



**KWAZULU-NATAL PROVINCE**

EDUCATION  
REPUBLIC OF SOUTH AFRICA

**CURRICULUM GRADE 10 -12 DIRECTORATE**

**NCS (CAPS)**

**TEACHER GUIDE**

**GRADE 10**

**ACCOUNTING**

*Stanmorephysics*

**STEP AHEAD PROGRAMME**

**2023**

**PREFACE**

This support document serves to assist Accounting learners on how to deal with curriculum gaps and learning losses of the past years. It addresses the topics in the Grade 12 curriculum in Term 2.

Activities serve as a guide on how various topics are assessed at different cognitive levels and also preparing learners for informal and formal tasks in Accounting. It covers the following topics:



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## 1. ACTIVITIES MARKING GUIDELINES

## A. SALARIES AND WAGES SOLUTIONS

## ACTIVITY A1.

1=J 2=F 3=C 4=H 5=B 6=D 7=A 8=I 9=G 10=E

## ACTIVITY A2 SALARIES JOURNAL OF MASINGA TRADERS FOR THE MONTH ENDED MAY 2022

Employees	Gross salaries	Deductions					Total deductions	Net salary
		PAYE	Medical aid	Pension	UIF			
B. Ndlovu	14 800	3 404	530	1 036	148	5 118	9 682	
P. Sibiya	9 700	1 940	225	680	97	2 942	6 758	
	24 500					8 060	16 440	

Employees	Employer's contribution				Total Contribution
	Medical aid	Pension	UIF	Skill levy	
B. Ndlovu	1 060	1 480	148	148	2 836
P. Sibiya	450	970	97	97	1 614

## ACTIVITY A3

3.1.1 Fill in the missing amounts in the table denoted by (i) – (iii)

YEAR	ANNUAL SALARY
2010	48 000
2011	(i) 52 800
2012	57 600
2013	(ii) 62 800
2014	68 000
2015	(iii) 73 500
2016	79 000
2017	84 500

3.1.2 What is Thuso's monthly starting salary?

$$48\,000/12 = R4\,000$$

3.1.3 In which year will Thuso earn R57 600?

2012

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**3.1.4 By what percentage will Thuso's salary increase at the end of the first year?**

4 800

$$\frac{(52\ 800 - 48\ 000)}{48\ 000} \times 100 = 10\%$$

48 000

**3.1.5 How many years will Thuso work before he earns an annual salary of R84 500?**

After 7 years OR

In the 8<sup>th</sup> year



**3.2 Net Salary of Amahle Zulu for March 2023**

<b>Gross Salary</b>	6 700
Less: Deductions	(1 958)
<b>PAYE</b>	<b>1 005</b>
Medical aid fund	350
Pension fund	536
UIF	67
<b>Net Salary</b>	<b>4 742</b>

**3.3.1 Is the action being considered by Jozini suppliers appropriate? Motivate your answer by providing ONE point.**

- The action is unlawful, it is a breach of the employment contract
- The employee can report the employer to the labour court or to the union, for implementing unlawful salary cuts

**3.3.2 What measures/actions should be applied by the employer to increase productivity levels. Mention TWO points.**

- Train employees
- Increased supervision over employees
- Offer incentives in the form of commission, bonuses etc.





## 3.4. WAGES JOURNAL OF NAIDU TRADERS FOR THE WEEK ENDED 17 MAY 2022

EMPLOYEE	NORMAL TIME			OVERTIME			GROSS WAGE	DEDUCTIONS				NET WAGE	EMPLOYER'S CONTRIBUTION			
	Hrs	Rate	Amount	Hrs	Rate	Amount		Pen. fund	PAYE	UIF	Trade Union		Total	SDL	Pen. fund	UIF
T. Pillay	40	50	2 000	5	75	375	2 375	160	285	20	9	474	1 901	23,75	240	20
M. Smith	40	40	1 600	2	60	120	1 720	128	172	16	9	325	1 395	17,20	192	16

## ACTIVITY A4

## 4.1. WAGES JOURNAL OF MALINDE TRADERS FOR THE WEEK ENDED 15 MAY 2022

WJ 5

Employees	Normal time						Overtime						Deductions													
	Hours		Rate		Amount		Hours		Rate		Amount		Gross wage		Pension		Staff		UIF		Tax		Medical aid		Total	
T. Maduna	45	60	2 700	12	90	1 080	3 780	8	216	8	27	756	250													
R. Yahya	45	40	1 800	8	60	480	2 280	8	144	8	18	456	150													
S. Sibeko	40	30	1 200	2	45	90	1 290	8	96	8	12	258	225													

## ACTIVITY A5

## 5.1 SALARIES JOURNAL OF KWAMBO MUSICA FOR MAY 2022

SJ 5

Workers	Deductions						Employers' contributions																		
	Gross salary		Pension fund		Medical aid		Tax		UIF		Total		Net salary		Medical aid		Pension fund		UIF		Total				
A. Gogo	8 000	640	900	1 600	80	3 220	4 780	960	1 280	80	2 320														
A. Ngema	12 000	960	450	2 400	120	3 930	8 070	1 440	1 920	120	3 480														
S. Hlengwa	7 700	616	1 100	1 540	77	3 333	4 367	924	1 232	77	2 233														

6.1 Wages Journal of "Sicelo's Tennis School" for the week ended 15 June 2022

WJ6

Employee	Basic Wage (Coaching)			Overtime (Matches)			Gross Wage
	Hours	Rate	Amount	Hours	Rate	Amount	
D Dumisa	4.5	100	450	4	150	600	1 050
M Msomi	3	80	240	0	0	0	240

Employee	Deductions					Net Wage
	Medical Aid Fund	Pension Fund	UIF	PAYE	Total	
D Dumisa	40	45	10.50	50	145.50	904,50
M Msomi	15	24	2,40	20	61,40	178,60

Employee	Contributions			
	Medical Aid Fund	Pension Fund	UIF	Total
D Dumisa	80	45	10.50	135.50
M Msomi	30	24	2.40	56.40

**ACTIVITY A7**

**7.1.1 Differentiate between a salary and a wage.**

**SALARY -** is paid to employees normally on monthly basis, and is fixed.  
**WAGE -** is paid to employees normally on weekly basis, and it varies according to the number of hours worked or work done.

**7.1.2 Wages journal of Dlangezwa Traders for week ended 30 June 2022.**

Employee	Basic Wages (Normal Time)			Overtime			Gross Wage
	Hours	Rate	Amount	Hours	Rate	Amount	
T. Mbhele	40	60	2 400	12	90	1 080	3 480
K. Fakude	25	60	1 500	-	-	-	1 500
M. Khanye	40	60	2 400	8	90	720	3 120

Employee	Deductions					Net Wage
	Medical Aid Fund	Pension Fund	UIF	PAYE	Total	
T. Mbhele	210	180	20	626,40	1 036,40	2 443,60
K. Fakude	120	112,50	20	270	522,50	977,50
M. Khanye	120	180	20	561,60	881,60	2 238,40



Employee	Contributions		Total
	Medical Aid Fund	Pension Fund	
T. Mbhele	420	252	672
K. Fakude	240	157,50	397,50
M. Khanye	240	252	492

**7.1.3 The owner is concerned that the manager may be paying some employees for days/hours not worked. Explain TWO points that can be used by the owner to avoid this action.**

- Employees to sign in and out by the security officer.
- Introduce clock card system where employees will clock in and out with times recorded electronically

**7.2.1 What does words PAYE stands for?**

PAYE – Pay As You Earn

**7.2.2 What is the highest tax rate paid by employees?**

40%

**7.2.3 Calculate the monthly PAYE that will be deducted on PAM NGWENYA's monthly salary?**

$$27\ 000 + (15\ 600 \times 25\%) = 30\ 900 / 12 = R\ 2\ 575$$

$$\text{OR } 27\ 000 + 3\ 900 = 30\ 900 \div 12 = R2575$$

**7.2.4 Calculate the June salary for PAM NGWENYA.**

$$75\ 600 - 3\ 600 = 72\ 000 / 12 = R\ 6\ 000 + 600 = R\ 6\ 600$$

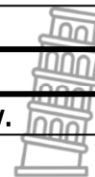
**7.2.5 Calculate the annual PAYE deduction on Muzi Ngobese's salary.**

$$14\ 800 \times 12 = 177\ 600$$

$$R\ 48\ 250 + (27\ 600 \times 30\%)$$

$$R\ 48\ 250 + 8\ 280$$

$$R\ 56\ 530$$



**B. FINAL ACCOUNTS SOLUTIONS****ACTIVITY B1****GENERAL LEDGER OF NOZULU TRADERS ON 29 FEBRUARY 2022****TRADING ACCOUNT**

2022 Feb	28	Cost of Sales	GJ	213 000	2022 Feb	28	Sales (455 000-4 500)	GJ	450 500
		Profit and Loss	GJ	237 500					
				<b>450 500</b>					<b>450 500</b>

**PROFIT AND LOSS ACCOUNT**

2022 Feb	28	Salaries and wages	GJ	39 100	2022 Feb	28	Trading Account	GJ	237 500
		Interest on Overdraft		590			Rent Income (31200- 2400)		28800
		Rates(2 700-320)		2 380			Bad Debts Recovered		480
		Insurance		3 800			Interest on Fixed Deposit (4 000+560)		4 560
		Repairs		2 600					
		Telephone		1 840					
		Water and Electricity (3 000+200)		3 200					
		Stationery (2 240-280)		1 960					
		Bank Charges		1 400					
		Bad Debts(960+480)		1 440					
		Interest on Loan (8 000+ 1 000)		9 000					
		Trading Stock Deficit (35 900-4 000-31 200)		700					
		Depreciation (2 400+27 000)		29 400					
		Loss Due to Fire (4 000-3 200)		800					
		Capital		173130					
				<b>271340</b>					<b>271340</b>

**ACTIVITY B2****GENERAL LEDGER OF GADAFFI TRADERS ON 29 FEBRUARY 2021****TRADING ACCOUNT**

2021 Feb	28	Cost of Sale(640 000-2000)	GJ	638 000	2016 Feb	29	Sales (1280 000-12 400-30000)	GJ	1264 600
		Profit and Loss	GJ	626 600					
				<b>1264 600</b>					<b>1264 600</b>

## 3.3.

## PROFIT AND LOSS ACCOUNT

2021 Feb	28		GJ		2016 Feb	29		GJ	
		Water and Electricity		35 400			Trading Account		626 600
		Advertising		30 000			Rent Income (154 900- 13 300)		141 600
		Bad debt (11 300 +800)		12 100			Bad Debts Recovered		9 00
		Insurance (44000-4200)		39 800			Interest on Fixed Deposit (4 200+ 1400)		5 600
		Salaries (184 000+13 000+6000+3000)		206 000			Discount received		3100
		Telephone(17 500+2200)		19 700					
		Stationery (23 200-1400)		21 800					
		Discount allowed(3800)		3 800					
		Bank Charges(2300+400)		2700					
		Interest on Loan (180 000-53100-150 000)		23 100					
		Trading Stock Deficit (123 000+2000-119 000)		6 400					
		Depreciation		47 500					
		Capital		329 500					
				<b>777 800</b>					<b>777 800</b>

## ACTIVITY B3

## GENERAL LEDGER OF DLABAZANE TRADERS ON 28 FEBRUARY 2021

Calculate the Capital balance at the end 2021	
Balance at the beginning of the year	435 875
Add: Net profit as per profit and loss account	257 452
Less: Drawings (17 685+500)	(18 185)
Balance at the end of the year	675 142

## TRADING ACCOUNT

2017 Feb	28			2017 Feb	28		
		Cost of sales (346 350-2 000)		344 350		Sales (679 200-1 875-2 400)	674 925
		Profit and Loss		330 575			
				<b>674 925</b>			<b>674 925</b>



## PROFIT AND LOSS ACCOUNT

2017 Feb	28	Salaries and wage (54 000+18 000+720+180)	72 900	2017 Feb	28	Trading account	344 350
		Bad debts (975+1 350)	2 325			Rent (40 000-3 200)	36 800
		Stationery (8 400-270-540)	7 630			Bad debts recovered (16 335+1 500)	17 835
		Water and electricity (4 395+465)	4 860			Interest on fixed deposit	12 300
		Discount allowed	675			Discount received	270
		Trading stock deficit (34 600+2 000-33 600)	3 050			Commission income	12 000
		Interest on overdraft (2 250+2 750)	5 000				
		Depreciation (16 020 - 10 680+14 460+13 2000) 5 340 three marks	33 000				
		Bank charges	5 40				
		Interest on loan (103 500+25 000-125 340)	3 160				
		Insurance (10 128-3 675)	6 453				
		Capital account	257 452				
			<b>394 995</b>				<b>394 995</b>

## ACTIVITY B4

## GENERAL LEDGER OF MAQONGQO TRADERS ON 28 FEBRUARY 2022

## 4.1 TRADING ACCOUNT

2022 Feb	28	Cost of sales (500 000 + 3 000)	503 000	2022 Feb	28	Sales (875 000 – 12 600 + 5 000)	867 400
		Profit and loss	364 400				
			<b>867 400</b>				<b>867 400</b>



#### 4.2 PROFIT AND LOSS ACCOUNT

2022 Feb	28		GJ		2022 Feb	28		GJ	
		<b>Discount allowed</b>	<b>GJ</b>	<b>800</b>			<b>Trading Account</b>	<b>GJ</b>	<b>364 400</b>
		<b>Bank charges</b>	<b>GJ</b>	<b>1 210</b>			<b>Discount received</b>	<b>GJ</b>	<b>880</b>
		<b>Sundry expense</b>	<b>GJ</b>	<b>5 400</b>			Fee income (8 400+4 000)	GJ	12 400
		<b>Water and electricity</b>	<b>GJ</b>	<b>14 200</b>			Rent income (41 100- 3 300)	GJ	37 800
		Salaries and wages (96 750 -14 400)	GJ	82 350			Stock surplus (16300- 3 000-15 500)	GJ	2 200
		Insurance (9 800-1 620)	GJ	8 180			Interest on fixed deposit	GJ	2 200
		Bad debts (5 200+720)	GJ	5 920					
		Telephone (12 560+450)	GJ	13 010					
		Stationery (10 800-460)	GJ	10 340					
		Interest on loan (13 500+4 500)	GJ	18 000					
		Depreciation (69 000+17 600)	GJ	86 600					
		Capital Account	GJ	242 870					
				<b>419 880</b>					<b>419 880</b>

#### ACTIVITY B5

#### GENERAL LEDGER OF SANDAWANA TRADERS ON 29 FEBRUARY 2021

#### 4.1 TRADING ACCOUNT

2021 Feb	28			2021 Feb	28		
		Cost of sales	500 000			Sales (758 413 – 12 413)	745 978
		Profit and loss	245 978				
			<b>745 978</b>				<b>745 978</b>





## 4.2 PROFIT AND LOSS ACCOUNT

2021 Feb 28	Bad debts (1 250+320)	GJ	1 570	2021 Feb 28	Trading Account	GJ	245 978
	Salaries	GJ	114 000		Rent income (42 560-3 520)	GJ	39 040
	Telephone (7 490+405)	GJ	7 895		Interest on fixed deposit	GJ	4 250
	Water and electricity	GJ	5 350		Discount received	GJ	560
	Stationery (3210-390)	GJ	2 820				
	Advertising	GJ	6 346				
	Insurance (3 250-760)	GJ	2 490				
	Interest on loan (60 000+32 500-85000)	GJ	7 500				
	Discount allowed	GJ	789				
	Donation	GJ	525				
	Stock deficit (33 320 -525 - 31590)	GJ	1 205				
	Depreciation (5 130+33750+ 6000)	GJ	44 880				
	Capital Account	GJ	94 458				
			<b>289 828</b>				<b>289 828</b>



