



**NATIONAL
SENIOR CERTIFICATE**

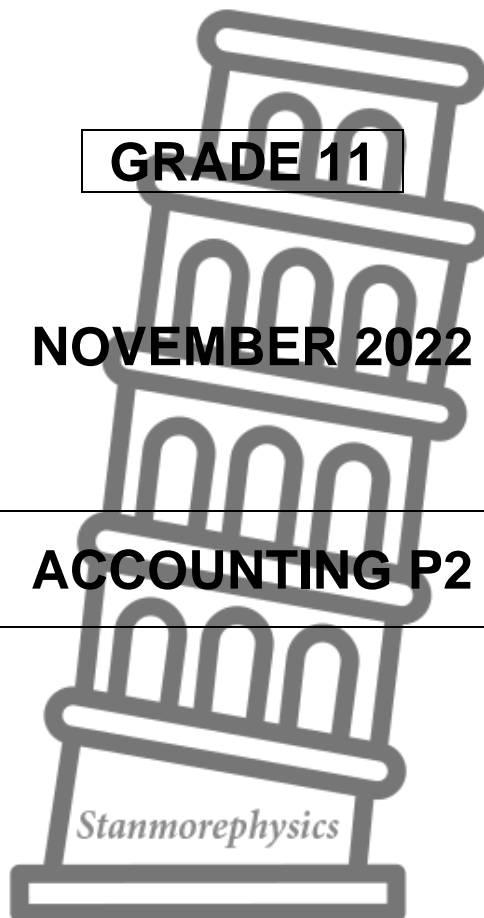
GRADE 11

NOVEMBER 2022

ACCOUNTING P2

MARKS: 150

TIME: 2 hours



This question paper consists of 10 pages, including a formula sheet and an 8-page answer book.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Cash transactions and Creditors Reconciliations	40	30
2	Cost Accounting	40	30
3	Budgeting	45	40
4	Fixed Assets	25	20
TOTAL		150	120



QUESTION 1: CASH TRANSACTIONS AND CREDITORS RECONCILIATION
(40 marks; 30 minutes)

The information relates to Beauty Stores, a business that sells cosmetic products.

1.1 RECORDING CASH TRANSACTIONS

Beauty has adapted her accounting system to make cash payments using Electronic Funds Transfers (EFTs). She uses the formal monthly bank statement, available on the 26th of each month, to update her cash journals.

REQUIRED:

- 1.1.1 State THREE advantages of using electronic funds transfers (EFTs). (3)
- 1.1.2 Explain TWO aspects of the business environment that Beauty had to change or adapt, to implement this system and to ensure that it functions effectively. (4)
- 1.1.3 Update the Cash Journals by completing the table provided in the Answer Book. (20)

INFORMATION:

- A. On 31 October 2021, the provisional totals in the cash journals were:

Cash Receipts Journal	Cash Payments Journal
R113 800	R98 400

- B. Extract of the Bank Statement on 26 October 2021:

DETAILS	AMOUNT
Debit order: Frere Municipality	R 2 180
Cash handling fees	195
Deposit: L. Loren	8 200
EFT charges	155
EFT: Zema Traders	12 300
Deposit L. Slomo	3 320
Interest on debit balance	210
Hazard Insurers	1 970

- The debit order to Frere Municipality was for rates and taxes.
- The deposit from L. Loren is for the monthly rent income.
- The EFT to Zema Traders was for trading stock purchased. The bookkeeper forgot to record this entry in the correct journal.
- The deposit from debtor L. Slomo, is in settlement of his account of R3 600.
- R1 340 of the debit order to Hazard Insurers is for the business's insurance. The balance is for the owner's personal vehicle.

1.2 CREDITORS RECONCILIATION

Beauty Stores buys cosmetic products from Vuyi Suppliers on credit, and received a statement of account October 2021.

