wage rate	R120 per hour

D. **Rent is apportioned according to the floor space occupied by each department. Floor space occupied is as follows:**

	Factory	Sales	Office
Square metres	2 100 m <sup>2</sup>	1 100 m <sup>2</sup>	800 m <sup>2</sup>

E. **Water and Electricity:**

10% of this amount is allocated to the office and 25% to the sales department. The balance applies to the factory.

## F. Sundry expenses must be divided between the factory and the sales department in the ratio 3 : 1.

5.2 **TRENDY MANUFACTURERS**

Trendy Manufacturers is a small business that manufactures plastic helmets that are used at local cricket matches as part of an advertising campaign.

**REQUIRED:**

- 5.2.1 Give ONE example of a fixed cost and ONE example of a variable cost. (2)
- 5.2.2 Calculate the break-even point for Trendy Manufacturers for the year ended 30 June 2015. (6)
- 5.2.3 Comment on your calculations in QUESTION 5.2.2. What advice would you offer Trendy Manufacturers? Quote figures to support the advice you offer. (5)

**INFORMATION:**

Information for the financial year ended 30 June 2015

A.	Number of helmets produced and sold	23 500 units
	Sales for the year	R1 057 500
	Total fixed costs	R291 200
	Total variable costs	R752 000

- B. The business does not carry any work-in-process balance into the next financial year.



**QUESTION 6: NON-PROFIT ORGANISATIONS AND INVENTORY SYSTEMS**  
(40 marks; 24 minutes)

You are presented with information from the records of Striding Athletic Club.  
The club closes its books on 31 December each year.

**REQUIRED:**

- 6.1 Draw up the MEMBERSHIP FEES account on 31 December 2014. (21)
- 6.2 Calculate the profit made on the sale of refreshments. You may construct ledger accounts to show your calculations. (9)
- 6.3 The chairperson is not happy using the periodic inventory system to control the stock of refreshments, and wants to change to the perpetual system.
- Explain the difference between the two systems. (4)
  - Explain to the chairperson why you think that the periodic system is suited for the club. (2)
  - Provide ONE advantage and ONE disadvantage of each stock system. (4)

**INFORMATION:**

- A. Information from the post-closing trial balance on 31 December 2013.

Sundry creditors	21 110
Refreshments on hand	11 420
Income received in advance (membership fees)	1 080
Accrued income (membership fees)	2 700

- B. Information from the analysis cash book for the year ended 31 December 2014.

Membership fees received	28 620
Refreshment sales	78 360
Refreshments purchased	45 200
Membership fees refunded	180

- C. Membership information:

- Membership fees are R180 per member per year. Entrance fee is R300.
- The fees of members who join during the year are calculated on a pro-rata basis (for the period of unexpired months they belonged to the club).
- New members must pay all fees due in the year they join the club.
- On 1 January 2014, the club had 125 members.
- During March 2014, 22 new members joined the club while a further 8 new members joined during November 2014. These members paid all fees due.

- The total amount received in respect of membership fees includes the entrance fees of the 8 new members. This must be corrected.
- During the year 12 of the members' fees in arrears for 2013 were received. The committee decided that the defaulting members of 2013 be written off as irrecoverable with effect from 1 January 2014.
- One member who paid his 2014 fees re-located to Pretoria in May 2014. It was decided to refund his fees in full and exclude him from the register.
- The secretary decided that part of her honorarium of R250 be offset against her membership fees.
- On 31 December 2014, 8 members paid their membership fees for 2015. Some members were still outstanding with their 2014 fees.

D. Refreshments:

- Refreshments purchased on credit amounted to R17 400.
- Refreshments to the value of R2 850 were used at an athletics meeting.
- A member donated R1 500 worth of refreshments to the club.
- Refreshments stock on hand on 31 December 2014 was R9 980.

40

**TOTAL: 300**