**C. FINANCIAL STATEMENTS SOLUTIONS****ACTIVITY C1: STATEMENT OF COMPREHENSIVE INCOME**

<b>AMANDA TRADERS</b>		
<b>STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023</b>		
Sales (335 520 – 1300 – 1017)		333 203
Cost of Sales (134 208 – 565)		(133 643)
Gross Profit	<b>9</b>	199 560
<b>Operating Income</b>		16 715
Rent Income (19 800 – 3300)		16 500
Trading Stock Surplus [ (9 980 – 9 200) – 565 ]		215
Gross Operating Income	<b>9</b>	216 275
<b>Operating Expenses</b>		(141 641)
Rent Expense		102 000
Bad Debts		184
Consumable Stores (5 600 – 320)		5 280
Advertising (2 611– 80)		2 531
Water and Electricity (1 117 + 544 )		1 661
Depreciation (29 570 + 415)		29 985
<b>Operating Profit</b>	<b>17</b>	74 634
Interest Income (1125 + 1125)		2 250
<b>Profit/Loss before interest expense</b>		76 884
Interest Expense		(1 000)
<b>Net Profit for the year</b>	<b>5</b>	<b>75 884</b>



## ACTIVITY C2: STATEMENT OF COMPREHENSIVE INCOME

<b>SKHINDI TRADERS</b>	
<b>STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023</b>	
<b>Sales</b> (1 280 000 – 12 400 – 3 000)	1 264 600
<b>Cost of Sales</b> (640 000 – 2 000 )	(638 000)
<b>GROSS PROFIT</b>	626 600
<b>OPERATING INCOME</b>	145 600
<b>Discount Received</b>	<b>3 100</b>
<b>Rent Income</b> (154 900 – 13 300 )	141 600
Bad Debts Recovered	900
<b>GROSS OPERATING INCOME</b>	772 200
<b>OPERATING EXPENSES</b>	(424 900)
<b>Water and electricity</b>	<b>35 400</b>
<b>Advertising</b>	<b>30 000</b>
<b>Bad Debts</b> (11 300 + 800)	12 100
<b>Salaries and wages</b> (184 000 +19 000 + 3 000)	206 000
<b>Telephone</b> (17 500 + 2 200)	19 700
<b>Stationery</b> (23 200 – 1 400)	21 800
<b>Insurance</b> (44 000 – 4 200)	39 800
<b>Discount Allowed</b>	3 500
<b>Bank charges</b> (2 300 + 400)	2 700
Trading Stock Deficit (123 400+ 2 000– 119 000)	6 400
Depreciation	47 500
<b>OPERATING PROFIT</b>	347 300
<b>Interest Income</b> (4 200 + 1 400 )	5 600
<b>PROFIT BEFORE INTEREST EXPENSE</b>	352 900
Interest Expense 12 600 + 10 500 or 14 000 + 9 100 OR 21 000 + 2 100	(23 100)
<b>NET PROFIT</b>	<b>329 800</b>

**ACTIVITY C3**

<b>3. Fixed Assets / Tangible assets / Property / Plant / Equipment</b>	<b>Land &amp; buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Carrying value beginning of year	440 000	272 000	234 000	946 000
Cost	440 000	360 000	296 000	1 096 000
Accumulated depreciation		<b>A (88 000)</b>	<b>B (62 000)</b>	<b>(150 000)</b>
<b>Movements</b>				
Additions at cost	-	-	-	-
Depreciation for the year		(24 000)	(14 000)	<b>(38 000)</b>
Carrying value at end of year	<b>440 000</b>	<b>248 000</b>	<b>220 000</b>	<b>908 000</b>
Cost	440 000	360 000	296 000	1 096 000
Accumulated depreciation		(112 000)	(76 000)	<b>(188 000)</b>

**Note:** 150 000 + 38 000 = 188 000

**908 000** will be recorded in the Balance sheet

**4. Inventories**

Trading stock	64 000
Consumables stores on hand	6 000
	<b>70 000</b>

**5. Trade and other receivables (debtors)**

Trade debtors	72 000
Prepaid expenses	14 000
Accrued income	13 000
	<b>99 000</b>

**6. Cash and cash equivalents**

Bank	61 000
Cash float	2 000
Petty cash	4 000
	<b>67 000</b>

**7. Owners' Equity**

Balance at beginning of the year	428 000
Net profit for the year	92 000
Additional capital contributed	240 000
Drawings	(20 000)
Balance end of the year	<b>740 000</b>

Check the calculations

**8. Trade and other payables (creditors)**

Trade creditors	224 000
Accrued expenses	24 000
Income received in advance	12 000
	<b>260 000</b>

**CALCULATIONS**

Accumulated depreciation on vehicles  $112\ 000 - 24\ 000 = 88\ 000$   
 Accumulated depreciation on equipment  $76\ 000 - 14\ 000 = 62\ 000$

**Capital**

428 000 Equals to 428 000  
 92 000 Deduct 92 000  
 240 000 Deduct 240 000  
 (20 000) Add 20 000  
 740 000 Start from this point (**Bottom-up**)

<b>BALANCE SHEET OF MANYAKA TRADERS ON 28 FEBRUARY 2021</b>		
	<b>Notes</b>	<b>R</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		<b>924 000</b>
Tangible assets	<b>3</b>	908 000
<b>Financial assets</b>		
Fixed deposit		16 000
<b>CURRENT ASSETS</b>		<b>236 000</b>
Inventories	<b>4</b>	70 000
Trade and other debtors	<b>5</b>	99 000
Cash and cash equivalents	<b>6</b>	67 000
<b>TOTAL ASSETS</b>		<b>1 160 000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Owners' Equity</b>		<b>74 000</b>
<b>NON-CURRENT LIABILITIES</b>		<b>128 000</b>
Loan (160 000 - 32 000)		128 000
<b>CURRENT LIABILITIES</b>		<b>292 000</b>
Trade and other creditors	<b>8</b>	260 000
Short term loan		32 000
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 160 000</b>

**Total Assets = Non-Current Assets + Current Assets**

$924\ 000 + 236\ 000 = 1\ 160\ 000$

**Total Equity and Liabilities = Equity + Current Liabilities + Non-Current Liabilities**

$74\ 000 + 128\ 000 + 292\ 000 = 1\ 160\ 000$



4.1.1 GUMBALDINO TRADERS NOTES TO THE STATEMENT OF FINANCIAL POSITION

<b>Note 2: INVENTORIES</b>	
<b>Trading stock 310 000 – 11 000</b>	299 000
Packing material (consumable stores) on hand	7 300
	<b>306 300</b>

<b>Note 3: TRADE AND OTHER RECEIVABLES</b>	
<b>Debtors control</b>	<b>48 700</b>
Prepaid expenses	14 000
Accrued income (receivable)	8 000
	<b>70 700</b>

<b>Petty cash</b>	<b>1 200</b>
Fixed deposit	25 000
	<b>26 200</b>

<b>Balance at the beginning of the year</b>	850 000
<b>Additional capital</b>	180 000
Net income	235 000
Drawings 125 000 + 11 000	(136 000)
<b>Balance at the end of the year</b>	<b>1 129 000</b>

<b>Note 6: TRADE AND OTHER PAYABLES</b>	
<b>Trade creditors</b>	<b>55 600</b>
Accrued expenses (payable)	3 900
Income received in advance (deferred)	15 000
Creditors for salaries	16 000
SARS: PAYE	3 200
	<b>93 700</b>

## 4.1.2 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2023

ASSETS	Note	R
<b>Non-current assets</b>		1 254 200
<b>Fixed assets 1 191 200 – 32 000</b>	<b>3</b>	<b>1 159 200</b>
Investments 120 000 – 25 000		95 000
<b>Current assets</b>		403 200
Inventories	4	306 300
Trade and other receivables	5	70 700
Cash and cash equivalents	6	26 200
<b>TOTAL ASSETS</b>		<b>1 657 400</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>		1 129 000
Capital	7	1 129 000
<b>Non-current liabilities</b>		335 000
Loan from Star Bank 350 000– 15 000		335 000
<b>Current liabilities</b>		193 400
Trade and other payables	8	93 700
Bank overdraft 64 700 + 15 000		99 700
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 657 400</b>





## ACTIVITY C5: FINANCIAL STATEMENTS

<b>5.1 MHLANGA BED SHOP</b>	
<b>STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023</b>	
Sales (8 500 000 – 128 400 – 8 500)	8 363 100
Cost of Sales (5 000 000 – 5 000)	(4 995 000)
Gross Profit	3 368 100
<b>Other Operating Income</b>	1 295 100
Discount received	19 800
Rent income (82 200 – 6 600)	75 600
Income on deliveries (1 200 000 – 300)	1 199 700
<b>Gross Operating Income</b>	4 663 200
<b>Operating Expenses</b>	(1 822 510)
Salaries and wages	789 700
Fuel	613 100
Rates and taxes	32 100
Water and Electricity (54 200 + 4 300)	58 500
Discount allowed	14 600
Stationery (4 200 – 850)	3 350
Insurance (72 400 – 11 250)	61 150
Bad debts (20 000 + 3 200)	23 200
Advertising	48 400
Bank charges	8 900
Depreciation (120 000 + 14 500 + 26 010)	160 510
Trading stock deficit (1 224 000 + 5 000 -1 220 000)	9 000
<b>Operating Profit</b>	2 840 690
Interest Income [ 3 100 + (4 800 + 4 800 ) ]	12 700
Profit before Interest Expense	2 853 390
Interest expense [1 400✓ +(*480 000-96 000-420000 )]	(37 400)
<b>Net Profit for the year</b>	2 815 990
# 96 000 two marks	
*36 000-two marks	



## 5.2 NOTES TO THE FINANCIAL STATEMENTS

FIXED / TANGIBLE ASSETS				
	LAND AND BUILDINGS	VEHICLES	EQUIPMENT	TOTAL
Carry value @ the beginning of the year	1 540 000	480 000	173 400	
Cost	1 540 000	600 000	240 000	
Accumulated depreciation	0	(120 000)	(66 600)	
<b>MOVEMENTS</b>				
Additions at cost	0	290 000		
Depreciation	0	(134 500)	(26 010)	
Carry value @ the end of the year	1 540 000	635 500	147 390	2 322 890
Cost	1 540 000	890 000	240 000	
Accumulated depreciation		(254 500)	(92 610)	

TRADE AND OTHER RECEIVABLES	
Trade debtors (36 200 – 8 500 – 300 + 4 500 – 3 200 )	28 700
Accrued income (interest on fixed deposit)	4 800
Prepaid expenses (insurance)	11 250
	44 750



## 5.3 STATEMENT OF FINANCIAL POSITION ON 30 JUNE 2020

ASSETS	R
<b>Non-current assets</b>	2 407 890
Fixed assets	2 322 890
Financial assets (120 000 – 35 000)	85 000
<b>Current assets</b>	1 429 800
Inventories	1 220 850
Trade and other receivables	44 750
Cash and cash equivalents (123 200 + 2 000 + 4 000 + 35 000 )	164 200
<b>TOTAL ASSETS</b>	<b>3 837 690</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Owner's equity</b>	3 316 090
Capital (564 200 + 2 815 990 - 64 100 )	3 316 090
<b>Non-current liabilities</b>	336 000
Loan: Derby Bank (384 000 + 36 000 – 84 000 )	336 000
<b>Current liabilities</b>	185 600
Trade and other payables	101 600
Current portion of loan	84 000
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 837 690</b>



## ACTIVITY C6: GAAP PRINCIPLES, STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF FINANCIAL POSITION AND INTERNAL CONTROL

### 6.1 GAAP PRINCIPLES

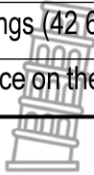
6.1.1	Prudence Concept
6.1.2	Concept of Materiality
6.1.3	Business Entity rule
6.1.4	Historical Cost rule

### 6.2.2 STATEMENT OF COMPREHENSIVE INCOME OF LOLO TRADERS FOR THE YEAR ENDED 30 JUNE 2023

<b>Sales</b> (4 350 000 – 18 000 – 12 000 )		4 320 000
<b>Cost of Sales</b>		(2 900 000)
<b>Gross Profit</b>		1 420 000
<b>Other operating Income</b>		374 600
Rent Income (200 700 + 18 900)		219 600
<b>Fee Income</b>		<b>149 600</b>
Bad debts recovered (1 800 + 1 200 )		3 000
<b>Discount Received</b>		<b>2 400</b>
<b>Gross operating Income</b>		1 794 600
<b>Operating Expenses</b>		(816 600)
<b>Salaries and Wages</b>		<b>478 000</b>
Stationery (2 100 – 500 )		1 600
Telephone (9 000 + 1 600)		10 600
Insurance (12 100 – 3 200 )		8 900
<b>Rates and Taxes</b>		<b>18 000</b>
Bad Debts (3 800 + 600 )		4 400
Bank Charges (1 200 + 1000)		2 200
Consumable Stores (4 000 – 800 )		3 200
<b>Water and Electricity</b>		<b>86 150</b>
<b>Discount allowed</b>		<b>900</b>
Trading Stock Deficit (418 400 – 4 800 – 406 100)		7 500
Depreciation		195 150
<b>Operating Profit</b>		978 000
Interest Income (9 000 + 3 000 )	1	12 000
<b>Profit before Interest Expense</b>		990 000
<b>Interest Expense</b>	2	(89 600)
<b>Net Profit for the Year</b>		900 400

## 6.2.1 OWNER'S EQUITY SECTION

Balance on the last day of the previous year		900 000
Additional capital contribution		100 000
Net profit for the year	see 2.2	900 400
Drawings (42 600 + 4 800 )		(47 400)
Balance on the last day of the current year		1 853 000



## 6.2.2 EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION

<b>OWNER'S EQUITY</b>	see 2.3.1	1 853 000
<b>NON-CURRENT LIABILITIES</b>		582 000
Loan: Live Bank (652 000 – 70 000 )		582 000
<b>Current liabilities</b>		575 400
Trade and other payables (380 000 + 1 600		381 600
Current portion of loan	see above	70 000
Bank overdraft (124 000 + 1 000 – 1 200)		123 800
<b>TOTAL EQUITY AND LIABILITIES</b>		3 010 400

6.2.3 G. Grey, the owner of LOLO Traders, is concerned with the size of his trading stock deficit.

6.2.3.1 What are the causes of this trading stock deficit? Give TWO points

- 6.2.3.1.1 Shoplifting
- 6.2.3.1.2 Employee theft
- 6.2.3.1.3 Paperwork error
- 6.2.3.1.4 Vendor fraud

Any two relevant points ✓✓ ✓✓ Part-mark for unclear responses

- Suggest TWO realistic measures in order to control and reduce trading stock deficit.

- Adequate record-keeping
- Separation of duties
- Establish responsibilities
- Regular and independent stocktaking
- Access to stock should be limited
- Extra safety measures should be put in place for every expensive item.