REQUIRED:

Complete the table provided in the ANSWER BOOK to show the effect of each error or omission. Indicate an increase (+) or decrease (-) next to each amount. (13)

INFORMATION:

Balance as per the statement received from Vuyi Suppliers:	R26 070
Balance of the Creditor's Ledger account of Vuyi Suppliers in the books of Beauty Stores.	R41 680

ERRORS AND OMISSIONS:

- A. An invoice for R7 250 was incorrectly reflected as R2 750 on the statement received from Vuyi Suppliers.
- B. An allowance of R840 for damaged goods was recorded as an invoice in the creditor's ledger account of Vuyi Suppliers in the books of Beauty Stores.
- C. Beauty Stores recorded a 7,5% discount when an EFT payment of R8 000 was made. This did not appear on the statement. Vuyi Suppliers stated that the discount should have been 5%, and will include this on the next statement.
- D. Beauty Stores reflected a credit invoice of R7 600 in the Creditor's Ledger account of Vuyi Suppliers. This was for goods purchased from Vuyisile Dealers.
- E. Vuyi Suppliers did not deduct the 10% trade discount on a credit invoice for goods purchased. The correct net amount of R8 550 was recorded in the books of Beauty Stores.
- F. An invoice for goods purchased for R3 380 30 October 2021 was not on the statement from Vuyi Suppliers. The statement was dated 28 October 2021.



QUESTION 2: COST ACCOUNTING**(40 marks; 30 minutes)****2.1 MAHLAPE MANUFACTURERS**

The business manufactures winter jackets. The financial year ended on 28 February 2021.

REQUIRED:**2.1.1 Refer to Information A, B and C**

Calculate the following for the financial year:

- Direct material cost (6)
- Direct labour cost (7)

2.1.2 Refer to Information D

The bookkeeper calculated the total factory overhead cost, but neglected to take certain factors into consideration. Calculate the correct factory overhead cost by taking into account the errors and omissions. Indicate an increase (+) or decrease (-) to the total given. Show all workings. (9)

2.1.3 Prepare the Work In Progress Stock account in the General Ledger. (8)**INFORMATION:****A. Stock balances:**

	28 FEBRUARY 2021 R	1 MARCH 2020 R
Raw material	33 200	27 500
Work-in-progress	27 420	23 444

B. Transactions for the year:

- (i) Raw material purchased for cash and on credit was R263 400.
- (ii) Damaged raw material worth R9 200 was sent back to creditors.
- (iii) Delivery cost on cash purchases of raw material, R7 500.

C. Details of workers in production:

Number of workers	5
Normal hours worked (basic)	1 520 hours per worker
Normal time rate	R30 per hour
Total overtime hours for all workers	420 hours
Overtime rate	1,6 time more than normal time

The business contributes 1% to the UIF and 9% to a pension fund on behalf of all employees, based on their total earnings.

- D. The bookkeeper calculated the factory overhead costs as R106 760. The following errors and omissions were noted:
- (i) The closing stock of factory indirect material of R3 800 was not taken into account.
 - (ii) R22 200 of the water and electricity expense was allocated to the factory. This was 50% of the total expense, but 60% should have been allocated to the factory.
 - (iii) The total rent expense of R75 600 was entered in the factory overhead cost account. It should have been shared in the ratio 4 : 2 : 1 (4 parts to the factory).

2.2 MELINDA'S TOY SHOP

Melinda Botha, the owner wants to assess the progress of the business and has provided the following data regarding the production and sales of toy cars.

The toy cars are sold at a profit mark-up of 50% on cost. The financial year ended on 30 June 2021.

