



GRADE 12

ACCOUNTING

SCHOOL BASED ASSESSMENT



Question	Topic	Marks	Time Allocated
1	VAT and Ethics	16	15 minutes
2	Budgeting	44	45 minutes
	TOTAL	60	60 minutes

NOTE:

- The case study must be administered in class under supervision of the educator.
- Learners must not refer to the notes during the administration process.

This question paper consists of 5 pages.

QUESTION 1: VAT AND ETHICS (16 marks, 15 minutes)

EGOLI FURNITURE

Egoli Furniture is a business owned by Don Molefe. The business buys and sell modern furniture to the customers. Don is a registered VAT vendor and accounts for VAT on the invoice basis. All goods sold are subject to 15% VAT. The bookkeeper, Mendy had to take a special leave before she could account for VAT transactions for July 2023. The owner has requested you as a third year BCom student to assist in recording VAT transactions in the books of the business.

REQUIRED:

- 1.1 Calculate the amount receivable or payable to SARS on 31 July 2023.
REFER TO INFORMATION A (12)
- 1.2 Sehoole Wholesalers offered to sell goods valued at R6 000 at a lower price of R4 000 to Egoli Furniture for cash. An invoice for this transaction will not be issued to Egoli Furniture. What advice would you offer to Egoli Furniture? Provide **TWO** points. (4)

INFORMATION A:

- (i) Amount due to SARS on 1 July 2023, R86 810.
- (ii) Purchased trading stock on credit, R1 625 000 (excluding VAT).
- (iii) Discount received from a supplier on settlement of R224 000 (excluding VAT).
- (iv) Total cash sales for July amounted to R615 250 (including VAT).
- (v) VAT on bad debts recovered, R1 300.
- (vi) VAT on returns by debtors, R900.
- (vii) Don Molefe took bedroom suite from stock, for personal use, the selling price was R12 000 (excluding VAT). The business uses a mark-up of 50% on cost.

16

QUESTION 2: BUDGETING

(44 marks;45 minutes)

INFORMATION

Your business is registered as New Generation Accountants, your company offers accounting and financial advisory services to clients at a fee. You have been approached by three separate companies (clients) to assist them with budget calculations and analysis of budgeted and actual figures.

2.1 MANINGI PTY (LTD) - CLIENT ONE

The management of the company has requested you to record the amounts for the following transactions in the appropriate columns for the Cash Budget and the Projected Statement of Comprehensive Income for July 2023. Use the ANSWER BOOK provided:

2.1.1 Sundry cash expenses of R3 600 will remain constant over the budget period.

2.1.2 Depreciation for the financial year amount to R38 400. Cost price method is used to calculate the depreciation. The company has not planned to dispose (sell) or buy new assets. Calculate the amount of depreciation budgeted for July 2023.

2.1.3 The company will pay creditors during July 2023 to qualify for a 7% discount. Amount owing to creditors is R17 500.

(7)

2.2 KIM GOLFERS PTY (LTD) – CLIENT TWO

The information provided relates to Kim Golfers, for the three months ending on 31 July 2023.

REQUIRED:

The managing director of the business has requested you to complete the following:

2.2.1 Debtors Collection Schedule for the budgeted period ending on 31 July 2023.

(7)

2.2.2 Calculate the amount of bad debts written off in July.

(3)

2.2.3 The director feels that debtors are not properly managed. Provide TWO measures that could be introduced to improve collection.

(2)

2.2.4 Calculate the missing amounts on the cash budget denoted by (i) to (iii).

(10)

2.2.5 Rent will be increased in July. Calculate the % increase of rent during the month of July.

(3)

INFORMATION:

A. Sales and purchases:

	April	May	June	July
Total sales	R375 000	R400 000	R450 000	R440 000

- All goods are sold at a mark-up of 25% on cost.
- Credit sales comprises of 60% of total sales.
- Debtors are expected to pay as follows:
 - 15% within the same month as the sale subject to the 2% discount.
 - 20% in the following month after the sale.
 - 60% in the second month following the sale.
 - 5% are written off as bad debts in the third month after sales.
- Stock sold is replaced in the month of sales.
- 80% of stock is purchased on credit. Creditors are paid in full in the second month after purchase.

B. Information extracted from the cash budget.

RECEIPTS	MAY R	JUNE R	JULY R
Rent income	9 000	9 000	10 350
Fixed deposit: GDE Bank	0	240 000	0
Interest on fixed deposit	3 800	3 800	(i)
PAYMENTS			
Cash purchases of stock	80 000	90 000	88 000
Payments to creditors	242 000	256 000	(ii)
Sundry expenses	(iii)	9 800	9 604

- Rent is expected to increase with effect from 1 July 2023.
- A portion of fixed deposit will mature on 30 June 2023. A fixed interest rate at 12% p.a. is received on the last day of each month.
- Sundry expenses will be reduced by 2% each month.