Any two relevant points ✓✓ ✓✓ Part-mark for unclear responses







8.1

2.1.1	Prudence
2.1.2	Matching/accrual
2.1.3	Historical
2.1.4	Materiality
2.1.5	Business Entity

8.2.1. STATEMENT OF FINANCIAL POSITION OF EMALAHLENI TRADERS-30 NOVEMBER 2022

<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	1 993 750
<b>Fixed assets</b> <b>see 2.2.2</b>	1 797 350
<b>Financial Assets: Fixed deposit(280 000-80 000)</b>	200 000
<b>CURRENT ASSETS</b>	847 350
<b>Inventories(340 000 +23 000 )</b>	363 000
<b>Trade &amp; receivables(21 350 + 40 950 + 310 000)</b>	372 300
<b>Cash and cash equivalents( 15 000 + 17 050 + 80 000)</b>	<b>112 050</b>
<b>TOTAL ASSETS</b>	<b>2 841 100</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Capital (1 681 300 + 590 000 -117 000)</b>	<b>2 154 300</b>
<b>LIABILITIES</b>	
<b>NON-CURRENT LIABILITIES</b>	170 100
<b>Loan: (226 800-56 700) Or 226 800x75%</b>	170 100
<b>CURRENT LIABILITIES</b>	517 700
<b>Trade and other payables</b> <b>see 2.2.3</b>	<b>460 000</b>
<b>Current portion of loan</b>	56 700
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 841 100</b>





8.2.2 Complete the note for Tangible Assets on 31 December 2023.

	Land and buildings	Vehicles	Equipment	Total
Cost at beg (01 Dec 2022)	792 000	640 000	<b>336 000</b>	
Accumulated depreciation	(0)	<b>(120 500)</b>	<b>(99 000)</b>	
Book value at beg (01 Dec 2023)	792 000	519 500	<b>237 000</b>	
Movements				
Additions (purchases)	<b>198 000</b>	219 000	14 000	
Disposals at book value	(0)	(0)	(0)	
Current's year depreciation	(0)	(145 550)	(36 600)	
Book value(30 November 2023)	990 000	592 950	214 400	1 797 350
Accumulated depreciation	(0)	(266 050)	(135 600)	
Cost price	990 000	589 000	<b>350 000</b>	

8.2.3 Prepare a Trade and other payable notes to the statement of financial position on 30 November

Creditors control( <b>208 000 + 219 000</b> )	427 000
Income received in advance	23 000
SARS-PAYE	10 000
	560 000

8.2.4

Mention any TWO good practices that the business may implement in order to safeguard its tangible assets
<ul style="list-style-type: none"> <li>• Fixed asset register must be in place and updated</li> <li>• Have comprehensive insurance</li> <li>• Have trackers in case of movable assets</li> <li>• Have service history</li> <li>• Keep the log-book</li> </ul>



ACTIVITY C9: ACCOUNTING CONCEPTS AND INTERPRETATION

9.1 ACCOUNTING CONCEPTS

- 9.1.1 Non-current assets
- 9.1.2 Operating income
- 9.1.3 Non-current liabilities
- 9.1.4 Current assets

9.2 9.2.1 Calculate the following financial indicators.

- Operating profit on sales

$300\ 000 / 1\ 200\ 000 \times 100/1 = 25\%$  correct, answer must be %

- Acid test ratio

$190\ 000 / 240\ 000 = 0,8 : 1$

one part correct

- Return on average owner's equity

$\frac{160\ 000}{\frac{1}{2} (400\ 000 + 900\ 000)} = 24,6\%$  OR 25%  
OR  $(1\ 300\ 000)$  ✓✓ one part correct, answer must be %

9.2.2 Comment on whether the business was more or less profitable than last year.

Quote a financial indicator to substantiate your opinion.

Financial indicator ✓ Figure and Trend ✓ explanation ✓

The percentage achieved decreased from 60% budgeted in 2018 to 50% in 2019. The business has therefore not achieved its profit mark-up. It could be due to one of the following reasons:

- Too much discount was allowed during sales
- Mistakes were made when recording prices, source documents or in the books.
- Strong competition caused prices to drop
- Suppliers have increased their prices.

Part-mark for unclear responses

9.2.3 Comment on the liquidity of the businesses. Quote TWO financial indicators with figures to substantiate your opinion.

Financial indicator: ✓✓ Figure and trend: ✓✓ Explanation: ✓

- Current ratio: has declined from 3,5 : 1 to 1,6 : 1
- Acid-test ratio: has also decreased from 1,6 : 1 to 0,8 : 1 generally, the business is able to pay off its immediate debts despite the decline in their liquidity position.

9.2.4 Do you think the owner should be satisfied with the return on the average owner's equity? Explain by quoting figures.

Figure ✓ and trend ✓ Explanation: ✓

No,

The percentage returned declined from 34,2% in 2018 to 24,6% in 2019. This indicates that the owner's returns are less compared to the previous year (2018). However, the owner gets reasonably good interest on his investment despite the decline compared to other alternative investments. He will, however, have to decide whether it is worth the risk.



## ACTIVITY C10

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10.1 Calculate Sales if the firm uses a markup of 50% on cost.

$$600\,000 \times \frac{100}{150} = 900\,000$$

10.2 Calculate the return on average owner's equity.

$$\frac{130\,000}{\frac{1}{2} (271\,430 + 180\,000)} \times \frac{100}{1}$$

=57.6%

Should the owner be satisfied with this return? Give a reason for your answer.

Yes, it is more than any other investment like Fixed Deposit 10%.

10.3 Calculate the current ratio for 2023.

$$\begin{aligned} 54\,070 + 34\,700 + 1\,650 &: 26\,654 \\ 90\,420 &: 26\,654 \\ 3.4 &: 1 \end{aligned}$$

10.4 Calculate the acid test ratio for 2023.

$$\begin{aligned} (90\,420 - 54\,070) \\ 34\,700 + 1\,650 &: 26\,654 \\ 36\,350 &: 26\,654 \\ 1.4 &: 1 \end{aligned}$$

10.5 Calculate the degree of solvency on 30 June 2023.

$$\begin{aligned} 222\,664 + 45\,000 + 54\,070 + 34\,700 + 1\,650 &: 60\,000 + 26\,654 \\ 358\,084 &: 86\,654 \\ 4.1 &: 1 \end{aligned}$$




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## 10.2 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

**2.2.1** Skhindi and TT traders sells clothing at a mark-up of 100% on cost. The financial year ends on 31 October each year.

**2.2.1.1 Operating expenses on sales**

(3)



$$\begin{aligned}
 &= \frac{\text{OPERATING EXPENSES}}{\text{SALES}} \times 100 \\
 &= \frac{73\,500}{458\,250} \times 100 \\
 &= 16.1\%
 \end{aligned}$$

**2.2.1.2 Acid test ratio**

(4)

$$\begin{aligned}
 &\text{CA (EXCL. INV) : CL} \\
 &420\,000 - 75\,000 : 300\,000 \\
 &1.15 : 1
 \end{aligned}$$

**2.2.1.3 Solvency test ratio**

(5)

$$\begin{aligned}
 &\text{TA : TL} \\
 &960\,000 + 420\,000 : 300\,000 + 80\,000 \\
 &1\,380\,000 : 380\,000 \\
 &3.63 : 1
 \end{aligned}$$

**2.2.1.4 Return on average owner's equity**

(5)

$$\begin{aligned}
 &\frac{\text{NET PROFIT FOR THE YEAR}}{\text{AVERAGE OWNER'S EQUITY}} \times 100 \\
 &= \frac{149\,750}{\frac{1\,000\,000 + 600\,000}{2}} \times 100 \\
 &= 18.72\%
 \end{aligned}$$

**2.3 The owner is satisfied with the improvement with the liquidity of his business.**

**Quote TWO financial indicators with figures to support his opinion**

(I) ACID TEST RATIO, INCREASED FROM 0,6 : 1 TO 1.15:

1✓

(II) CURRENT RATIO, INCREASED FROM 0,8 : 1 TO 1,4 : 1



**2.4 The business did not achieve the intended mark-up of 100%**

**Provide TWO possible reasons**

- (I) INCREASE IN COST OF SALES / COST PRICE FOR TRADING STOCK ✓/ANY RELEVANT ANSWER
- (II) DECREASE IN VOLUME OF SALES ✓
- ANY RELEVANT ANSWER

**2.5 Mr. Tom must be happy with the return in his business.**

**Provide TWO financial indicators with figures to support this statement.**

**(6)**

(i) RETURN ON OWNERS EQUITY ✓ INCREASED FROM 5,2% TO 16,1% ✓

(III) R.O.E OF 16,1% IS HIGHER THAN ALTERNATIVE INVESTMENTS i.e. FIXED DEPOSIT OF 8% ✓ ✓



## D. COST ACCOUNTING SOLUTIONS

## ACTIVITY D1

Work done by person		Direct costs	Indirect costs
1.1	Factory worker making the tables	X	
1.2	Cleaner		X
1.3	Security guard		X
1.4	Foreman		X
1.5	Rent of a factory		X
1.6	Depreciation of factory equipment		X
1.7	Insurance of equipment for a factory		X
1.8	Repairs of factory machines		X
1.9	Cost of raw material in the finish goods.	X	
1.10	Pension contribution for store manager	X	

## ACTIVITY D 2

2.1 Calculate direct labour = R1 800

2.2 CALCULATE DIRECT MATERIAL= R1000

2.3 Prime cost = 1 800 + 1000 = 2 800

2.4 CALCULATE FACTORY OVERHEAD COST  
 $R500 + 300 + 200 + 100 + 700 = 1 800$

2.5 Total manufacturing cost = 2 800 + 1 800 = 4 600

2.6 Cost per unit  $4 600 / 10 = 460$ 

## ACTIVITY D 3

3.1 Fixed cost =  $500 + 700 + 200 + 300 = 1 700$ 3.2 Variable cost =  $1000 + 100 + 1800 = 2 900$ 3.3 Total cost =  $1 700 + 2 900 = 4 600$ 3.4 Cost per unit =  $4 600 / 10 = 460$ 

## ACTIVITY D 4

Cost calculation	
4.1	Direct material $R1\ 000 \times 4 = R4\ 000$ $R1,00 \times 500 \times 4 = 2\ 000$ $250/5000 \times 500 \times 4 = R100$ $= R6\ 100$
4.2	DIRECT LOBOUR $R0,50 \times 2000 = R1\ 000$
4.3.	PRIME COST = R7 100
4.4	FACTORY OVERHEAD COST = $R15 \times 20 = 300$ $= 100 \times 4 = R400$ 700
4.5	TOTAL MANUFACTURING = $R7\ 100 + 700 = R7\ 800$
4.6.	COST PER UNIT = $R7\ 800 / 2000 = R3,90$
4.7.	SELLING PRICE PER UNIT = $R3,90 \times 180 / 100 = R7.02$





## E. BUDGETING SOLUTIONS

## Activity E1

Transaction	Cash receipt (Inflow)	Cash payment (outflow)
Cash sale of Trading stock	X	
Purchased equipment and transfer Fund electronically		X
Bought good by cash		X
Received a loan from Capital Bank	X	
Receive rent from a tenant Zikode	X	
Any two transactions		

## ACTIVITY E2

## Concepts

Choose a description column B that matches the concept in column A.

COLUMN A		COLUMN B	
2.1.	cash budget	C	
2.2.	Personal budget	E	
2.3.	Business budget	B	
2.4.	Incremental budget	A	
2.5.	Capital budget	D	



<b>Activity E3</b>			
3.1.	<b>Cash budget for the month of June 2023</b>		
	<b>Receipts</b>	<b>R</b>	
	Child allowance	700	
	Fee income (50 X4)	200	
	Donation	150	
	Sales of lollipop (48x2x1,5)	144	
	<b>Total receipts</b>	<b>1 194</b>	
	<b>Payment</b>		
	Tax fee(20x20)	400	
	Refreshments	200	
	Purchases of lollipop(30x2)	60	
	<b>Total payment</b>	<b>(660)</b>	
	<b>Surplus</b>	<b>534</b>	
	<b>Opening balance</b>	<b>1000</b>	
	<b>Closing balance</b>	<b>1534</b>	

3.2.	<b>Do you think Karabo can able to buy her cell phone?</b>		
	No		
	She require an additional of R 1 466 (R 3000- R 1534). To buy her cell phone		
3.3.	<b>Suggest two advice she may do to improve her budget.</b>		
	i) Karabo must reduce too much credit sale. Or apply credit term to her debtors		
	ii) Stop using taxi rather use a bus instead <b>any relevant answer</b>		

<b>Activity E4</b>			
4.1.	10% of R 14 000 is R 1400		
4.2.	She will earn $R\ 1\ 400 \times 12\% / 12 = R\ 14$		
4.3.	R 14 000 x 3 is R 42 000. It will take her $R\ 42\ 000 / 1\ 400 = 30$ months to save this without including the interest.		
4.4.	DSTV since is for entertainment purpose only Vehicle expense instead she can use public transport to reduce cost Rent expense by finding cheaper place or back room <b>Do not Accept insurance</b>		

## 2. ACTIVITIES AND NOTES

## A. SALARIES AND WAGES

## ACTIVITIES NB. START WITH ACTIVITY A2 WHICH IS BELOW ACTIVITY A1

## ACTIVITY A1

The following information appeared in the books of Masinga Traders for May 2022.

## REQUIRED:

2.1 Complete the Salaries journal for May 2022.

## INFORMATION

Masinga Traders employed two people to control the business. The details are as follows:

Employee	Position	Basic salary	PAYE	Medical Aid per month	Pension fund
B. Ndlovu	Office manager	R14 800 per month	23 % of gross	R530	7%
P. Sibiya	Bookkeeper	R116 400 per annum	R1 940 per month	R225	R680 per month

## Other deduction:

A. All members contribute 1% of their basic salary to the Unemployment Insurance fund (UIF).

## B. The employer's contribution is as follows:

- I. 10% of the basic wage to the pension fund.
- II. R2 for every R1 that the employee pays to medical aid.
- III. Rand-for-rand towards the UIF.
- IV. 1% of gross salary to the Skills development Levy.

## ACTIVITY A2

Basic concepts

Match the term in Column A to the explanation in Column B. Write only the correct letter next to the question number on your answer sheet. E.g. 1. K

No.	Column A - Terms		Column B - Explanations
1	Medical Aid	A	Gross wage – deductions= net wage
2	Pension Fund	B	Employees contribute to this for mutual benefit in the workplace.
3	Unemployment Insurance Fund	C	A person may claim from this when they lose their job.
4	PAYE	D	Basic salary per month prior deductions
5	Staff Fund	E	Remuneration paid to workers who work longer hours than ordinary time- usually at a set fee
6	Gross Salary	F	This will become a monthly income for a person upon their retirement.
7	Net Salary	G	Slip given to each employee that provides information about gross salary, deductions and net salary
8	Deductions	H	A form of tax paid on salaries
9	Salary Advice	I	Compulsory and non-compulsory payments taken from the basic salary of employee
10	Overtime remuneration	J	Paid to ensure an employee and his family have access to quality health care

**ACTIVITY A3**

The following salary scale was prepared for Thuso Bhengu, an admin clerk who works at Jozini suppliers. He was employed on 1 January 2023.

**48 000 x 4 800 → 57 600 x 5 200 → 68 000 x 5 500 → 84 500**

3.1 Complete the table in your answer book and answer the following questions:

3.1.1 Fill in the missing amounts in the table denoted by (i) – (iii)

3.1.2 What is Thuso's monthly starting salary?

3.1.3 In which year will Thuso earn R57 600?

3.1.4 By what percentage will Thuso's salary increase at the end of the first year?

3.1.5 How many years will Thuso work before he earns an annual salary of R84 500?

3.2 Use the information given below to calculate the Net Salary of the employee, Amahle Zulu for March 2023.

**INFORMATION:**

Gross salary	R6 700 per month
PAYE	15% of the gross salary
Medical Aid Fund	R4 200 per annum
Pension Fund	8% of gross salary
UIF	1% of gross salary

3.3 **The owner of Jozini suppliers is dissatisfied with the production levels of his employees, he threatens to cut the salaries of employees.**

3.3.1 Is the action being considered by Jozini Suppliers appropriate? Motivate your answer by providing ONE reason.

3.3.2 What measures/actions should be applied by the employer to increase the productivity levels? Provide TWO points.



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## WAGES JOURNAL

The following information was taken from the records of Naidu Traders..

### REQUIRED:

3.4 Prepare the Wages journal of Naidu Traders for the week ending 17 May 2022. Do **NOT** total the journal.

### INFORMATION

- A. Normal time:  
The normal working week is 40 hours.
- T. Pillay earns R50 per hour.
  - M. Smith earns R40 per hour
- The clock-cards of the workers show the following details:
- T. Pillay worked 45 hours in total.
  - M. Smith worked 42 hours in total.
- B. Overtime is calculated at 1 ½ times the normal rate.
- C. Pension Fund:
- The employees contribute 8% of normal time to the pension fund
  - Naidu contributes R1.50 for every R1 contributed by the employee.
- D. UIF:
- Calculated at a rate of 1% of normal time and both employer and employee contribute the same amount.
- E. Trade union:
- It is compulsory for each worker to belong to the PP Trade union. The contribution is R9 per week
- F. PAYE  
Use the following tax scale to calculate PAYE

Remuneration per week	Tax percentage
1 600 – 1 899	10%
1 900 – 2 199	11%
2 200 – 2 499	12%

- G. Naidu must pay 1% of gross wages to the skills development levy.



