JOHANNESBURG CENTRAL DISTRICT

11 SEPTEMBER 2024

ACCOUNTING

GRADE 11

CONTROL TEST 2

DURATION:1,5 HOURS

Instructions and information:

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL workings to earn part-marks.
4. You may use non-programmable calculator.
5. You may use a blue/black pen to answer the questions.
6. Write neatly and legibly.
7. Use the information in the table as guide when answering the question paper. Try not to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Cash Budget	53	48
2	Cost Accounting	47	42
TOTAL		**100**	**90**

This question paper consists of 6 pages (including the cover page).

QUESTION 1: CASH BUDGET **(53 marks; 48 minutes)**

HLABA STORES

You are provided with information relating to Hlaba Stores for the two months ending 30 September 2024. The business uses a mark-up of 60% on cost.

REQUIRED:

1.1 Complete the Debtors Collection Schedule. (9)

1.2 Calculate the amount for bad debts that will be written off in September 2024. (3)

1.3 Calculate the following:

1.3.1 Payment to creditors, for August 2024. (4)
(Refer to question paper and answer book)

1.3.2 Loan amount will be received on 1 September 2024. Interest on loan is charged at 11% p.a. The interest is paid at the end of each month. (4)
(Refer to the cash budget in your answer book)

1.4 Complete the cash budget for the two months ending 30 September 2024, it is presented in the ANSWER BOOK. (24)

1.5 The employees of Hlaba Stores are threatening to go on strike for a higher wage increase.

1.5.1 Calculate the percentage increase in the amount budgeted for salaries and wages for September 2024. (5)
(Refer to the cash budget in your answer book)

1.5.2 Do you think their grievance/complain is justified? Provide **ONE** point and quote figures or indicators to support your answer.

1.6 Hlaba Stores is concerned about several debtors who do not comply with credit terms.

- Suggest **TWO** methods that will assist him to attract customers who will qualify to buy on credit. (4)
- Suggest **TWO** methods that can be implemented to improve collections from debtors.

INFORMATION:

A. **Sales**
Monthly total sales:

	Actual	Budgeted
May	300 000	
June	350 000	
July	450 000	
August		?
September		600 000

- **Credit sales amount to 70% of the total sales.**
- **Debtors pay according to the following trend:**
  - 50% pay in the month following the month of sale.
  - 30% pay in the second month following the month of sale.
  - 18% pay in the third month following the month of sale.
  - The balance is written off as irrecoverable.

B. **Purchases and payment to creditors:**

- 40% of trading stock is purchased for cash.
- Creditors are paid in the month following the month of purchase to take advantage of a 2% discount.

C. **Additional Information**

- Rent income is expected to increase by 5% on 1 September 2024.
- Interest on fixed deposit for the year amounted to R8 250 and is received in three equal installments commencing from 30 June 2024, 30 September 2024 and 31 December 2024 respectively.
- Advertising amount will increase by 3% from 1 September 2024.
- Other operating expenses will decrease by R2 200 per month, from September.
- The owner is expected to withdraw R12 200 in August 2024,20% of withdrawals include stock.

D. The inflation rate is 4.6%.

53

QUESTION 2: COST ACCOUNTING **(47 marks; 42 minutes)**

2.1 Choose the correct term from those given in brackets. Write only the term next to the number of the question. (2.1.1 to 2.1.4) in the ANSWER BOOK.

2.1.1 Carriage on purchases of raw materials is regarded as a/an (direct material/indirect material) cost.

2.1.2 Wages paid to the factory cleaner is classified as (direct/indirect) labour.

2.1.3 Bad debts must be recorded as (selling and distribution/ factory overhead) cost.

2.1.4 Rent paid for the factory building is regarded as a (fixed/variable) cost. (4)

2.2 **THAKUSA TRADERS**

The information relates to Thakusa Traders, a business that manufactures one type of matric jackets. Their financial year ended on 31 July 2024.

REQUIRED:

2.2.1 Calculate direct labour cost **(Refer to information c)** (7)

2.2.2 Prepare the following ledger accounts:

- Factory overhead cost (15)
- Work-in-process (5)

2.2.3 Thakusa Traders feels that the cost of raw material is too high, he is considering to import the raw material. Provide **TWO** points they should consider before they decide to import raw material. (4)

INFORMATION:

A. Extract from stock records:

	31 July 2024	**1 August 2023**
Indirect factory materials	R4 000	R6 600
Work in process	R29 000	R79 000
Direct material cost	R67 000	R92 000

B. Transactions/Information for year ended 31 July 2024:

Direct material issued to the factory	668 500
Indirect material purchased	34 250
Rent expense	120 000
Insurance	62 400
Water and electricity	184 800
Selling and distribution costs	430 200
Bad debts	8 200
Telephone expense allocated to the administration section	24 000

C. LABOUR COST:

- The factory has five workers involved in production. Together they have worked a total of 850 hours per month at R50 per hour (normal time).
- Only three workers worked 70 hours each per month for overtime during the current financial year. The overtime rate is 1 ½ times the normal rate.
- The employer contributes 1% of normal wage to UIF for all employees
- Indirect labour amounts to R189 900 including benefits

D. ADDITIONAL INFORMATION:

- Rent expense must be apportioned according to floor space. The factory occupies 140 square metres out of a total floor space of 200 square metres.
- Insurance was paid up to 31 August 2024. 20% is for the office and the balance relates to the factory.
- Water and electricity for July 2024, R16 800, has not yet been paid. It must be divided between factory and office in the ratio 2:1 respectively.
- Telephone expense is shared in the ratio of 3:2 between factory and office section.
- **Production and sales**
    - 240 matric jackets were produced during the financial year at a cost of R400 each.
    - Total sales for the financial year amounted to R144 000.

2.3 NKOSI MANUFACTURERS

Nkosi Manufacturers owns a small business that produces wooden chairs, they supply local schools.

REQUIRED:

2.3.1 Calculate the break-even point of wooden chairs for the year ended 2024. (4)

2.3.2 Nkosi is concerned about the number of units produced and sold, provide TWO strategies that can be applied to improve the number of units produced. (4)

2.3.3 Identify **ONE** variable cost per unit that was not well controlled in 2024. Quote figures to support your answer and provide **ONE** solution for the problem. (4)

INFORMATION	**WOODEN CHAIRS**	
	2024	**2023**
Total units produced and sold	16 000 units	25 000 units
Selling price per unit	R420	450
VARIABLE COSTS PER UNIT	**R120**	**R110**
Direct material cost per unit	R55	R38
Direct labour cost per unit	R50	R50
Selling and distribution cost per unit	R15	R22
Total fixed costs	R4 050 000	R3 500 000

47

TOTAL MARKS: 100