2.3 **GASVAAL (PTY) LTD - CLIENT THREE**

The business sells gas stoves. The information is for the period ending 31 July 2023. The CEO of the company has requested your opinion and assistance on the following expenses.

2.3.1 **Salaries and wages:**

Salaries and wages paid to employees will increase to R62 320 in August, the CEO suspects that the employees won't be happy with this increase. Provide **TWO** points of advice that he should mention in a meeting with employees to justify the increase. (4)

2.3.2 **Advertising:**

Management suspect that their advertising campaign for July was not effective. Provide **TWO** points to support their suspicion, use figures to support the answer. (4)

2.3.3 **Delivery expenses:**

Explain whether delivery expenses are well controlled or not. Explain **TWO** points and provide figures to support your answer. (4)

INFORMATION:

	June 2023		July 2023	
	Projected	Actual	Projected	Actual
Number of gas stove sold	430 stoves	410 stoves	430 stoves	535 stoves
Total sales	4 472 000	3 526 000	4 472 000	4 601 000
Cash sales	2 580 000	2 279 000	2 580 000	2 786 400
Credit sales	1 892 000	1 247 000	1 892 000	1 814 600
Cost of sales	(2 795 000)	(2 203 750)	(2 795 000)	(2 875 625)
Gross profit	1 677 000	1 322 250	1 677 000	1 725 375
Operating expenses	(523 650)	(520 480)	(692 500)	(808 820)
Salaries and wages	60 800	60 800	60 800	60 800
Directors' fees	85 000	85 000	85 000	34 000
Advertising	17 700	17 700	17 700	19 470
Delivery costs	223 600	176 300	223 600	368 080
Depreciation				
Sundry expenses				
Operating profit	1 153 350	801 770	984 500	916 555



ERRATA FOR ACCOUNTING GRADE 12 CASE STUDY

QUESTION 1.1

ENGLISH AND AFRIKAANS QUESTION PAPER

INFORMATION A:

- (iii) Discount of 10% has been received from the supplier for settling the account of R224 000 (excluding VAT).

QUESTION 2.2.4

B. Information extracted from the cash budget.

RECEIPTS	MAY R	JUNE R	JULY R
PAYMENTS			
Payments to creditors	242 000	240 000	(ii)

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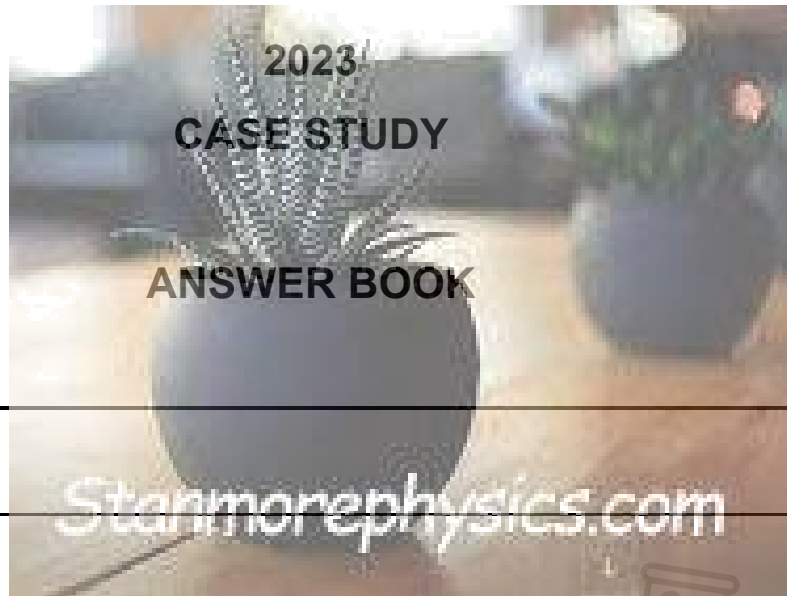
NOTE: Learners who have already written the paper will not be disadvantaged.





ACCOUNTING GRADE 12

SCHOOL BASED ASSESSMENT TASK



NAME OF SCHOOL:	
NAME OF LEARNER:	

QUESTION	TOPIC	TOTAL MARKS	MARK OBTAINED	MODERATED MARK
1	VAT and Ethics	16		
2	Budgeting	44		
TOTAL		60		

The answer book consists of 5 pages.

QUESTION 1: VAT AND ETHICS

1.1 Calculate the amount receivable or payable to SARS on 31 July 2023.

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12

1.2 Sehoole Wholesalers offered to sell goods valued at R6 000 at a lower price of R4 000 to Egoli Furniture for cash. An invoice for this transaction will not be issued to Egoli Furniture. What advice would you offer to Egoli Furniture? Provide **TWO** points.