**ACTIVITY A4**

The following information appeared in the books of Malinde Traders for May 2022.

**REQUIRED:**

- 4.1 Prepare the Wages Journal for the week ended 15 May 2022. It is not necessary to add the columns in the journal.

**INFORMATION**

Malinde Traders employed three workers. A month consists of **four** working weeks. The employees are allowed to work for 45 hours a week normal time.

Name	Normal time		Overtime	
	Hours worked	Rate per hour	Hours worked	Rate per hour
T. Maduna	45	R60	12	1½ time the normal rate
R. Yahya	45	R40	8	
S. Sibeko	40	R30	2	

**A Deductions were as follows:**

- I All workers contribute 8% of their basic wage to the pension fund.
- II. Every member pays R32 per month to the Staff fund.
- III. Employees pay the standard rate of 1% of basic wage towards the unemployment insurance fund.

**Ignore cents in your calculations.**

- IV. Tax must be calculated at 20% of employees' gross wage.
- V. The medical aid works as follows:
  - Single members pay R150 per week.
  - Married members pay R225 per week.
  - Married members with one child pay R1 000 per month.

**T. Maduna**

Married with 1 child

**S. Sibeko**

Married

**R. Yahya**

Single

**B The employer's contribution is as follows:**

- I. Contributes 12% of the basic wage to the pension fund.
- II. Contributes R2 for every R1 that the employee pays to medical aid.
- III. Contributes R1 for every R1 to the unemployment insurance fund. Ignore cents in your calculations.





## ACTIVITY A5

## KWAMBO MUSICA

Kwambo Musica employs three full time workers.

## REQUIRED

5.1 Use the information provided below to complete the salaries journal for the month ended 31 May 2022.

## INFORMATION

A. The employees are as follows:

- A. Goqo (Married)
- A. Ngema (Not Married)
- S. Hlengwa (Married, with one child)

B. Information regarding salaries:

- A. Goqo earns 8 000 per month
- A. Ngema earns R144 000 per year
- Salary scale of S. Hlengwa (employed for 2 years at the business) is as follows:

$84\,000 \times 8\,400 - 109\,200 \times 15\,400 - 155\,400$
--

C. Deductions:

I. Pension fund:

- All employees are members of BB Pension fund and contributes 8% of their gross salaries per member.

II. Medical Aid stipulations:

- Adults pay R450 per month per person
- Children pay R200 each, per month per child

III. South African Revenue Services:

- All employees pay 20% of their gross salaries.

IV. Unemployment Insurance Fund contribution:

- 1% of gross salary

D. Employers' contribution:

- 12% of gross salary for the medical aid
- Employer contributes R2 for every R1 to the pension fund
- UIF contributions 1%.





## ACTIVITY A6

## WAGES JOURNAL

## Required:

- 6.1 Complete the Wages Journal for “Sicelo’s Tennis School” or the **week** ended 15 June 2022

**DO NOT ROUND ANSWERS TO THE NEAREST RAND**

## Additional Information:

- A. D Dumisa The coach of the U18 Tennis team.
- Coaches 3 days a week for 1 hour 30 minutes per coaching session at a rate of R100 per hour.
  - The team had a tournament over the weekend where they played 4 matches of 1 hour each.
  - The rate payable for overtime (weekend matches) is 1.5 times the normal coaching rate.

## Deductions:

- R40 per week is paid to the “AA Medical Fund”
  - 10% of the basic wage is contributed towards the pension fund.
  - R50 is deducted weekly for PAYE.
  - 1% of the gross wage is contributed by the employee to the UIF.
- B. M.Msomi The coach of the U14 Tennis team.
- Coaches twice a week for 1 hour 30 minutes and is paid a basic wage of R80 per hour.
  - The team did not have any matches this past weekend.

## Deductions

- R15 per week is paid to the “AA Medical Fund”
  - 10% of the basic wage is contributed towards the pension fund.
  - R20 is deducted weekly for PAYE.
  - 1% of the **gross wage** is contributed by the employee to the UIF.
- C. General
- “Sicelo’s Tennis School” contributes R2 for every R1 that both employees pay for their medical aid.
  - Pension Fund contributions are done on a Rand for Rand basis.
  - 1% of the **gross wage** is contributed by the employer to the UIF.



**ACTIVITY A7****7.1. WAGES JOURNAL**

You are provided with information related to Dlangezwa Traders for June 2022.

**Required:**

- 7.1.1 Differentiate between a salary and a wage.  
 7.1.2 Complete the wages journal for the week ending 30 June 2022.  
 7.1.3 The owner is concerned that the manager may be paying some employees for days/hours not worked. Explain TWO points that can be used by the owner to avoid this action.

**INFORMATION:**

- A. The business employed three workers (Themba Mbhele, Kerse Fakude and Mawaza Khanye) on the same wage rate of R60 per hour and each employee has worked 40 hours except for Kerse Fakude who was absent in a week and only worked for 25 hours. Both Themba Mbhele and Mawaza Khanye worked 12 hours and 8 hours of overtime respectively. The overtime rate is 1.5 times the normal time rate.
- B. The following deductions must be taken into account:
- The PAYE is calculated at 18% of gross wages.
  - Medical aid is R 120 main member and (R30 per additional member)  
Themba Mbhele is married and has two children whilst both other employees had no additional members registered under their medical schemes.
  - The UIF is R 20 for each employee
  - Pension fund deduction is at 7,5% of normal basic wages
- C. Dlangezwa Traders contributes on behalf of the employers as follows:
- Pension fund is 10.5% of basic wages
  - Medical aid is R2 for every rand deducted from the employee's wages.

**7.2. SALARIES**

Use the information given to answer the following questions:

**INFORMATION:**

The extract of the following employee's salaries in June 2022 the last day of the financial year:

PAM NGWENYA		MUZI NGOBESE	
Gross annual salary	R75 600	Gross monthly salary	R14 800
N.B: PAM NGWENYA's salary increased by R 600 per month halfway in the accounting period			



Taxable amount	Rates of tax
0 – R 60 000	18% of taxable income
R 60 001 – R 150 000	R 27 000 + 25% of the amount exceeding R 60 000
R 150 001 – R 235 000	R 48 250 + 30% of the amount exceeding R 150 000
R 235 001 – R 325 000	R 75 250 + 35% of the amount exceeding R 235 000
R 325 001 and above	R 120 750 + 40% of the amount exceeding R 325 000

**Required:**

- 7.2.1 What does PAYE stand for?
- 7.2.2 What is the highest tax rate paid by employees?
- 7.2.3 Calculate the monthly PAYE that will be deducted from PAM NGWENYA's monthly salary?
- 7.2.4 Calculate the June salary for PAM NGWENYA.
- 7.2.5 Calculate the annual PAYE deduction on Muzi Ngobese's salary.

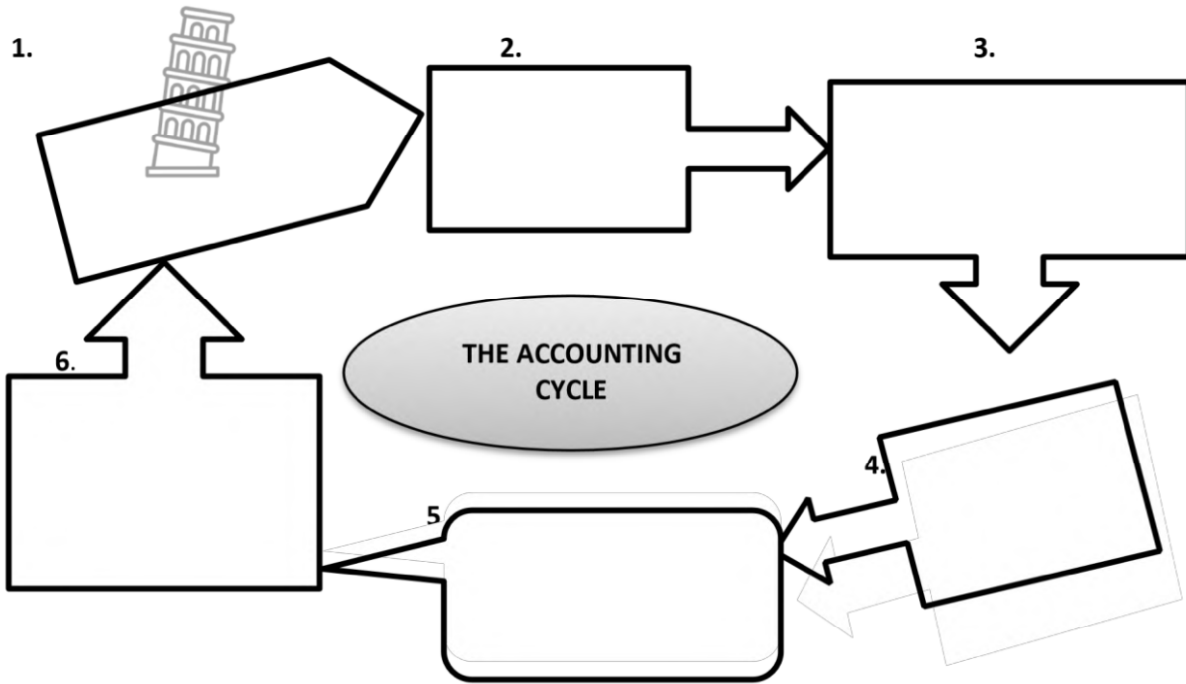


**B. FINAL ACCOUNTS**

**FINAL ACCOUNTS**

**Step one:**

- When learning about the final accounts, you must remember the accounting cycle which deals with these accounts at the end of the year. Taking note of the matching concept and accounting period.



(6)

**Step two**

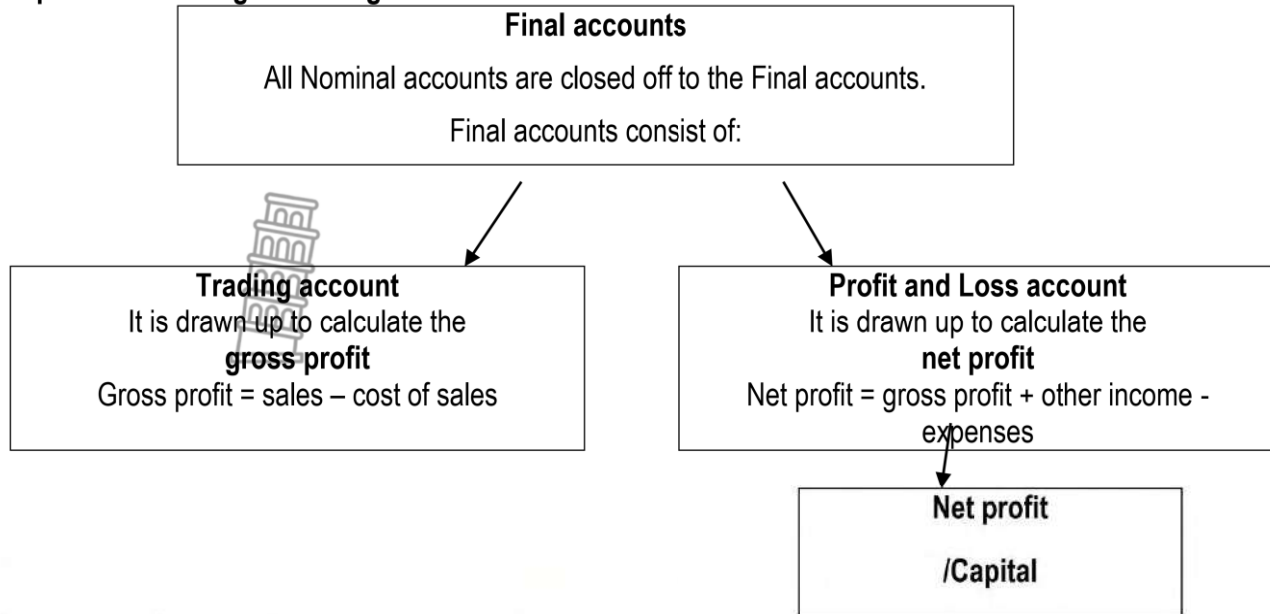
Remember the classification of accounts in their different categories

- Assets
- Liabilities
- Capital
- Drawings
- Incomes
- Expenses

Prepare Trial Balance by identifying accounts from a pool of mixed accounts.

- Balance Sheet accounts section
- Nominal accounts section
- 



**Step three: Looking at Trading Account****Step four: Adjustments**

- Start with specific/ problematic adjustments, do a variety of activities at different levels.
- E.g. Returns adjustments. Show impact on trading stock surplus/deficit
- Adjustments for rent, start with rent received or paid for 12 months, move to rent received or paid less than or more than 12 months. Then show learners the difficult one with the percentage increase during the year. Example, extract from trail balance on 28 Feb. 2019: rent income R67 000

**Adjustment:**

Rent increased by 10% from 1 December 2018. The rent has been received until march 2019.

**Solution:**

1 March 2018 \_\_\_\_\_ 1 Dec 2018 \_\_\_\_\_ 28 Feb. 2019 \_\_\_ 31 March 2019

$$[(100 \times 9) + (4 \times 110)] = 900 + 440 = 1340$$

$$67\,000 / 1340 \times 110 = 5500$$

$$\text{Rent income will be } 67\,000 - 5500 = R61\,500$$

**Take note of the following adjustments:**

- Trade discount- when calculating the cost of sales we use the amount before the trade discount was taken into consideration. E.g. sales: R8100, trade discount: (R900), and mark-up is 50% on cost. The calculation of cost of sales.  $[R8100 + R900] \times 100 / 150 = R6000$ .
- Sales: R8100, trade discount: 10% and mark-up is 50% on cost. The calculation of cost of sales.  $[R8100 / 90 \times 100] \times 100 / 150 = R6000$ .
- When given cost of sales R6000, mark-up 50% on cost and discount is R900. The calculation of sales:  $[R6000 \times 150 / 100] - R900 = R8100$ .
- When given cost of sales R6000, mark-up 50% on cost and discount is 10%. The calculation of sales:  $[R6000 \times 150 / 100] \times 90 / 100 = R8100$ .



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## B. SOLE TRADER: FINAL LEDGER ACCOUNTS

**ACTIVITY B1 -****REQUIRED:**

- 1.1. Trading Account
- 1.2. Profit and Loss Account

**INFORMATION:**

The following information was taken from the books of Nozulu Traders; the financial year end is 28 February 2022.

