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|  Province of theEASTERN CAPEEDUCATION**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)****HOME SCHOOLING SELF-STUDY** **MARKING GUIDELINE**

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| **SUBJECT** | ACCOUNTING | **GRADE** | 11 | **DATE** |  |
| **TOPIC** | Cash Budgets | **Term**  | 3 | **Week** | 6 |

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| **ACTIVITY 5**  |
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| **CREDITORS PAYMENT SCHEDULE** |
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|  | **APRIL** | **MAY** | **JUNE** |
| Payments to Creditors | 123 480 | 196 560 | 138 420 |

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| Notes: |
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|  | **FEBRUARY** | **MARCH** | **APRIL** | **MAY** | **JUNE** |
| Total sales | 294 000 | 468 000 | 336 000 | 252 000 | 210 000 |
| Cost of sales (1) | 176 400 | 280 800 | 201 600 | 151 200 | 126 000 |
| Cash purchases (2) | 52 920 | 84 240 | 60 480 | 45 360 | 37 800 |
| Credit purchases (3) | 123 480 | 196 560 | 141 120 | 105 840 | 88 200 |

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| 1 | You calculate your cost of sales on total sales. Note that it is 60% ***on turnover*** i.e. it is calculated on Sales x $\frac{60}{100}$. |
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| 2 | Cash purchases are 30% of all purchases. The 30% will be calculated from cost of sales amount as it represents purchases. Remember stock is replenished every month therefore cost of sales for each month represents the amount of stock purchased for that month. |
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| 3 | This is 70% of cost of sales **OR** $\frac{70}{30}$ of cash purchases. |
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| 4 | The business is allowed to pay creditors after 60 days (2 months). This means the stock purchased in February, March, April will be paid in April, May and June respectively. |
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| **ACTIVITY 6** |
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| **6.1** | **Calculate the cash received from debtors during November 2020.** |
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|  | **CREDIT SALES** | **WORKINGS** | **NOVEMBER** |
| **September** | **70 000** | X 20% | 14 000  |
| **October** | **85 000** | X 35% | 29 750  |
| **November** | **90 000** | X 40% x 87,5% | 31 500  |
| \*or minus R4 500 (which is 12,5% of R36 000) | 75 250  |

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| **6.2** | **Calculate the bad debts to be written off during the budget period.** |
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|  | **Credit sales** | **Workings** | **Bad debts amount** |
| **August** | 60 000 | 60 000 x 5% in November | 3 000 |
| **September** | 70 000 | 70 000 x 5% in December | 3 500 |
| **Total bad debts** | 6 500 |

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| **6.3** | **Calculate the discount to be allowed during December 2020.** |
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|  94 000 x40% x 12,5% = R4 700 |

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| **6.4** | **Calculate the payments made to creditors during November 2020.** |
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| **Credit purchases** | **November** (payment) |
| **October** | 63 750 (1) | 38 250 (2) |

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|  | Notes: |
|  | 1. 85 000 x 75%
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|  | 1. 63 750 x 60%
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| **ACTIVITY 7**  |
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| **7.1** | **Why it is essential for the business to prepare a Cash Budget.?**  |
|  | *Any acceptable answer** To project or assess future cash flows (inflows and outflows)
* To predict cash flows/determine receipts & payments for the future
* To control cash /Calculate bank balance
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| **7.2** |

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| **DEBTORS COLLECTION SCHEDULE for May en June 2020** |
|  | **Credit sales** | **May** | **June** |
| **March** | **40 000** | **10 000** |  |
| **April** | **56 000** | 28 000 | 14 000 |
| **May** | 76 500 | 14 535 | 38 250 |
| **June** | 94 400 |  | 17 936 |
|  |  | 52 535 | 70 186 |

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| **7.3** |

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| **NOZUKO’S STORES****CASH BUDGET FOR May and June** **2020** |
|  | May | June |
| **RECEIPTS** |  |  |
| Cash Sales | 42 600 | 48 500 |
| Collection from Debtors | 52 535 | 70 186 |
| Rent income | 5 500 | 6 325 |
|  | 100 635 | 125 011 |
| **PAYMENTS** |  |  |
| Cash purchases | 22 000 | 27 300 |
| Payment to creditors | 27 750 | 58 000 |
| Wages | 16 000 | 17 200 |
| Instalment on loan | 9 000 |  |
| Interest on loan | 630 | 525 |
| Advertisements | 3 573 | 5 716 |
| Other operating expenses | 8 000 | 8 500 |
| Drawings | 10 500 | 12 000 |
|  | 97 453 | 129 241 |
| Cash surplus/ deficit | 3 182 | (4 230)  |
| Bank balance at beginning of month | 25000 | 28 182 |
| Bank balance at end of month | 28 182 | 23 952 |

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| **CLASS TEST**  |  |
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| **QUESTION 1** |  |
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| **1.1** | **CONCEPTS** |  |
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| **1.1.1** | **What is the purpose of preparing a budget?** |  |
| Any ONE Valid point 🗸To identify future bank balancesMonitor or improve control over receipts and payments.Anticipate future receipts and payments. |

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| **1.1.2** | **Identify TWO items that should not be placed in the Cash Budget.** |  |
|  Any Two 🗸 🗸Bad debtsDepreciationProfit on sale of asset |

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| **1.2.1** |  |  |
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| **Debtors’ Collection Schedule from 1 April 2020 to 31 May 2020** |
|  | **Credit sales** | **April** | **May** |
| **February** | **38 340** | **6 901** |  |
| **March**  | 🗸38 880 | **23 328** | 🗸6 998 |
| **April** | 🗸40 320 | 🗸🗸7 661 | 🗸24 192 |
| **May** | 🗸50 760 |  | 🗸🗸9 644 |
| One mark for both totals 🗸 | 37 890 | 40 834 |

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| **1.2.2** |
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| **CASH BUDGET FOR THE PERIOD 1 APRIL 2020 TO 31 MAY 2020** |
| **Receipts** | **April** | **May** |
| Cash sales | 🗸26 880 | 🗸33 840 |
| Cash from debtors | 🗸37 890 | 🗸40 834 |
| Fixed deposit |  | 🗸54 000 |
| Interest on fixed deposit |  | 🗸4 800 |
| Rent income | 🗸🗸19 800 | 🗸19 800 |
|  |  |  |
|  |  |  |
| **Total Receipts** One mark for both totals ☑  | 84 570 | 153 274 |
| **Payments**  |  |  |
| **Cash purchases** | **14 880** | **17 640** |
| Payments to creditors | 🗸18 540 | 🗸17 760 |
| Operating expenses | 🗸9 000 | 🗸🗸9 450 |
| Drawings  | 🗸360 | 🗸360 |
| Vehicles  | 🗸45 000 | - |
| Salaries  | 🗸🗸10 500 | 🗸🗸11 025 |
|  |  |  |
|  |  |  |
| **Total Payments** One mark for both totals ☑  | 98 280 | 56 235 |
| Cash surplus/deficit | ☑(13 710) | ☑97 039 |
| Balance on 1 April 2020 | ☑22 080 | ☑8 370 |
| Balance on 1 May 2020 | 🗸☑8 370 | 🗸☑105 409 |

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