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4

TOTAL MARKS
16



QUESTION 2: BUDGETING

2.1

Example:

The monthly rent income amounts to R6 500 per month. This will not change over the budget period.

No.	Cash Budget amount (July)		Projected Statement of Comprehensive Income amount (July)	
	Receipt	Payment	Income	Expense
e.g.	6 500		6 500	
2.1.1				
2.1.2				
2.1.4				

7

2.2.1 DEBTORS COLLECTION SCHEDULE

	CREDIT SALES	MAY	JUNE	JULY
April	R225 000	45 000	135 000	
May	240 000	35 280	48 000	144 000
June	270 000		39 690	
July				
		80 280	222 690	

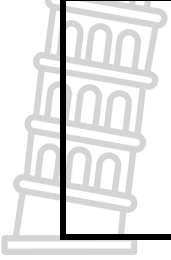
7

2.2.2 Calculate the amount of bad debts written off for July.

Calculation	Answer

3

2.2.3 The director feels that debtors are not properly managed. Provide **TWO** measures that could be introduced to improve collection.



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2

2.2.4 Calculate the missing amounts on the cash budget denoted by (i) to (iii).

	Calculation	Answer
(i)		
(ii)		
(iii)		

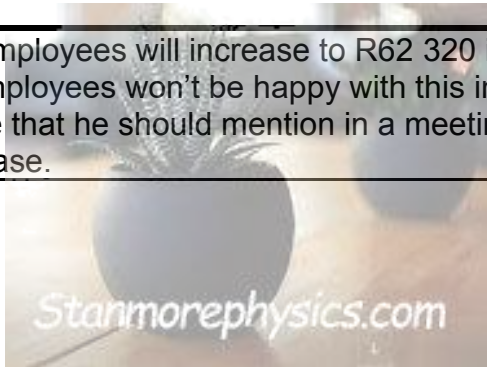
10

2.2.5 Rent will be increased in July. Calculate the % increase of rent during the month of July.

Calculation	Answer

3

2.3.1 Salaries and wages paid to employees will increase to R62 320 in August, the CEO suspects that the employees won't be happy with this increase. Provide **TWO** points of advice that he should mention in a meeting with employees to justify the increase.



4

2.3.2 Management suspect that their advertising campaign for July was not effective. Provide **TWO** points to support their suspicion, use figures to support the answer.

4

2.3.3 Explain whether delivery expenses are well controlled or not. Explain **TWO** points and provide figures to support your answer.



4

TOTAL MARKS
44

TOTAL MARKS :60



ACCOUNTING GRADE 12



QUESTION	TOPIC	TOTAL MARKS
1	VAT and Ethics	16
2	Budgeting	44
	TOTAL	60
	Conversion $60 \div 1.2 = 50$	

The answer book consists of 5 pages.



QUESTION 1: VAT AND ETHICS

1.1 Calculate the amount receivable or payable to SARS on 31 July 2023.

$$86\ 810 \checkmark + 3\ 360 \checkmark \checkmark + 1\ 300 \checkmark + 1\ 200 \checkmark \checkmark + 80\ 250 \checkmark \checkmark - 243\ 750 \checkmark \checkmark - 900 \checkmark$$

$$= 71\ 730 \checkmark \text{ one part correct}$$

OR

$$-86\ 810 - 3\ 360 - 80\ 250 - 1\ 300 - 1\ 200 + 243\ 750 + 900$$

$$= 71\ 730 \checkmark \text{ one part correct}$$

VAT Control	
243 750	86 810
900	3 360
	1 300
	1 200
	80 250
	<input checked="" type="checkbox"/> 71 730
	one part correct
244 650	244 650

OR

VAT Control	
86 810	243 750
3 360	900
1 300	
1 200	
80 250	
<input checked="" type="checkbox"/> 71 730	
one part correct	

12

1.2 Sehoole Wholesalers offered to sell goods valued at R6 000 at a lower price of R4 000 to Egoli Furniture for cash. An invoice for this transaction will not be issued to Egoli Furniture. What advice would you offer to Egoli Furniture? Provide **TWO** points.

Any two valid points ✓✓ ✓✓ Allocate one mark for partially correct answer.

- It is unethical to engage in such transaction.
- Tax avoidance is a punishable offense by SARS.
- Advice the owner to avoid engaging in this type of activity, this is tax fraud.
- The owner will not be able to claim for VAT input.
- Engaging in undocumented transactions could place the business at financial risk or ruin business reputation/image.