**Pre-adjustment Trial Balance of Nozulu Traders on 28 February 2022.**

	Debit	Credit
<b>Balance Sheet Accounts Section</b>		
Capital		291 896
Drawings	45 000	
Mortgage Loan : Rama Bank (18% p.a)		50 000
Land and Buildings	360 000	
Equipment	24 000	
Vehicles	156 000	
Accumulated Depreciation on Equipment		4 700
Accumulated Depreciation on Vehicles		21 000
Trading Stock	35 900	
Debtors Control	65 500	
Bank		63 795
Petty Cash	2 000	
Cash Float	3 000	
Creditors Control		59 759
Fixed Deposit: Dingukwazi Bank (12% p.a)	38 000	
Pension Fund		4 500
Creditors for Salaries		26 800
<b>Nominal Accounts Section</b>		
Sales		455 000
Cost of Sales	213 000	
Debtors Allowances	4 500	
Wages	1 100	
Salaries and Wages	39 100	
Rent Income		31 200
Interest on Overdraft	590	
Rates	2 700	
Insurance	3 800	
Repairs	2 600	
Telephone	1 840	
Stationery	2 240	
Bank Charges	1 400	
Bad debts Recovered		480
Bad Debts	960	
Interest on Loan	8 000	
Interest on Fixed Deposit		4 000
Water and Electricity	3 000	
	<b>1 013 130</b>	<b>1 013 130</b>



1. Rates include an amount of R 800 paid for the period 1 December 2021 to 30 April 2022.
2. The rent has been received for 13 months
3. A debtor, T Zondi who owed R 1 200, was declared insolvent. His estate paid a first and final dividend of 60 cents in a Rand for which an EFT was made, received on 28 February 2022. The remainder must be written off. No entries have been made.
4. The water and electricity account for February 2022 has not yet been paid, R 200
5. Provide for outstanding interest on loan.
6. Provide for depreciation as follows:
  - On equipment at 10% p.a. on cost.
  - On vehicles at 20% p.a. on the carrying value method.
7. Provide for outstanding interest on fixed deposit.
8. There was the fire in the business storeroom on 14 February 2022 and goods worth R 4 000 were damaged. The insurance company has agrees to settle 80% of the claim, for which the EFT will be made in March 2022. No entries have been made of this transaction.
9. Stock on hand as per physical count on 28 February 2022 revealed the following:
  - Trading stock, R 31 200
  - Stationery, R 280



## ACTIVITY B2

## SOLE TRADER: FINAL LEDGER ACCOUNTS

## REQUIRED

- 2.1. Trading Account
- 2.2. Profit and Loss Account

## Information:

The following information is related to Gadaffi Traders. Their financial year ends on 28 February each year.



## AMABHELE TRADERS

## Pre-adjustment trial balance as at 28 February 2021

Balance Sheet Accounts Section	Debit	Credit
Capital		865 500
Loan: Nongoma Bank (14%)		150 000
Trading stock	123 400	
Bank	87 500	
Fixed deposit: Manzini Bank (7%)	80 000	
<b>Nominal accounts section</b>		
Sales		1280 000
Debtors allowances	12 400	
Cost of sales	640 000	
Interest on fixed deposit		4 200
Discount received		3 100
Rent income		154 900
Water and electricity	35 400	
Advertising	30 000	
Bad debts	11 300	
Salaries	184 000	
Telephone	17 500	
Stationery	23 200	
Insurance	44 000	
Interest on loan	?	
Discount allowed	3 800	
Bank charges	2 300	

## Adjustments and additional information:

- A. No entry was made for a credit note issued to debtor M. Mkhize for stock returned, R3 000 (Mark-up 50% on cost price) the goods were placed back into stock.
- B. On the last day of financial year, a physical stock taking revealed the following
  - Trading stock on hand R119 000
  - Stationery R 1 400
- C. A debtor N. Ntanzu, who owes R 800 must be written off as irrecoverable.
- D. The telephone account for February 2022 has not yet been paid, R 2 200.



- E. The insurance amount includes an annual premium of R 7 600 was paid on 30 September 2021.
- F. The fixed deposit was invested in 1 March 2021 at ABBA Bank the interest was received for 9 months only. Provide for the outstanding interest.

- G. The bank statement received on 28 February 2022 reflected the following:
- Bank charges R400
  - Kheswa a debtor whose account was previously written off as irrecoverable, deposited R900

- H. The loan statement received from FNB Bank reflected the following on 28 February 2022:

Balance on 1 March 2020	R180 000
Interest on loan (Capitalised)	R ?
Repayments (Including Interest)	R53 100
Balance on 28 February 2021	R150 000

- I. The tenant paid the March 2022 rent in advance, during February 2022. note the rent was increased by R1800 per month from January 2022.
- J. Provide for depreciation R47 500 for the year.
- K. An employee has been omitted from the salaries journal of February 2022. his details are as follows :

Gross Salary	?
Deductions	R 6000
Contribution	R 3000
Net Salary	R 13 000
<b>NB : Employers contributions are added (recorded under salaries and wages)</b>	



## ACTIVITY B3

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## SOLE TRADER: FINAL LEDGER ACCOUNTS

**REQUIRE:**

- 3.1. Calculate the Capital Balance at the end of the year 2021.
- 3.2. Trading Account
- 3.3. Profit and Loss Account

**Information:**

The following information is related to Dlabazane Traders. Their financial year ends on 28 February each year. The business is owned by T. Mumba .

**Pre-adjustment trial balance of Dlabazane Traders on 28 February 2021**

<b>BALANCE SHEET ACCOUNTS SECTION</b>	<b>Debit</b>	<b>Credit</b>
Capital		435 875
Drawings	17 685	
Land and building	456 862	
Vehicles	367 200	
Accumulated depreciation vehicles		62 400
Equipment	88 000	
Accumulated depreciation equipment		54 660
Fixed Deposit : AFM Bank	18 750	
Loan: CAPS Bank (12% p.a.)		103 500
Trading stock	34 650	
Debtors' control	29 460	
Creditors' control		21 435
Bank overdraft		52 550
Cash float	750	
<b>NOMINAL ACCOUNTS SECTION</b>		
Sales		679 200
Cost of sales	346 350	
Debtors' allowances	1 875	
Salaries and wages	54 000	
Rent Income		40 000
Bad debts recovered		16 335
Insurance	10 128	
Bad debts	975	
Stationery	8 400	
Water and Electricity	4 395	
Discount allowed	675	
Interest on overdraft	2 250	
Interest on fixed deposit		12 300
Depreciation	16 020	
Discount received		270
	<b>1 468 475</b>	<b>1 468 475</b>

**Additional information and adjustments**

1. A debtor returned damaged goods for R 2 400 on 28 February 2021, these goods were sold at 80% of normal selling price and this was not recorded. The mark up on these goods was 50% on cost.

2. After a physical stocktaking, the following stock was on hand on 28 February 2021:

- Trading inventory R 33 600
- Stationery R 270
- The owner took stationery for R 500 before the stock taking for personal use. No entry has been made.

3. The rent for March has been received in advance and recorded.

NB: The rent increased by R 200 on 1 November 2020.

4. The salary of an employee was not processed for the month of February 2021. Use the details provided and make the necessary entries to process her salary.

Gross Salary	R 18 000
PAYE	10% of gross salary
Pension Fund	R 720
Medical Aid	R 1 200 per month
UIF	1% of gross salary

The business contributes toward UIF and Pension Fund on a Rand for Rand basis. The contributions are debited to salaries and wages account.

5. The insurance amount includes an annual payment of R6 300 that was paid on 1 October 2020 to 30 September 2021.

6. The water and electricity amount of R465 is still owing.

7. A debtor J Black, was declared insolvent. A dividend of 40 cents in the rand for R 900 was received and recorded, the rest must be written off as irrecoverable.

8. An amount of R1 500 was received from a debtor whose account was previously written off.

9. The bank statement was received after the trial balance was drawn up. The following items still need to be recorded:
- Bank charges R540
  - Interest on overdraft R2 750
10. The business sells items on a commission basis. Commission totaling R12 000 for sales made during February is still due to the business.
11. The loan Statement from CAPS Bank showed the following
- Balance on 28 Feb 2020 R 125 340
  - Repayments R 25 000
- The Bank capitalizes the interest each month.
12. A new vehicle costing R 160 200 was bought on 1 November 2020. The entry has been properly recorded.
13. Depreciation should be calculated as follows:
- Equipment at 15% per annum on cost price method
  - Vehicles at 10% per annum on diminishing balance method, the bookkeeper had already calculated the depreciation on the new vehicle but erroneously calculated it for the whole year. Correct the error.





## ACTIVITY B4

## FINAL LEDGER ACCOUNTS

## REQUIRED:

- 4.1 Trading Account
- 4.2 Profit and Loss Account

## Information:

The following information is related to Maqongqo Traders. Their financial year ends on 28 February each year. The business is owned by Mabizo Madlokovu

## PONGOLA TRADERS

## Pre-adjustment trial balance as at 28 February 2022

Balance Sheet Accounts Section	Debit	Credit
Capital		1 027 490
Drawings	58 000	
Loan: Capitec Bank (18% p.a.)		100 000
Land and Buildings	910 000	
Vehicles	345 000	
Equipment	140 000	
Accumulated depreciation		102 000
Accumulated depreciation on equipment		52 000
Trading stock	16 300	
Debtors control	20 720	
Bank	55 500	
Petty cash	3 870	
Fixed deposit: ABSA Bank (11% p.a.)	20 000	
Creditors control		45 000
<b>Nominal accounts section</b>		
Sales		875 000
Debtors allowances	12 600	
Cost of sales	500 000	
Salaries and wages	96 750	
Fee income		8 400
Rent income		41 100
Discount allowed	800	
Discount received		880
Insurance	9 800	
Bank charges	1 210	
Bad debts	5 200	
Telephone	12 560	
Water and electricity	14 200	
Stationery	10 800	
Interest on loan	13 500	
Sundry expenses	5 400	
	<b>2 252 170</b>	<b>2 252 170</b>

Adjustments and additional information:

- A. Invoice issued to a debtor S. Maphumulo for computer sold to him on credit was omitted by mistake. Selling price R5 000 (cost price R3 000)
- B. The owner took goods for R1 200 every month for his own use. The bookkeeper recorded it as salaries. Correct the error.
- C. The fee income of R4 000 not yet received by the business.
- D. Rent has been received for 13 months. The rent has increased by R 300 per month with effect from 1 September 2021.
- E. A debtor who owed R1 200 was declared insolvent. A dividend of 40 cents to the rand was received and recorded. Write off the remaining debt as irrecoverable.
- F. The insurance amount includes an annual premium of R 2 160 for the period starting on 1 December 2021.
- G. A physical stock count on 28 February 2022 revealed the following on hand:
- Trading stock R 15 500
  - Stationery R 10 340 used during the accounting period
- H. The telephone account for February 2022 has not yet been paid, R 450.
- I. The interest on the loan is calculated at 18% p.a. Outstanding interest must be brought into account. Interest is not capitalised.
- J. Depreciation on equipment is 20% p.a. on carrying value. Whilst depreciation on vehicles was correctly calculated as R69 000.
- K. The interest on the fixed deposit is still owed to the business at the end of the year. Interest is 11% p.a. interest is not capitalised.



## ACTIVITY B5

## SOLE TRADER: FINAL LEDGER ACCOUNTS

## REQUIRED:

- 5.1 Trading Account  
5.2 Profit and Loss Account

## Information:

The following information is from the books of Sandawana Traders. The financial year ended on 28 February 2021.

## SANDAWANA TRADERS

## Extract of Trial Balance for the year ended 28 February 2021

Balance Sheet Accounts Section	Debit	Credit
Capital		955 000
Drawings	61 860	
Land and Buildings	650 000	
Vehicles	345 000	
Equipment	60 000	
Accumulated depreciation on vehicles		28 125
Accumulated depreciation on equipment		8 700
Fixed deposit: ABSA Bank (8, 5% p.a.)	50 000	
Trading Inventory	33 320	
Debtors control	23 500	
Bank	7 500	
Creditors control		51 577
Loan: FNB Bank (14% p.a.)		60 000
<b>Nominal accounts section</b>		
Sales		758 413
Debtors allowances	12 435	
Cost of sales	500 000	
Rent income		42 560
Interest on fixed deposit		2 125
Discount received		560
Bad debts	1 250	
Salaries	114 000	
Telephone	7 490	
Water and electricity	5 350	
Stationery	3 210	
Advertising	6 346	
Insurance	3 250	
Interest on loan		?
Discount allowed	789	

## Adjustments and additional information:

1. Donated goods, R525 to Copesville Primary School. No entry for this transaction has been made.
2. On the last day of the financial year, a physical stock count revealed the following:
  - Trading stock R31 590
  - Stationery on hand R 390
3. The Fixed deposit was invested on 1 March 2020 at ABSA Bank. The interest on the fixed deposit has been received for six months.
4. The account of a debtor, S. Bhengu, amounting to R320 must be written off as irrecoverable since he cannot be traced.
5. The rent for March 2022 has already been received. NOTE: The rent was increased by 10% from January 2021.
6. The telephone account for February 2021 has been received but not yet paid, R405.
7. An annual insurance premium of R1 140 was paid on 30 September 2020.
8. The loan statement received from FNB Bank reflected the following on 28 February 2021:

Balance on 1 March 2020	R85 000
Interest on loan (Capitalised)	?
Repayments (Including Interest)	R32 500
Balance on 28 February 2021	R60 000
9. The business's policy on depreciation states the following:
  - Depreciation on vehicles is calculated at 15% p.a. according to cost price method. Take into account that a new vehicle, with a cost price R120 000 was purchased and entered into the books on 1 November 2020
  - Depreciation on equipment must be provided for at 10% p.a. according to the diminishing balance method.



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## C.FINANCIAL STATEMENTS

**ACTIVITY C1**

Amanda Traders sell motor spares in a small shop located in the city centre. Their financial year ends on 28 February 2023. The business uses the 80% profit mark-up on cost.

**REQUIRED**

Complete the Statement of Comprehensive Income (Show all the workings)

<b>Extract from the Pre-Adjustment Trial Balance of Amanda Traders on 28 February 2023</b>			
<b>Balance sheet accounts section</b>	<b>Fol</b>	<b>Debit</b>	<b>Credit</b>
Capital	B1		212 225
Drawings	B2	11 400	
Equipment	B8	380 000	
Fixed Deposit at XR Bank	B11	10 000	
Accumulated Depreciation on Equipment (1 March 2022)	B13		76 000
Trading Stock	B16	9 200	
Debtors Control	B17	1 640	
<b>Nominal accounts section</b>			
Sales	N1		335 520
Cost of Sales	N2	134 208	
Debtors Allowances	N3	1 300	
Consumable stores	N4	5 600	
Rent Income	N5		19 800
Bad debts	N6	184	
Interest on Fixed Deposit	N7		1 125
Advertisements	N8	2 611	
Water and Electricity	N9	1 117	
Interest on Loan	N10	1 000	
Rent Expense	N11	102 000	

**Additional Information**

- The Water & Electricity amounting to R544 was still outstanding on 28 February 2023.
- Amanda Traders rented a small office at the back of the store to a manufacturing jewelry from 1 October 2022 for R3 300 per month.
- A debtor, L. Beukes, was not happy with the quality of the goods she bought on credit at a price of R1 017. She returned it and demanded a refund on her account.
- The following stock was on hand at the end of the financial year:
  - Trading Stock ,R9 980
  - Consumable Stores ,R320
- The interest on the Fixed Deposit for three months amount was not received on 28 February 2023, the interest per month is R375. Interest is not capitalised.
- Advertisement amount includes an amount of R480 for advertising that was placed in a local newspaper for the period 1 October 2022 to 31 March 2023.
- Equipment must be depreciated at 10% p.a. on the diminishing balance method. New equipment was purchased on 1 September 2022 for R8 300, the cost was recorded.



**ACTIVITY C2**

The information is from the books of Skhindi Traders. The financial year ended on 28 February 2023.