REQUIRED:

- 2.2.1 Calculate the break-even point for the year ended 30 June 2021. (4)
- 2.2.2 Explain whether Melinda should be satisfied with the level of production achieved for this financial year. Quote figures. (3)
- 2.2.3 Melinda is concerned about the control over direct labour cost per unit.
- Explain why she may be concerned. Quote figures. (2)
 - Provide ONE suggestion on how she can improve the control over this cost. (1)

INFORMATION:

	30 June 2021		30 June 2020
	TOTAL R	UNIT PRICE R	UNIT PRICE R
Direct Material Cost	76 000	38,00	32,00
Direct Labour Cost	64 000	32,00	22,00
Selling and Distribution Cost	30 000	15,00	12,00
TOTAL VARIABLE COST	170 000	85,00	66,00
Factory Overhead Cost	44 000	22,00	20,00
Administration Cost	16 000	8,00	8,00
TOTAL FIXED COST	60 000	30,00	28,00
SALES	250 000	125,00	110,00
Units produced and sold	2 000 units		1 500 units
Break-even point	?		955 units

QUESTION 3: BUDGETING**(45 marks; 40 minutes)****PIONEER STORES**

Information from the records is for the budget period ended 31 December 2021.

REQUIRED:

- 3.1 Complete the Debtors Collection Schedule. Refer to the spaces with an *. (9)
- 3.2 Complete the extract of the Cash Budget for November and December 2021, that is presented in the ANSWER BOOK. (22)
- 3.3 Calculate the following:
- 3.3.1 The amount of the loan to be received on 1 December 2021. Note that interest at 11% p.a. is paid at the end of each month (4)
- 3.3.2 The % increase in salaries and wages (4)
- 3.4 Provide Shirley with TWO suggestions on how she can ensure that only reliable people are granted credit, and TWO ways to improve collections from debtors. (6)

INFORMATION:**A. Total sales figures for the period ended December 2021:**

Goods are sold at a profit mark-up of 50% on cost.

MONTH	ACTUAL		BUDGETED	
	CASH	CREDIT	CASH	CREDIT
October	R216 000	R504 000		
November	R207 000	R483 000		
December			R222 000	R518 000

B. Credit sales are collected according to the following trend:

- 40% in the month of sale (these debtors receive a 5% discount).
- 40% in the month following the month of sale.
- 18% two months after the sales month.
- 2% is written off as bad debts.

C. Purchases and payment to creditors:

- Stock sold is replaced in the month of sale (a base stock is maintained).
- All purchases of trading stock are made on credit.
- Creditors are paid in the month following the month of purchase.

D. Additional information:

- Rent income is expected to increase by 8% p.a. from 1 December 2021.
- Insurance will increase by 5% p.a. from 1 December 2021.
- Interest on fixed deposit for the year is R9 600. and is received in three equal instalments on 30 September 2021, 31 December 2021 and 31 March 2022 respectively.
- Other operating expenses will decrease by R2 500 per month due to Covid-related closures.
- The owner will also decrease his drawings from 1 December 2021, to R5 000 per month. 30% of this will be in the form of stock.



QUESTION 4: FIXED ASSETS**(25 marks; 20 minutes)**

The information relates to Malusi's Delivery Services, that provides a delivery service for local hardware suppliers. The financial year ended on 28 February 2021.

REQUIRED:

- 4.1 Calculate the total depreciation on vehicles and on equipment. (13)
- 4.2 Malusi wants to sell two of the delivery vehicles, and replace them with a later model, bigger truck. His wife feels that this is not a good idea.
- 4.2.1 Provide TWO possible reasons that Malusi can use to convince his wife that this is a good decision. (4)
- 4.2.2 Provide ONE reason in support of his wife's feelings. (2)
- 4.3 Malusi is concerned about the use of the vehicles in relation to the progress of the business.
- Identify TWO problems from the information provided. Quote figures. In each case, provide a solution to the problem identified. (6)

INFORMATION:

- A.** On 1 March 2020, the business owned five delivery vehicles.
On 1 June 2020, an additional delivery vehicle was purchased on credit.
- B** On 1 January 2021, old equipment, cost R115 000, was donated to an old age home. The accumulated depreciation on the equipment donated was R84 200 on 1 March 2020.
- C.** Depreciation policy:
- Vehicles are depreciated at 20% p.a. on cost.
 - Equipment is depreciated at 15% p.a. on carrying value.
- D. Additional information from the records:**