4

TOTAL MARKS

16

QUESTION 2: VAT AND INTERNAL CONTROL

2.1

Example:
The monthly rent amounts to 6500 per month. This will not change over the budget period.

No.	Cash Budget amount (July)		Projected Statement of Comprehensive Income amount (July)	
	Receipt	Payment	Income	Expense
e.g	6 500		6 500	
2.1.1		3 600 ✓		3 600 ✓
2.1.2				3 200 ✓✓
2.1.4		16 275 ✓✓	1 225 ✓	

7

2.2.1 DEBTORS COLLECTION SCHEDULE

CREDIT SALES		MAY	JUNE	JULY
April	R225 000	45 000	135 000	
May	240 000	35 280	48 000	144 000
June	270 000		39 690	54 000 ✓✓
July	264 000 ✓✓			38 808 ✓✓
				If CS x 15% x 98%
		80 280	222 690	236 808 ✓

7

2.2.2 Calculate the amount of bad debts written off in July.

CALCULATION	ANSWER			
<p>225 000 ✓ x 5/100 ✓</p> <p>Accept 264 000 x 5/100 = 13 200</p> <table border="1"> <tr> <td>1 method mark</td> <td>1 mark</td> <td>1 method mark</td> </tr> </table> <p>Accommodate error in answer book.</p>	1 method mark	1 mark	1 method mark	<p>11 250 ✓</p> <p>one part correct</p>
1 method mark	1 mark	1 method mark		

3

2.2.3 The director feels that debtors are not properly managed. Provide TWO measures that could be introduced to improve collection.

Any two valid points ✓ ✓

- Increase the discount rate from 2% to encourage more debtors to pay within the first month of sales .
- Charge interest on overdue accounts.
- Set credit limits.
- Handover overdue accounts to debt collectors.

2

2.2.4 Calculate the missing amounts on the cash budget denoted by (i) to (iii).

	CALCULATION	ANSWER
(i)	<p>one mark one mark $(380\,000 - 240\,000)$ $140\,000 \checkmark \checkmark \times [12/100 \times 1/12] \checkmark$</p> <p>OR</p> <p>$3\,800 - [240\,000 \times (12/100 \times 1/12)]$</p> <p>OR one mark one mark one part mark</p> <p>$3\,800 - 2\,400$ one mark two marks</p> <p>Calculation for 380 000 is: $3\,800 \times 12/1 \times 100/12 = 380\,000$</p>	<p>1 400 ✓ one part correct</p>
(ii)	<p>$(400\,000 \times 100/125)$ $320\,000 \checkmark \checkmark \times 80/100 \checkmark$</p> <p>OR</p> <p>$(80\,000 \times 80/20)$ $320\,000 \times 80/100$ two marks one mark</p>	<p>256 000 ✓ one part correct</p>
(iii)	<p>$9\,800 \times 100/98$</p> <p>OR</p> <p>$9\,604 + 196 + 200$</p>	<p>10 000 ✓✓ one part correct</p>

10

2.2.5 Rent will be increased in July. Calculate the % increase of rent during the month of July.

$$\frac{1350}{9000} \times 100 = 15\% \quad \checkmark \quad \text{award a method mark if multiplied by 100}$$

3

2.3.1 Salaries and wages paid to employees will increase to R62 320 in August, the CEO suspects that the employees won't be happy with this increase. Provide TWO points of advice that he should mention in a meeting with employees to justify the increase.

TWO valid points ✓✓ ✓✓

- Poor economic conditions / reduced net profit/increased expenses or delivery cost.
- Directors took a drop in fees due to business not generating enough income. /Directors fees dropped to R34 000 in July or by R51 000.
- Attach employee budget against the actual bank balance of the business and the performance of employees.

Allocate one mark for increased advertising.

Do not accept reduced sales

4

2.3.2 Management suspect that their advertising campaign for July was not effective. Provide TWO points to support their suspicion, use figures to support the answer.

Two valid points ✓✓ ✓✓

- They increased advertising to R19 470 or by R1 770 or by 10% but sales only improved by 2.9% or R129 000 compared to budgeted.
- Advertising attracted customers who purchased cheaper stoves, at average price of R8 600 compared to budgeted average price of R10 400

Do not accept

An increase in advertising resulted to increase increase in sales

4

2.3.3 Explain whether delivery expenses are well controlled or not. Explain TWO points and provide figures to support your answer.

Two valid points (compared to sales) ✓✓ ✓✓ **one mark for each delivery cost not compared to sales**

- Delivery expenses were well controlled in June, they budgeted to spend 5% of sales and their target was achieved (5% of sales was spent on deliveries)
- Delivery costs in July were not well controlled, they were budgeted at 5% of sales but the actual cost was 8% of sales.

4

TOTAL MARKS

44