Complete the Statement of Comprehensive Income (Show all the workings)

<b>EXTRACT FROM THE TRIAL BALANCE ON 28 FEBRUARY 2023</b>		
	<b>Debit</b>	<b>Credit</b>
<b>BALANCE SHEET SECTION</b>		
Capital		865 500
Fixed Deposit: ABBA Bank (7% p.a.)	80 000	
Trading stock	123 400	
Bank	87 500	
Loan: FBN Bank (14% p.a.)		150 000
<b>NOMINAL ACCOUNT SECTION</b>		
Sales		1 280 000
Cost of sales	640 000	
Debtors allowances	12 400	
Rent income		154 900
Interest on fixed deposit		4 200
Discount received		3 100
Water and electricity	35 400	
Advertising	30 000	
Bad debts	11 300	
Salaries	184 000	
Telephone	17 500	
Stationery	23 200	
Insurance	44 000	
Interest on loan	14 000	
Discount allowed	3 500	
Bank charges	2 300	

**ADDITIONAL INFORMATION**

- No entry was made for a credit note issued to debtor, V Shabangu, for stock returned, R3 000 (cost of goods returned, R2 000).
- A debtor, Z Msibi, who owes R800 must be written off as irrecoverable.
- On the last day of the financial year, a physical stock taking revealed the following:
  - Trading stock R119 000
  - Stationery R1 400
- An annual insurance premium of R7 200 was paid on 30 September 2022
- The telephone account for February 2023 has been received but not yet paid, R2 200.
- The Fixed Deposit was invested on 1 March 2022 at ABBA Bank. The interest was received for 9 months only. Provide for the outstanding interest.
- The bank statement received on 28 February 2023 reflected the following:
  - Bank charges - R 400
  - P Bezuidenhout, a debtor whose account was previously written off as irrecoverable, deposited R900 into the business bank account.
- A spare office has been rented out to a tenant since 1 March 2022. The tenant paid the March 2023 rent in advance, during February 2023. Note the rent was increased by R1 800 per month from 1 January 2023.
- The long term loan is repaid annually on 1 September with an installment of R30 000. This amount has been properly recorded. Provide for interest owing at 14% p.a.
- Provide for depreciation of R47 500 for the year.
- An employee has been omitted from the Salaries Journal of February 2023. His details are as follows:

Gross Salary	Deductions	*Contributions	Net Salary
?	6 000	3 000	13 000

\* Employer's contributions are recorded as Salaries and wages.



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### ACTIVITY C3 STATEMENT OF FINANCIAL POSITION

You are provided with information the books of Manyaka Traders for the financial year ended 28 February 2023.

#### REQUIRED

Use the information extracted from the records of Manyaka Traders to prepare the following:



- Notes to the financial statements
- Balance Sheet

#### INFORMATION

<b>POST-CLOSING TRIAL BALANCE OF MANYAKA TRADERS ON 28 FEBRUARY 2023</b>			
<b>Balance sheet account section</b>			
Capital			740 000
Land and buildings		440 000	
Vehicles		360 000	
Equipment		296 000	
Accumulated depreciation on vehicles			112 000
Accumulated depreciation on equipment			76 000
Trading inventory		64 000	
Debtors control		72 000	
Creditors control			224 000
Bank		61 000	
Cash float		2 000	
Petty cash		4 000	
Fixed deposit – ABC Bank		16 000	
Loan XYZ Bank			160 000
Prepaid expense		14 000	
Accrued income		13 000	
Accrued expense			24 000
Income received in advance			12 000
Consumable stores on hand		6 000	
		<b>1 348 000</b>	<b>1 348 000</b>

#### Additional Information

The information provided below has been recorded in the books of Manyaka Traders.

1. Net profit for the year amounted to R92 000.
2. Drawings amounted to R20 000.
3. The owner contributed R240 000 as additional capital on 1 July 2022.
4. Depreciation amounted to the following :
  - Vehicles R24 000
  - Equipment R14 000
5. The loan is paid in instalments of R32 000 per year.



**ACTIVITY C4**

You are provided with information the books of Gumbaldino Stores for the financial year ended 28 February 2023.

**REQUIRED**

4.1.1 Prepare the following notes to the Balance Sheet (Statement of Financial Position) for the year ended 28 February 2023:

- Inventories
- Trade and other receivables
- Cash and cash equivalents
- Capital
- Trade and other payables

4.1.2 Complete the Statement of Financial Position on 28 February 2023.

**Information**

Extracted from the General Ledger on 28 February 2023.

	<b>R</b>
Capital	1 030 000
Drawings	125 000
Loan from Star Bank	350 000
Fixed assets (carrying value on 28 February 2023)	1 191 200
Fixed deposit: Top Bank	120 000
Trading stock	310 000
Debtors control	48 700
Bank overdraft	64 700
Petty cash	1 200
Creditors for salaries	16 000
SARS – PAYE	3 200
Creditors control	55 600

**ADDITIONAL INFORMATION**

1. The owner of Venus Stores:
  - Contributed R180 000 cash as additional capital on 31 July 2022 (this has been properly recorded)
  - Took stock for personal use at cost price, R11 000 (this has not been recorded).
2. The following adjustments must be taken into account for the Balance Sheet:
  - Amount owed for electricity, R3 900
  - Commission income received in advance, R15 000
  - An advertisement costing R14 000 will appear in the newspaper in March 2023. Payment was made and recorded in February 2023.
  - Packing material on hand at year-end per physical count, R7 300
  - Rent owed by tenant, R8 000
3. The fixed assets include an amount of R182 000 paid to Ace Builders for building a storeroom (R150 000) and repairs to the roof of the shop (R32 000). The error must be corrected.
4. R25 000 of the Fixed Deposit at Top Bank matures on 31 May 2023.
5. A direct transfer of R15 000 was made from the bank account to settle the monthly repayment of the loan from Star Bank on 28 February 2023 but no entry has been made in the books.
6. The net profit for the year amounts to R235 000 after all adjustments were taken in consideration.

## ACTIVITY C5

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The financial year of Mhlanga Bed Shop ends on 30 June 2023. A profit mark-up of 70% is added to the cost price.

**REQUIRED**

Use the information provided below to complete the following for the year ending 30 June 2023

- 5.1 Statement Of Comprehensive Income
- 5.2 Notes to the Statement Of Financial Position
- 5.3 Statement Of Financial Position

**INFORMATION**

<b>PRE-ADJUSTMENT TRIAL BALANCE OF MHLANGA BED SHOP ON 30 JUNE 2023</b>		
	<b>Debit</b>	<b>Credit</b>
<b>Balance Sheet Accounts Section</b>		
Capital [01/07/2022]		564 200
Drawings	64 100	
Land and Building at cost	1 540 000	
Vehicles at cost	890 000	
Equipment at cost	240 000	
Accumulated Depreciation on vehicles [1/07/2022]		120 000
Accumulated Depreciation on Equipment [1/07/2022]		66 600
Trading Stock	1 224 000	
Debtors' control	36 200	
Creditors' control		86 200
Bank	123 200	
Petty Cash	2 000	
Cash Float	4 000	
Fixed Deposit: RSA Bank (8% per annum)	120 000	
Loan: Derby Bank		384 000
<b>Nominal Accounts Section</b>		
Sales		8 500 000
Cost of Sales	5 000 000	
Debtors' Allowances	128 400	
Salaries and wages	789 700	
Water and Electricity	54 200	
Fuel	613 100	
Rates and Taxes	32 100	
Discount Allowed	14 600	
Discount Received		19 800
Stationery	4 200	
Interest on overdue account of creditors	1 400	
Insurance	72 400	
Bad debts	20 000	
Income on deliveries		1 200 000
Rent income		82 200
Interest on fixed deposit		4 800
Advertising	48 400	
Interest on current account		3 100
Bank charges	8 900	
	<b>11 030 900</b>	<b>11 030 900</b>

**ADDITIONAL INFORMATION**

1. The water and electricity account for June 2023 was received, however it was not paid, R4 300.
2. A debtor, M Fouche, returned the bed on 29 June 2023 with a selling price of R8 500. A credit note was issued for R8 800 which includes R300 delivery costs. No entries have been made.
3. The following stock was on hand at the end of the financial year:
  - Trading stock R1 220 000
  - Stationery R850
4. Included in the amount of insurance is an amount of R15 000 for the period 1 April 2023 to 31 March 2024.
5. Rent has been received for 13 months. The rent was R6 000 per month before it increased by R600 on 1 January 2023.
6. Depreciation is calculated as follows:
  - On vehicles at 20% p.a. on the cost price.
  - On equipment at 15% p.a. on book value.
  - A new vehicle was bought for R290 000 on 1 April 2023 and was properly recorded.
7. The loan statement received from Derby Bank on 30 June 2023 reflected the following:

Balance on 1 July 2022	R480 000
Repayments during the year (including interest)	R96 000
Interest	?
Balance on 30 June 2023	R420 000

Interest on loan is capitalized.

R84 000 will be paid back to Derby Bank in the next financial year including interest.

8. Interest on fixed deposit is still outstanding. There was no change in the Fixed Deposit account during the current financial year.
9. A Fixed deposit of R35 000 matures on 30 September 2023.
10. A debtor, P Ledwaba's account of R3 200 must be written off as irrecoverable.
11. A creditor with a debit balance of R4 500 must be transferred to the Debtors' Ledger.

**ACTIVITY C6**

6.1 Supply the correct principle to each statement.

Historical cost rule; prudence concept; business entity rule; concept of materiality; going-concern concept

- 6.1.1 Be conservative and realistic in disclosing information.
- 6.1.2 Items that are of significance, must be treated separately.
- 6.1.3 The business and the owner's affairs must be kept separately.
- 6.1.4 Assets are always reflected at their original cost price.



6.2 The information relates to LOLO TRADERS for the financial year ended 30 June 2019.

**REQUIRED:**

- 6.1.1 Taking into account the adjustments (INFORMATION B) below, Complete the INCOME STATEMENT (Statement of Comprehensive Income) for the year ended 30 June 2019.
- 6.1.2 Prepare the NOTE for owner's equity to the Balance Sheet (Statement of Financial Position).



6.1.3 Prepare the Equity and Liabilities section of the Balance Sheet.

6.1.4 G. Grey, the owner of LOLO Traders, is concerned about the size of his trading stock deficit. Suggest TWO realistic measures in order to control and reduce trading stock deficit. The accountant advised the owner (G. Grey) to cash-in the fixed deposit and use the money to pay off part of the loan. Do you agree with the accountant? Give a reason for your answer.

### INFORMATION:

#### A ADDITIONAL INFORMATION

1. Goods are sold at a profit mark-up of 50% on cost price.
2. A credit note for R12 000 was issued to a debtor for merchandise returned, that were totally damaged. No entries were made for this transaction.
3. Lolo took stock for her personal use at a cost price, R4 800. This has not been recorded.
4. The stock-taking revealed that the following were on hand on 30 June 2023:
  - Trading stock, R406 100
  - Stationery, R500
  - Consumable stores, R800
5. The following entries appeared in the June Bank Statement but had not yet been recorded in the books of the business:
 

Bank charges, R1 000,  
A direct deposit by a debtor whose debt had previously been written off as bad, R1 200.  
A debtor, C. Coward, has been declared insolvent. He owes R1 500. His insolvent estate will pay out 60c in the Rand and the balance must be written off as irrecoverable.
6. The rent income was increased by R900 on 1 March 2023. The tenant has not yet paid the rent for June 2023.
7. Outstanding interest on fixed deposit must be taken into account. The fixed deposit was invested on 1 October 2022. Interest on fixed deposit is not capitalised.

8. An insurance premium of R5 600 was paid in 1 April 2023 for the period 1 April 2023 to 31 October 2023.

9. The loan statement from BM Bank on 30 June 2023 reflects the following:

Balance on 1 July 2022	R665 600
Total payments during the year including interest	R103 200
Balance on 28 June 2023	R652 000

\*The interest for the year must be capitalised.

10. A capital amount of R70 000 will be paid off the loan in the next financial year.
11. Depreciation for the year amounted to R195 150.
12. The telephone account for June 2023, has not been paid, R1 600.
13. The owner invested a further R100 000 in the business to increase her capital contribution. This has been properly recorded.



**ACTIVITY C7****GREENDALE TRADERS**

The following information is extracted from the records of Phala-Phala Traders. The financial year ends on 31 December 2023.

**REQUIRED:**

Refer to information A – J

7.1 Complete the Statement of Comprehensive Income for the year ended 31 December 2023.

**INFORMATION:**

The following balances were extracted from the Pre-Adjustment Trial Balance of Phala-Phala Traders on 31 December 2023:

A	BALANCE SHEET ACCOUNTS SECTION	R
	Land and Buildings	980 000
	Vehicles at cost	660 000
	Equipment at cost	360 000
	Accumulated depreciation on vehicles	162 000
	Fixed deposit: Post Bank: 10% p.a.	185 000
	Accumulated depreciation on equipment	75 000
	Consumable stores on hand (01 January 2023)	1 030
	Trading stock	198 500
	<b>NOMINAL ACCOUNTS SECTION</b>	
	Sales	1 098 000
	Debtors allowances	42 500
	Cost of sales	610 000
	Salaries and wages	130 000
	Telephone	11 074
	Insurance	23 200
	Rent income	295 900
	Water and electricity	18 450
	Discount received	33 044
	Repairs and maintenance	33 000
	Fee income	199 034
	Interest on current bank account	1 086
	Packing materials	21 000
	Bad debts recovered	18 156
	Interest on fixed deposit	14 800
	Bad debts	12 055
	Donation income	71 268

**B. Sales and returns**

- A **credit note** was issued for goods marked R7 080 to a debtor SK Mokoena. The cost price of these goods was R4 720. No entry was made.
- Note, the mark-up% on cost was maintained at 50%



**C. Rent income:**

- The rent income was received until November 2023.
- The rent income has remained unchanged for the current year.

**D. Fixed deposit and interest on fixed deposit:**

- The fixed deposit was taken out on 01 March 2023. Provide for the outstanding interest for November and December 2023

**E. Salaries and contributions:**

- The bookkeeper forgot to process the salary of the shop assistant. His details are as follows:

Gross salary	R8 500
Total deductions	R2 500
Total contributions	R425
Net salary	R6 000

**F Debtors:**

- W Mathosa, a debtor whose account was **previously** written off had made an EFT of R 2 558 on 29 December 2022.
- A debtor TJ Nkosi with a balance of R3 030 has since left the country. His balance must be written off as irrecoverable.

**G • Insurance, telephone and advertising**

The insurance includes a premium of R2 400 which relates to an owner's personal vehicle insurance.

- The telephone for December is still accrued. Note, the telephone was increased by 5% with effect from 01 June 2022.
- Included in the advertising expense is an amount of R3 700 paid for a part of advert that will be broadcasted on TV in January 2023.

**H Trading stock and consumable stores on hand**

- The physical stock-taking revealed a trading inventory at R193 080 on hand.
- Packing material unused was valued at R3 305
- The bookkeeper forgot to make reversal in respect of packing materials.

**I Tangible assets and depreciation**

- An EFT of R135 000 was paid to Moraba Contractors. **Note** this amount includes repairs totalling R10 000. The bookkeeper debited the full amount under Land and Building account. Correct an error.
- Provide for the depreciation as follows:
  - On vehicles at R180 000 for the current year.
  - On equipment at R45 000 for the current year

**J. A loan statement received from Witbank on 31 December 2023**

Reflects the following

Balance of loan on 1 January 2023	378 000
Payments made during the year	281 214
Interest capitalised	?
Balance on 31 December 2023	226 800

## ACTIVITY C8

8.1 Complete the following statement using the GAAP in the list below. Write only the term next to the question number (8.1.1 – 8.1.5) in the ANSWER BOOK.

Materiality, Historical Cost, Business Entity, Matching, Prudence, Going Concern

8.1.1	A Business may write a debtor off as irrecoverable when they have not paid within a particular credit term.
8.1.2	Incomes and expense should only be reported in the correct financial period in which they are earned and incurred.
8.1.3	Land and Building cannot be recorded in its most recent market value. This implies that original purchase price remains on an asset register.
8.1.4	Packing materials and cleaning materials may be classified as consumable stores...
8.1.5	When an owner takes trading stock for personal use from his business, this transaction should be recorded as Drawings...

## 8.2 EMALAHLENI TRADERS:

The Financial year of Emalahleni Traders ends on 30 November each year.

**REQUIRED:**

- 8.2.1 Prepare the Statement of Financial Position (Balance Sheet) on 30 November 2023 (Where Notes are not required, show workings within brackets)
- 8.2.2 Complete the notes for Tangible assets/Fixed asset on 30 November 2023.
- 8.2.3 Prepare a Trade and other payable notes to the Balance Sheet on 30 November 2023

Tangible assets are the most important resources of any business. Business must protect and safeguard its tangible assets.