	28 February 2021 R	1 March 2020 R
Delivery vehicles (cost)	1 600 000	1 260 000
Accumulated depreciation on vehicles	?	756 000
Equipment (cost)	517 000	632 000
Accumulated depreciation on equipment	?	365 000
Repairs and maintenance on vehicles	76 800	76 800
Petrol and oil	187 680	192 000
Salary to drivers	80 850	77 000
Sales	816 000	960 000

25**TOTAL: 150**

GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Partner's Average equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average owners equity}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365 \text{ or } 12}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$	
Non-current liabilities : Owners' equity	Total assets : Total liabilities	
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$		





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NAME:

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GRADE 11

NOVEMBER 2022

**ACCOUNTING P2
ANSWER BOOK**

QUESTION	MAXIMUM MARKS	MARKS OBTAINED	MODERATED MARKS
1	40		
2	40		
3	45		
4	25		
	150		



This answer book consists of 8 pages.

QUESTION 1

1.1.1 State **THREE** advantages of using electronic funds transfers (EFTs).



3

1.1.2 Explain **TWO** aspects of the business environment that Beauty had to change or adapt, to implement this system and to ensure that it functions effectively.

4

1.1.3 **UPDATING THE CASH JOURNALS:**

CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL		
DETAILS OF SUNDRY ACCOUNT		AMOUNT	DETAILS OF SUNDRY ACCOUNT		AMOUNT
Total	b/f	113 800	Total	b/f	98 400

20

1.2 CREDITORS RECONCILIATION

Reconciling the Creditors Ledger account with the Statement		
No.	CREDITORS LEDGER ACCOUNT OF VUYI SUPPLIERS	STATEMENT FROM VUYI SUPPLIERS
Balance	41 680	26 070
A		
B		
C		
D		
E		
F		
TOTAL		

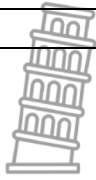
13

Q1	40	
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QUESTION 2

2.1.1 Calculate:

Direct material cost	
WORKINGS	ANSWER
	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">6</div>	
Direct labour cost	
WORKINGS	ANSWER
<div style="border: 1px solid black; padding: 2px; display: inline-block;">7</div>	

2.1.2

FACTORY OVERHEAD COST	
TOTAL BROUGHT FORWARD	106 760
TOTAL	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">9</div>	


2.1.3 GENERAL LEDGER OF MAHLAPE MANUFACTURERS

WORK-IN-PROGRESS STOCK ACCOUNT

8

2.2 MELINDA'S TOY SHOP

2.2.1 Calculate the break-even point for the year ended 30 June 2021.



4

2.2.2 Explain whether Melinda should be satisfied with the level of production achieved for this financial year. Quote figures.

3

2.2.3 Melinda is concerned about the control over the direct labour cost per unit.

Explain why she may be concerned. Quote figures.

2

Provide ONE suggestion on how she can improve the control over this cost.

1

Q2	40	
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QUESTION 3

3.1 DEBTORS COLLECTION SCHEDULE

Month	Credit sales	OCTOBER	NOVEMBER	DECEMBER
SEPTEMBER	490 000	196 000	*	
OCTOBER	504 000	191 520	201 600	90 720
NOVEMBER	483 000		*	*
DECEMBER	*			196 840
RECEIPTS FROM DEBTORS			*	*

9

3.2 EXTRACT: Cash Budget for the budget period ended 31 December 2021

RECEIPTS	NOVEMBER	DECEMBER
Cash sales	204 000	
Cash from debtors		
Rent income	9 500	
TOTAL RECEIPTS	712 000	833 000
PAYMENTS		
Payment to creditors (for stock)	480 000	
Insurance		2 625
Other operating expenses		6 200
Drawings	7 300	
Interest on loan		1 705
Salaries and wages	52 500	56 175
TOTAL PAYMENTS	802 000	777 000
SURPLUS/DEFICIT		
OPENING BALANCE IN BANK	123 000	
CLOSING BALANCE IN BANK		

22

3.3.1 Calculate: Amount of the loan in December 2021



4

3.3.2 Calculate: the percentage increase in salaries and wages

4

3.4 Provide Shirley with TWO suggestions on how she can ensure that only reliable people are granted credit, and TWO ways to improve collections from debtors.