**Mention any TWO good practices that the business may implement**

**in order to safeguard its tangible assets**



## INFORMATION

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**A. The following balances were extracted from the post-closing Balances of Emalahleni Traders on 30 November 2023:**

BALANCE SHEET ACCOUNTS SECTION	R
Capital contribution	1 681 300
Drawings	117 000
Land and Buildings (30 November 2023)	990 000
Vehicles at cost	640 000
Equipment at cost(01 December 2022)	350 000
Accumulated depreciation on vehicles	120 500
Fixed deposit: Capitek Bank	280 000
Accumulated depreciation on equipment (01 December 2021)	99 000
Consumable stores on hand	23 000
Trading stock	340 000
Debtors Control	310 000
Bank-debit	15 000
Petty Cash	17 050
Creditors control	208 000
Loan from SADTU Bank	199 000
SARS-PAYE	10 000
Deferred income	23 000
Prepaid expense	40 950
Accrued income	21 350
<b>NOMINAL ACCOUNTS SECTION</b>	
Net profit for the year	590 000

**B. Tangible assets**

- Extension of store room was completed during the year at R198 000. This transaction was properly recorded.
- New delivery van was purchased on credit for R219 000 on 30 April 2022. The transaction was not recorded.
- Equipment costing R14 000 was bought half-way through the year. This was properly recorded.
- Provide for depreciation as follows:
- On vehicles at 20% p.a according to straight-line method. On equipment on 15% p.a as per book-value method.

**C. Fixed Deposits:**

- The fixed deposits above represent two scenarios:

scenarios:	deposit date:	Amount	Maturing date
Fixed deposit 1	01 Nov 2018	R80 000	31 January 2023
Fixed deposit 2	01 June 2020	R200 000	31 December 2025

**D. Loan**

Statement received from SADTU Bank on 31 December 2022 Reflected the following

Balance of loan on 1 December 2021	378 000
Payments made during the year	197 400
Balance on 30 Novemebr 2022	226 800

- 25% of the loan balance on 30 November 2022 is set to be repaid within the next financial year.

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**ACTIVITY C9: ACCOUNTING CONCEPTS**

9.1 Indicate where EACH of the following items would be placed in the financial statements by choosing a term from the list below. Write only the answer next to the question numbers (9.1.1–9.1.4) in the ANSWER BOOK.

operating expenses; current assets; non-current liability; operating income; non-current assets; current liabilities.

Investments such as a fixed deposit at 8% p.a. interest over a 5 years' period.

9.1.2 Trading stock surplus.

9.1.3 Mortgage bond to finance the purchase of new property.

9.1.4 Consumable stores not used at the end of a financial year.

9.2 The information was taken from **Asanda's** accounting records on 28 February 2019, the end of the financial year.

**REQUIRED:**

9.2.2 Calculate the following financial indicators.

9.2.2.1 Operating profit on sales

9.2.2.2 Acid test ratio

9.2.2.3 Return on average owner's equity

9.2.3 Comment on whether the business was more or less profitable than last year. Quote a financial indicator to substantiate your opinion.

9.2.4 Comment on the liquidity of the businesses. Quote TWO financial indicators with figures to substantiate your opinion.

9.2.5 Do you think the owner should be satisfied with the return on the average owner's equity? Explain by quoting figures.

**A. Information obtained from Asanda's general ledger on 28 February 2023. The target mark-up is 60% on cost.**

Sales	1 200 000
Cost of sales	800 000
Other income	100 000
Operating expenses	200 000
Operating profit	300 000
Net profit	160 000
Trading stock	210 000
Current assets	400 000
Fixed/Tangible assets	2 100 000
Non-Current/Long-term liabilities	?
Owner's equity (1/03/2018)	400 000
Owner's equity (28/02/2019)	900 000
Current liabilities	240 000





**B. Financial indicators on 28 February:**

	2023	2022
Current ratio	1,7 : 1	3,5 : 1
Acid-test ratio	?	1,6 : 1
Solvency ratio	1,6 : 1	2,9 : 1
% return on owner's equity	?	34,2%
% net profit on sales	12,6%	18,3%
% actual mark-up achieved	50%	60%
% operating profit on sales	?	26%
% operating expenses on sales	16,7%	18%

**ACTIVITY C10:**

**10.1 ANALYSIS AND INTERPRETATION**

Use the information given for Beatle Bailey to answer the questions correct.

**Post closing Trail Balance on 30 June**

	2023	2022
Tangible assets	222 664	203 804
Fixed Deposit: ABSA (10%)	45 000	45 000
Inventory	54 070	42 120
Trade and other receivables	34 700	25 328
Cash and Cash equivalents	1 650	6 200
Owner's equity	271 430	180 000
Mortgage bond: First Bank (15% p.a.)	60 000	120 000
Trade and other payables	26 654	22 452

**Additional information:**

Cost of Sales	600 000
Operating expenses	158 000
Net profit	130 000

**REQUIRED:**

10.1.1 Calculate Sales if the firm uses a markup of 50% on cost.

10.1.2 Calculate the return on average owner's equity. Should the owner be satisfied with this return? Give a reason for your answer.

10.1.3 Calculate the current ratio for 2023.

10.1.4 Calculate the acid test ratio for 2023.

10.1.5 Calculate the degree of solvency on 30 June 2023.



## 10.2 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

Skhindi and TT traders sells clothing at a mark-up of 100% on cost.

The financial year ends on 31 October each year.

### REQUIRED:

10.2. Calculate the following indicators for 2023. Show all workings and round off your answer to one decimal place.

10.2.1 Operating expenses on sales

10.2.2 Acid test ratio

10.2.3 Solvency test ratio

10.2.4 Return on average owner's equity

10.3. The owner is satisfied with the improvement with the liquidity of his business.

Quote TWO financial indicators with figures to support his opinion.

10.4 The business did not achieve the intended mark-up of 100%. Provide TWO possible reasons.

10.5 Mr Tom must be happy with the return in his business.

Provide TWO financial indicators with figures to support this statement.

10.6. List TWO users of financial statements.

### Information:

#### 1. Extract of the income statement

	2023	2022
Sales	458 250	325 000
Cost of Sales	235 000	162 500
Gross Profit	223 250	162 500
Operating expenses	73 500	69 500
Net Profit for the year	149 750	93 000

#### 2. Extract from the Balance Sheet

	2023	2022
Non-current assets	960 000	925 000
Current assets (including inventory)	420 000	395 000
Inventory	75 000	95 000
Owner's equity	1 000 000	600 000
Non-current liabilities	80 000	95 000
Current liabilities	300 000	625 000

#### 3. The following financial indicators have been calculated

	2023	2022
Gross profit on cost of sales	95%	100%
Net profit on sales	32,7%	28,6%
Operating expenses on sales	?	21,4%
Current ratio	1,4 : 1	0,8 : 1
Acid test ratio	?	0,6 : 1
Solvency ratio	?	2,1 : 1
Return on average owner's equity	?	5,2%
Fixed deposit rates	8%	7%



D.

**COST ACCOUNTING**

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A manufacturing business will make goods and then sell them to their customers. Manufacturing is a process of changing **raw materials** and make it into completed products. It is called finished goods

Some finished goods are used as raw material e.g. flour is a product but it can be used to make bread. In Manufacturing their main aim is to make profit as in trading business. The difference is that they don't buy finished goods, the cost of sales is determined by the cost incurred to produce the product.

**Costs related to manufacturing**

Direct material cost	The material that goes into the production of the finished goods and can be <b>directly identified with the final product</b> , e.g. wood is the raw material to make a table. It is material that I can touch and see.
Indirect material costs	Is a material that is not easily identifiable in a finish product or does not have significant part in the finish product but it is needed eg Nails, varnish and glue
Direct labour costs	This is the amount paid to workers who <b>actually make the product</b> (directly involved in making the product)
Indirect labour costs	This is the amount paid to workers in the factory who are <b>not directly</b> involved with the making of the product. Like security, supervisor etc
Factory overhead costs	These are the expenses to run the factory for example rent, insurance, indirect labour and material.
Unit	The word used to describe a single product made in the factory.
Finished goods	Finished goods are units that are 100% complete. These units are ready to be sold
Prime cost(primary cost)	Direct material PLUS direct labour



Let us make a table



#### THINGS THAT ARE NEEDED

- wood
- steel
- nails / screws
- varnish
- glue
- water and electricity
- workers who make the tables
- supervisors
- security to protect the factory
- cleaners and cleaning material
- insurance for the factory
- rent for the factory
- machinery

1. Direct material for wood table= wood, steel
2. Direct labour= workers who make the tables
3. Indirect labour = supervisors, security ,cleaners
4. Indirect material=nails / screws, varnish, glue
5. Factory overhead cost= cleaning material, insurance for factory, rent for factory, electricity for factory, depreciation for factory machinery because some machines are for office so they don't fall under factory overheads.



## ACTIVITY D1

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Work done by person		Direct costs	Indirect costs
1.1	Factory worker making the tables		
1.2.	Cleaner		
1.3	Security guard		
1.4	Foreman		
1.5	Rent of a factory		
1.6	Depreciation of factory equipment		
1.7	Insurance of equipment for a factory		
1.8	Telephone for orders		
1.9	Repairs of factory machines		
1.10	Cost of raw material in the finish goods.		
1.11	Pension contribution for store manager		

As a grade 10 learner you have been temporarily employed in a firm where your Father works as a supervisor. They are producing wooden chairs. The following costs are presented to you for the month of December 2023. Security R500, wood R1000, insurance R300, Rent R200, nails R100, Supervisor R700, Salary for a worker making chairs R1 800 and they produced 10 chairs a month.



## ACTIVITY D2

**REQUIRED**

- 2.1 Calculate direct labour
- 2.2 Calculate direct material
- 2.3 Calculate prime cost
- 2.4 Calculate Factory overhead cost
- 2.5 Calculate total manufacturing cost
- 2.6 Calculate cost per unit.

**ACTIVITY D3**

Use information from activity 2

**REQUIRED**

- 3.1 Calculate Fixed Cost,
- 3.2 Calculate Variable Cost and
- 3.3 Calculate the total manufacturing costs (TMC).
- 3.4 Calculate how much it cost to make one chair.

**ACTIVITY D4****COST CALCULATIONS****REQUIRED:**

- 4.1 Calculate the following cost items for the month ending 30 September 2023

Direct labour, Direct material, Factory Overhead cost, total production cost, cost per vetkoek , selling price per vetkoek

**INFORMATION**

- A. Maka-JOE sells all the vetkoek that are prepared daily. There are 4 weeks in a month and 20 school days.

**B. VETKOEK INGREDIENTS (RAW MATERIALS) PER WEEK**

5 packets of flour (100 vetkoek per packet)	R1 000
POLONY Per slice is R1.00	?
Cooking oil 5ltr R250.00 only 500 ml is used per week	?

**C. OTHER EXPENSES**

- LINDELWA GCWABAZA is employed to help in making vetkoek, Lindelwa is paid R0, 50 per vetkoek produced and sold.
- Cleaning materials, R15 per day.

## E - BUDGETING

- A budget is a detailed plan for acquiring and using cash and physical resources over a specified of time so as to achieve the goals of the organisation/individuals.
  - **SHORT TERM BUDGET:** planning for a period of up to three months
  - **MEDIUM TERM BUDGET:** planning for a period of up to twelve months
  - **LONG TERM BUDGET:** planning for a period of more than twelve months

### ADVANTAGE OF BUDGETING

A budget is a management plan, therefore budget helps to communicate this plan to all people within an organisation.

- **CASH BUDGET:** A cash budget is a forecast of business activities, specifically relating to cash transactions.
- **PERSONAL BUDGET:** All individuals and households have to plan well in advance to provide sufficiently for daily needs and visions for the future.
- **BUSINESS BUDGET:** Business also prepares cash budgets, primarily as an instrument of control. All firms aim to maintain perpetual liquidity.
- **INCREMENTAL BUDGET:** The traditional approach to budgeting for the current year is to start with the previous year's budget. This is known as an **INCREMENTAL BUDGET** where the previous budget is taken as a **baseline**.
- **ZERO BASED BUDGETING:** Zero based budgeting is an alternative. It is drawn up from **scratch, with little or no reference to any previous budget estimates**.
- **CAPITAL BUDGET:** The term "capital budgeting" refers to outlay of funds for large projects e.g. open a new branch, install a new computer programme to handle customer billing system, improve security within the undertaking, purchase a new delivery van. Decision making in allocating funds for capital budget is guided by the principle that a commitment of funds today is done with the expectation of future returns in the form of additional cash flow.

### Cash budget

There are **three** main section of cash budget

A. **RECEIPTS** show all the cash entering in the business each month REMEMBER we must include the cash actually received and NOTE not cash that SHOULD have been received.

B. **Payments** reflect all cash going out of the business each month NOTE distinguish between what is actually paid and any liabilities incurred.

C. **Balance** at the end -- adding all receipts to the opening balance and deducting the payment determines the closing balance for the month. This closing balance then becomes the opening balance for the next month.

**ACTIVITY E1**

**Required:**

1. Indicate whether the following transactions are receipts or cash payments
2. Add any two transactions that show cash receipts and cash payments

**Information:**



Transaction	Cash receipt (Inflow)	Cash payment (outflow)
Cash sale of Trading stock	X	
Purchased equipment and transfer Fund electronically		
Bought good by cash		
Received a loan from Capital Bank		
Receive rent from a tenant		

**ACTIVITY E2**

**Concepts**

Choose a description column B that matches the concept in column A.

Write only the letter (A-E) next to the question number

COLUMN A		COLUMN B	
2.1	Cash budget	A	The traditional approach to budgeting for the current year is to start with the previous year's budget
2.2	Personal budget	B	Business also prepares cash budgets, primarily as an instrument of control. All firms aims to maintain perpetual liquidity
2.3	Business budget	C	A cash budget is a forecast of business activities, specifically relating to cash transactions
2.4	Incremental budget	D	The term "capital budgeting" refers to outlay of funds for large projects e.g. open a new branch, install a new computer programme to handle customer billing system, improve security within the undertaking, purchase a new delivery van
2.5	Capital budget	E	All individuals and households have to plan well in advance to provide sufficiently for daily needs and visions for the future.





**ACTIVITY E3**

Karabo Tsotetsi of Celumusa Secondary School is planning to buy a new cell phone at MTN store costing R 3 000. During June 2023 school holidays

She requested you as a grade 10 learner to help in preparing her cash budget.

**REQUIRED:**

- 3.1 Prepare cash budget for the month of June 2023
- 3.2. Do you think Karabo can able to buy her cell phone? Why? Explain by means of calculations
- 3.3. Suggest two advise she may do to improve her budget

Karabo presented the following information to you

**INFORMATION:**

- A. She receive R700 monthly allowance from her parents
- B. Washes clothes for neighbours at a fee of R50 every weekend
- C. Karabo receive donation of R150 from her brother
- D. She pays R20 every day for a taxi to school (20 days a month)
- E. She spent R200 a month for refreshments during the break time.
- F. Karabo purchased two pockets of lollipops at a cost of R 30 (each contains 48 units) and sold each at a price of R1,50. Most of the time she sells too much on credit.
- G. Her savings was R 1000 from her petty cash box

**ACTIVITY E4**

Gugu earns R14 000 per month after deductions

- 4.1. How much should she deposit in a savings account if she plans to save 10% of her take home pay each month?
- 4.2. How much interest will she earn after her first monthly savings of 14% per annually?
- 4.3. After how many months will Gugu able to save R42 000?
- 4.4 At present Gugu is spending between R11 000 and R12 500 per month on living expenses (DSTV, insurance, telephone, rent expense, Vehicle expense). Which expenses do you think Gugu should reduce to start saving. Substantiate your answer?



3. ACTIVITIES ANSWER SHEETS

A. SALARIES AND WAGES ANSWER SHEETS

ACTIVITY A1 Basic Concepts



1 = 2 = 3 = 4 = 5 = 6 = 7 = 8 = 9 = 10 =

ACTIVITY A2

Employees	Gross salaries	Deductions				Total Deductions	Net Salary
		PAYE	Medical aid	Pension	UIF		
B. Ndlovu							
P. Sibiyi							

Employees	Employer's contribution			Total Contribution
	Medical aid	Pension	UIF	
B. Ndlovu				
P. Sibiyi				



## ACTIVITY A3

3.1.1

Year	Annual Salary
2010	48 000
2011	i.
2012	57 600
2013	ii.
2014	68 000
2015	iii.
2016	79 000
2017	84 500




3.1.2

3.1.3

3.1.4

3.1.5



3.2	<table border="1"><tr><td data-bbox="383 280 1061 358"><b>Gross salary</b></td><td data-bbox="1061 280 1308 358"></td></tr><tr><td data-bbox="383 358 1061 436"></td><td data-bbox="1061 358 1308 436"></td></tr><tr><td data-bbox="383 436 1061 526"></td><td data-bbox="1061 436 1308 526"></td></tr><tr><td data-bbox="383 526 1061 604"></td><td data-bbox="1061 526 1308 604"></td></tr><tr><td data-bbox="383 604 1061 683"></td><td data-bbox="1061 604 1308 683"></td></tr><tr><td data-bbox="383 683 1061 772"></td><td data-bbox="1061 683 1308 772"></td></tr><tr><td data-bbox="383 772 1061 862"></td><td data-bbox="1061 772 1308 862"></td></tr></table>	<b>Gross salary</b>													
<b>Gross salary</b>															
															
3.3.1															
3.3.2															



**3.4 NAIDU TRADERS**

Employees	Normal time		Amount	Over time	
	Hours	Rate		Hours	Rate
T. Pillay	40	R50			
M. Smith	40	R50			

Employees	Gross Wage	Deductions				Total	Net Wage
		Pension Fund	PAYE	UIF	Trade union		
T. Pillay							
M. Smith							

Employees	Employer's Contribution	
	Skills development levy	Pension fund
T. Pillay		UIF
M. Smith		



ACTIVITY A4 4.1 WAGES JOURNAL OF MALINDE TRADERS FOR THE WEEK ENDED 15 MAY 2022						
Employees	Normal time			Over time		
	Hours	Rate	Amount	Hours	Rate	Amount
T. Maduna	45	R60		12		
R. Yahya	45	R40		8		
S. Sibeko	40	R30		2		

Employees	Gross Wage	Deductions				Total	Net Wage
		Pension Fund	Staff	UIF	Medical Aid		
T. Maduna							
R. Yahya					456		
S. Sibeko		96			258		





Employees	Employer's Contribution	
	Pension	Medical aid
T. Maduna		27
R. Yahya		18
S. Sibeko	144	

**ACTIVITY A5**

**5.1 SALARIES JOURNAL OF KWAMBO MUSICA FOR MAY 2022**

**SJ 5**

Workers	Gross salary	Deductions			Net salary	Employers' contributions		
		Pension fund	Medical aid	Tax		Medical aid	Pension fund	UIF
A. Gogo								
A. Ngema								
S. Hlengwa								



ACTIVITY A6							
6.1 WAGES JOURNAL OF SICELO'S TENNIS SCHOOL FOR THE WEEK ENDED 15 JUNE 2022							
Employee	Basic Wage (Coaching)			Overtime (Matches)			Gross Wage
	Hours	Rate	Amount	Hours	Rate	Amount	
D Dumisa							
M Msomi							


Employee	Deductions					Net Wage
	Medical Aid Fund	Pension Fund	UIF	PAYE	Total	
D Dumisa						
M Msomi						

Employee	Contributions			
	Medical Aid Fund	Pension Fund	UIF	Total
D Dumisa				
M Msomi				



**ACTIVITY A7**

**7.1.1 Differentiate between a salary and a wage.**

**SALARY -** 

**WAGE -**

**7.1.2 WAGES JOURNAL OF DLANGEZWA TRADERS FOR THE WEEK ENDED 30 JUNE 2022**

Employee	Basic Wages (Normal Time)			Overtime			Gross Wage
	Hours	Rate	Amount	Hours	Rate	Amount	
ThembaMbhele							
KerseFakude							
MawazaKhanye							

Employee	Deductions					Net Wage
	Medical Aid Fund	Pension Fund	UIF	PAYE	Total	
ThembaMbhele						
KerseFakude						
MawazaKhanye						

Employee	Contributions		Total
	Medical Aid Fund	Pension Fund	
ThembaMbhele			
KerseFakude			
MawazaKhanye			



7.1.3. The owner is concerned that the manager may be paying some employees for days/hours not worked. Explain TWO points that can be used by the owner to avoid this action.

7.2.1. What does words PAYE stands for?

7.2.2. What is the highest tax rate paid by employees?



7.2.3. Calculate the monthly PAYE that will be deducted on PAM NGWENYA's monthly salary?



7.2.4. Calculate the June salary for PAM NGWEYA.

7.2.5. Calculate the annual PAYE deduction on MuziNgobese's salary.










**ACTIVITY B3**

Calculate the Capital balance at the end 2021	
	

**GENERAL LEDGER OF DLABAZANE TRADERS ON 28 FEBRUARY 2021**

**TRADING ACCOUNT**










**C. FINANCIAL STATEMENTS ANSWER SHEETS**

**ACTIVITYC1**

**STATEMENT OF COMPREHENSIVE INCOME**

<b>AMANDA TRADERS</b>		
<b>STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023</b>		
<b>Operating Income</b>		
<b>Operating Expenses</b>		
<b>Operating Profit</b>	<b>17</b>	
<b>Profit/Loss before interest expense</b>		
<b>Net Profit for the year</b>	<b>5</b>	<b>75884</b>





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## ACTIVITYC2

SKHINDI TRADERS	
STATEMENT OF COMPREHENSIVE FOR THE YEAR ENDED 28FEBRUARY 2023	
Sales(1280000	
Cost of Sales	
<b>GROSS PROFIT</b>	
<b>OPERATING INCOME</b>	
Discount Received	3100
Rent Income	
<b>GROSS OPERATING INCOME</b>	
<b>OPERATING EXPENSES</b>	
Water and electricity	35400
Advertising	30 000
Bad Debts	
Salaries and wages(184000	
Telephone	
Stationery	
Insurance	
Discount Allowed	
Bank charges	
<b>OPERATING PROFIT</b>	
Interest Income	
<b>PROFIT BEFORE INTEREST EXPENSE</b>	
<b>NET PROFIT</b>	

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### ACTIVITY C3

<b>3. Fixed Assets / Tangible assets / Property / Plant / Equipment</b>	<b>Land &amp; buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Carrying value beginning of year				
Cost				
Accumulated depreciation		A	B	(150 000)
<b>Movements</b>				
Additions at cost	-	-	-	-
Depreciation for the year				(38 000)
Carrying value at end of year	440 000	248 000	220 000	908 000
Cost				
Accumulated depreciation				(188 000)

<b>4. Inventories</b>	

<b>5. Trade and other receivables (debtors)</b>	

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6. Cash and cash equivalents	
	

7. Owners' Equity	

8. Trade and other payables (creditors)	



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STATEMENT OF FINANCIAL POSITION OF MANYAKA TRADERS ON 28 FEBRUARY 2023		
	Notes	R
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		924 000
	3	
Financial assets		
<b>CURRENT ASSETS</b>		236 000
	4	
	5	
	6	
<b>TOTAL ASSETS</b>		1 160 000
<b>EQUITY AND LIABILITIES</b>		
<b>Owners' Equity</b>	7	74 000
<b>NON-CURRENT LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		292 000
	8	
<b>TOTAL EQUITY AND LIABILITIES</b>		1 160 000

**ACTIVITY C4**

**4.1.1 GUMBALDINO TRADERS NOTES TO THE BALANCE SHEET**

<b>Note2:INVENTORIES</b>	
<b>Trading stock (310 000)</b>	

<b>Note3:TRADE AND OTHER RECEIVABLES</b>	
<b>Debtors control</b>	<b>48700</b>

<b>Petty cash</b>	<b>1200</b>

<b>Balance at the beginning of the year</b>	
<b>Additional capital</b>	

<b>Note6:TRADE AND OTHER PAYABLES</b>	
<b>Trade creditors</b>	<b>55600</b>



4.1.2 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2023


ASSETS	Note	R
<b>Non-current assets</b>		
<b>Fixed assets</b> (1191200)	1	
<b>Current assets</b>		
	2	
	3	
	4	
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>		
	5	
<b>Non-current liabilities</b>		
<b>Current liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		








5.2 NOTES TO THE FINANCIAL STATEMENTS

FIXED/TANGIBLEASSETS				
	LAND ANDBUILDINGS	VEHICLES	EQUIPMENT	TOTAL
	1 540000			
	1 540000	<input type="checkbox"/> <input type="checkbox"/>	240 000	
	0	<input type="checkbox"/>	<input type="checkbox"/>	
<b>MOVEMENTS</b>				
	0			
	0	<input type="checkbox"/>		
	1 540000			
	1 540000	<input type="checkbox"/>	<input type="checkbox"/>	

TRADE AND OTHER RECEIVABLES					
	Trade debtors(36200)				
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
					<input type="checkbox"/>



5.3 BALANCE SHEET ON 30 JUNE 2020

ASSETS		R
<b>Non-current assets</b>		
		<input type="text"/>
		<input type="text"/>
<b>Current assets</b>		
Inventory		1 220850
		<input type="text"/>
	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="text"/>
<b>TOTAL ASSETS</b>		<input type="text"/>
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>		
Capital(564200		<input type="text"/>
		<input type="text"/>
<b>Non-current liabilities</b>		
	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="text"/>
<b>Current liabilities</b>		
Trade and other payables		101 600
		<input type="text"/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<input type="text"/>



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ACTIVITY C6 GAAP PRINCIPLES, INCOME STATEMENT, NOTE AND  
BALANCE SHEET

6.1 GAAP PRINCIPLES

6.1.1	
6.1.2	
6.1.3	
6.1.4	



6.2.1 INCOME STATEMENT OF LOLO TRADERS  
FOR THE YEARENDED 30 JUNE 2019

Sales		
Cost of Sales		
Gross Profit		
Other operating Income		
Fee Income		149 600
Discount Received		2 400
Gross operating Income		
Operating Expenses		
Salaries and Wages		478000
Rates and Taxes		18 000
Water and Electricity		86150
Discount allowed		900
Operating Profit		
Profit before Interest Expense		
Interest Expense		
Net Profit for the Year		



**6.2.2 OWNER'S EQUITY**




**EQUITY AND LIABILITIES SECTION OF THE BALANCE SHEET**

<b>OWNER'S EQUITY</b>	
<b>NON-CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	

6.2.2

6.2.3 G.Grey, the owner of LOLO Traders, is concerned with the size of his trading stock deficit.

(a)

- What are the causes of this trading stock deficit? Give TWO points.

---

- Suggest TWO realistic measures that you would suggest in order to control and reduce trading stock deficit.



(b) The accountant advised the owner (G. Grey) to cash-in the fixed deposit and use the money to pay off part of the loan. Do you agree with the accountant? Give a reason for your answer.

**PHALA-PHALATRADERS**

7.1 Complete the Statement of Comprehensive Income for the year ended 31 December 2022.

Sales(1098000	
Cost of sales(610000	
<b>Operating incomes</b>	
Rent income (295900	
Fee income	199034
Bad debts recovered (18156	
Discount received	33044
<b>Gross operating income</b>	
<b>Operating expenses</b>	
Packing materials	
Salaries(130000	
Bad debts(12055	
Insurance(23200	
Repairs and maintenance	
Depreciation	
Telephone(11 074	
Advertising	
<b>Operating profit before interest income</b>	
Interest income(1 086	
<b>Profit before financing cost</b>	
Financing costs	
<b>Net profit</b>	





**BALANCE SHEET AND NOTES-SOLE TRADER**

8.1

8.1.1	
8.1.2	
8.1.3	
8.1.4	
8.1.5	

8.2.1

**BALANCE SHEET OF EMALAHLENI TRADERS-30 NOVEMBER 2022**

<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
Fixed assets	
Financial Assets: Fixed deposit	
<b>CURRENT ASSETS</b>	
Inventories	
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
Capital	
<b>LIABILITIES</b>	
<b>NON-CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	

8.2.2 Complete the note for Tangible Assets on 31 December 2022.

	Land and buildings	Vehicles	Equipment	Total
Cost at beg (01Dec 2021)			336000	
Accumulated depreciation	(0)	(120500)	(99 000)	
Book value at beg (01Dec 2021)			237000	
Movements				
Additions(purchases)	198000			
Disposals at book value	(0)	(0)	(0)	
Depreciation	(0)			
Book value(30 November 2022)				
Accumulated depreciation	(0)			
Cost price			350000	

**8.2.3 Prepare a Trade and other payables note to the Balance Sheet on 30 November 2022**

Creditors control (208000)	

**ACTIVITY C9****9.1****ACCOUNTING CONCEPTS**

9.1.1	
9.1.2	
9.1.3	
9.1.4	

**9.2.1 Calculate the following financial indicators.**

Operating profit on sales

Acid test ratio


Return on average owner's equity

**9.2.2** Comment on whether the business was more or less profitable than last year. Quote a financial indicator to substantiate your opinion.**9.2.3** Comment on the liquidity of the businesses. Quote TWO financial indicators with figures to substantiate your opinion.**9.2.4** Do you think the owner should be satisfied with the return on the average owner's equity? Explain by quoting figures.

**D, COST ACCOUNTING ANSWER SHEETS****ACTIVITY D1**

Work done by person		Direct costs	Indirect costs
1.1.	Factory worker making the tables		
1.2.	Cleaner		
1.3.	Security guard		
1.4.	Foreman		
1.5.	Rent of a factory		
1.6.	Depreciation of factory equipment		
1.7.	Insurance of equipment for a factory		
1.8.	Repairs of factory machines		
1.9.	Cost of raw material in the finish goods.		
1.10.	Pension contribution for store manager		

**ACTIVITY D2**

2.1 Calculate direct labour	
2.2 CALCULATE DIRECT MATERIAL	
2.3 Prime cost	
2.4. CALCULATE FACTORY OVERHEAD COST	
2.5. Total manufacturing cost	
2.6. Cost per unit	

**ACTIVITY D3**

3.1 Fixed cost
3.2 Variable cost
3.3 Total cost
3.4 Cost per unit

**ACTIVITY D4**

Cost calculation	
4.1.	Direct material
4.2	DIRECT LOBOUR
4.3.	PRIME COST
4.4	FACTORY OVERHEAD COST
4.5	TOTAL MANUFACTURING COST
4.6.	COST PER UNIT
4.7.	SELLING PRICE PER UNIT



**E. BUDGETING ANSWER SHEETS**

<b>transaction</b>	<b>Cash receipt (Inflow)</b>	<b>Cash payment (outflow)</b>
Cash sale of Trading stock	X	
Purchased equipment and transfer Fund electronically		
Bought good by cash		
Received a loan from Capital Bank		
Receive rent from a tenant		
Any two transactions		


**ACTIVITY E2**

**Concepts**

Choose a description column B that matches the concept in column A. .

<b>COLUMN A</b>	<b>COLUMN B</b>
1 Cash budget	
2 Personal budget	
3 Business budget	
4 Incremental budget	
5 Capital budget	



<b>ACTIVITY E3</b>		
<b>1. Cash budget for the month of June 2023</b>		
<b>Receipts</b>	<b>R</b>	
		
<b>Total receipts</b>		
<b>Payment</b>		
<b>Total payment</b>		
<b>Surplus</b>		
<b>Opening balance</b>		
<b>Closing balance</b>		



2. Do you think Karabo can able to buy her cell phone?

KZN Accounting

Step Ahead Teacher Guide

2023 Grade 11

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3. Suggest two advice she may do to improve her budget



#### ACTIVITY E4

1.

2.

3.

4.