SUGGESTIONS

2

WAYS TO IMPROVE COLLECTIONS

4

Q3	45	
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QUESTION 4

4.1 Calculate: Total depreciation on vehicles

6

Calculate: Total depreciation on equipment

7

4.2 Malusi wants to sell two of the delivery vehicles, and replace them with a later model, bigger truck. His wife feels that this is not a good idea.

4.2.1 Provide TWO possible reasons that Malusi can use to convince his wife that this is a good decision.

4

4.2.2 Provide ONE reason in support of his wife’s feelings.

2

4.3 Identify TWO problems from the information provided. Quote figures. In each case, provide a solution to the problem identified.

PROBLEM (with figures)	SOLUTION

6

TOTAL MARKS	25	
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TOTAL: 150



NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2022

ACCOUNTING P2 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). NOTE: if figures are stipulated in the marking guideline for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution; as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. NOTE: check operation must be +, -, x, ÷, or per the marking guideline.
11. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a .
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 8 pages.

QUESTION 1**1.1.1 State THREE advantages of using electronic funds transfers (EFTs).**

Any THREE of: ✓ ✓ ✓

Safe / convenient / quick and easy / Can be done outside banking hours / less time consuming (no queues) / lower charges / instant feedback.

3

1.1.2 Explain TWO aspects of the business environment that Beauty had to change or adapt to implement this system and to ensure that it functions effectively.

TWO valid points ✓✓ ✓✓ part marks for incomplete / unclear response

- Ensure that she has an up-to date computer system.
- Internet connectivity (data)
- Training for an employee / or employ a qualified person
- New rules and procedures (internal controls).
- Delegating authority / added supervision
- New / revised documents (stationery) to record details of EFTs (in/out)

4

1.1.3 UPDATING THE CASH JOURNALS:

CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL		
DETAILS OF SUNDRY ACCOUNT	AMOUNT		DETAILS OF SUNDRY ACCOUNT	AMOUNT	
Total	b/f	113 800	Total	b/f	98 400
Rent income ✓	8 200 ✓		Rates and taxes ✓	2 180 ✓	
Debtor's control ✓	3 320 ✓✓		Bank charges ✓ (195 + 155)	350 ✓✓	
			Trading stock ✓	12 300 ✓	
			Interest on overdraft ✓	210 ✓	
			Insurance ✓	1 340 ✓	
			Drawings ✓	630 ✓	
		125 320 ✓			115 410 ✓

20

1.2 CREDITORS RECONCILIATION

Reconciling the Creditors Ledger account with the Statement		
Nr.	CREDITORS LEDGER ACCOUNT OF VUYI SUPPLIERS	STATEMENT FROM VUYI SUPPLIERS
Balance	41 680	26 070
A		+ 4 500 ✓✓
B	- 1 680 ✓✓	
C	+ 200 ✓✓	- 400 ✓✓
D	- 7 600 ✓	
E		- 950 ✓✓
F		+ 3 380 ✓
TOTAL	32 600 <input checked="" type="checkbox"/> *	32 600

13

*One part correct; must include the opening balance; can be different totals

Q1	40	
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QUESTION 2

2.1.1 Calculate:

Direct material cost	
WORKINGS	ANSWER
$27\ 500 + 263\ 400 - 9\ 200 + 7\ 500 - 33\ 200$ <p style="text-align: center;"> \checkmark \checkmark \checkmark \checkmark \checkmark </p> <p>Accept alternative formats of presentations, including a ledger account</p>	256 000 <input checked="" type="checkbox"/> one part correct

6

Direct labour cost	
WORKINGS	ANSWER
$\begin{matrix} (5 \times 1\ 520 \times 30) & (420 \times 48 \checkmark\checkmark) & (10\% \times 248\ 160) \\ 228\ 000 & + 20\ 160 & + 24\ 816 \\ \checkmark\checkmark & \checkmark & \checkmark \end{matrix}$ <p>Accept alternative formats of presentations, including a ledger account.</p>	272 976 <input checked="" type="checkbox"/> one part correct

7

2.1.2 FACTORY OVERHEAD COST

TOTAL BROUGHT FORWARD	106 760
Indirect material	- 3 800 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Water and electricity 26 640 <input checked="" type="checkbox"/> - 22 200 <input checked="" type="checkbox"/>	+ 4 440 <input checked="" type="checkbox"/>
Rent expense 43 200 <input checked="" type="checkbox"/> - 75 600 <input checked="" type="checkbox"/>	- 32 400 <input checked="" type="checkbox"/>
TOTAL	75 000 <input checked="" type="checkbox"/>

9

2.1.3 GENERAL LEDGER OF MAHLAPE MANUFACTURERS

WORK-IN-PROGRESS STOCK ACCOUNT

2020 Mar	1	Balance	b/d	23 444 <input checked="" type="checkbox"/>	2021 Feb	28	Finished goods stock <input checked="" type="checkbox"/> Balancing figure		600 000 * <input checked="" type="checkbox"/>
2021 Feb	28	Direct material cost		256 000 <input checked="" type="checkbox"/>			Balance	c/d	27 420 <input checked="" type="checkbox"/>
		Direct labour cost		272 976 <input checked="" type="checkbox"/>					
		Factory overhead cost		75 000 <input checked="" type="checkbox"/>					
				627 420					627 420
2021 Mar	1	Balance	b/d	27 420 <input checked="" type="checkbox"/>					*one part correct

8

2.2 MELINDA'S TOY SHOP

2.2.1 Calculate the break-even point for the year ended 30 June 2021.

$$\frac{60\ 000 \checkmark}{125 \checkmark - 85 \checkmark} = 1\ 500 \text{ units } \checkmark$$

40 two marks

4

2.2.2 Explain whether Melinda should be satisfied with the level of production achieved for this financial year. Quote figures.

Comment on production and BEP ✓ figures ✓✓

The business produced 2 000 units which is 500 more than the BEP / Melinda should be satisfied because she is making a profit on 500 units.

3

2.2.3 Melinda is concerned about the control over the direct labour cost per unit.

Explain why she may be concerned. Quote figures.

Increase in direct labour from R22 to R32 per unit ✓✓ OR
DLC per unit increased by 45,5% but production increased by 33,3%.

2

Provide ONE suggestion on how she can improve the control over this cost.

Any ONE suggestion ✓

- Improve the monitoring / supervision
- Set targets to be completed within normal time
- Provide more training

1

Q2	40	
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QUESTION 3

3.1 DEBTORS COLLECTION SCHEDULE

Month	Credit sales	OCTOBER	NOVEMBER	DECEMBER
SEPTEMBER	490 000	196 000	* 88 200 ✓✓	
OCTOBER	504 000	191 520	201 600	90 720
NOVEMBER	483 000		*183 540 ✓✓	*193 200 ✓✓
DECEMBER	*518 000 ✓			196 840
RECEIPTS FROM DEBTORS			473 340 ✓	480 760 ✓

9

3.2 EXTRACT: Cash Budget for the budget period ended 31 December 2021

RECEIPTS	NOVEMBER	DECEMBER
Cash sales	204 000	222 000 ✓
Cash from debtors	473 340 ✓	480 760 ✓
Rent income	9 500	10 260 ✓✓
Interest on fixed deposit	0	3 200 ✓✓
Loan: Rao Bank		186 000 ✓
TOTAL RECEIPTS	712 000	833 000
PAYMENTS		
Payment to creditors (for stock)	480 000	460 000 ✓✓
Insurance	2 500 ✓✓	2 625
Other operating expenses	8 700 ✓✓	6 200
Drawings	7 300	3 500 ✓✓
Interest on loan		1 705
Salaries and wages	52 500	56 175
TOTAL PAYMENTS	802 000	777 000
SURPLUS/DEFICIT	(90 000) ✓✓	56 000 ✓
OPENING BALANCE IN BANK	123 000	33 000 ✓
CLOSING BALANCE IN BANK	33 000 ✓	89 000 ✓

22

3.3.1

Calculate: Amount of the loan in December 2021

$$\frac{1\ 705 \checkmark \times 12 \checkmark}{11\% \checkmark} = 186\ 000 \checkmark \text{ one part correct}$$

4

3.3.2

Calculate: the percentage increase in salaries and wages.

3 675 two marks

$$\frac{56\ 175 \checkmark - 52\ 500 \checkmark}{52\ 500 \checkmark} \times 100 = 7\% \checkmark \text{ one part correct}$$

4

3.4

Provide Shirley with TWO suggestions on how she can ensure that only reliable people are granted credit, and TWO ways to improve collections from debtors.

SUGGESTIONS: Any TWO suggestions ✓ ✓ accept short statements

- Credit check to check creditworthiness.
- Check references such as places where they buy on credit
- Check employment history
- Postal and residential address
- ID document
- Bank statement

2

WAYS TO IMPROVE COLLECTIONS FROM DEBTORS

TWO valid control measures ✓✓ ✓✓ part marks for incomplete / partial answers

- Send statements / reminders regularly, and on time
- Offer discounts or other incentives for early payments
- Charge interest on overdue accounts
- Do not allow more credit unless accounts are settled
- Encourage debtors to use EFTs or debit orders for monthly payments

4

Q3	45	
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QUESTION 4

4.1 **Calculate: Total depreciation on vehicles**

$1\,260\,000 \times 20\% = 252\,000 \checkmark\checkmark$
 $340\,000 \checkmark \times 20\% \times 9/12 \checkmark = 51\,000 \checkmark$
 Total = 303 000

6

Calculate: Total depreciation on equipment

$(115\,000 - 84\,200) \checkmark \times 15\% \times 10/12 \checkmark = 3\,850 \checkmark$
 $(517\,000 \checkmark - 280\,800 \checkmark) \times 15\% = 35\,430 \checkmark$
 Total = 39 280

7

4.2 **Malusi wants to sell two of the delivery vehicles, and replace them with a later model, bigger truck. His wife feels that this is not a good idea.**

4.2.1 **Provide TWO possible reasons that Malusi can use to convince his wife that this is a good decision.**

TWO reasons part marks for partial / incomplete statements

- The vehicles are old and require a lot of money for maintenance.
- Repairs are also escalating as parts are overworked.
- Vehicles have reached it useful life (residual value / fully depreciated)
- Will not be able to get a good trade-in in the future.

4

4.2.2 **Provide ONE reason in support of his wife’s feelings.**

ONE Reason part marks for partial / incomplete statements

- Economy is bad and sales are dropping / vehicle would not be productive
- Getting into debt is not good for the business
- Vehicles could be used for shorter routes

2

4.3 **Identify TWO problems from the information provided. Quote figures. In each case, provide a solution to the problem identified.**

PROBLEM <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> figure <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	SOLUTION <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Drivers are getting an increase of R3 850 or 5% yet sales have dropped	Change contracts to commission based
Repair and maintenance is a fixed amount at R76 800, even though the vehicles are not working at full capacity	Outsource the vehicles to other suppliers to get more income
Petrol and oil decreased by 2,25% but sales decreased by 15%	Put a tracking device on vehicles / keep mileage to discourage drivers from misusing the vehicles

6

Q4	25	
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TOTAL: 150