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education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING P2
NOVEMBER 2024

MARKS: 150

TIME: 2 hours

This paper consists of 11 pages,
a formula sheet and a 9-page answer book.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicators Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable show ALL calculations to ONE decimal point.
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	Bank reconciliation	30	25
2	Manufacturing	45	40
3	Budgeting	35	25
4	Inventory systems and VAT	40	30
TOTAL		**150**	**120**

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QUESTION 1: BANK RECONCILIATION (30 marks; 25 minutes)

1.1 TRUE OR FALSE

Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (1.1.1 to 1.1.3) in the ANSWER BOOK.

1.1.1 A credit balance on the Bank Statement means that the business has a positive balance in the bank.

1.1.2 A debit card can be used to withdraw cash from an ATM.

1.1.3 A bank overdraft is a short-term loan that is transferred into the business's current bank account. (3)

1.2 HOPE TRADERS

The information was extracted from the records of the business for October 2024.

- Hope Traders uses the official Bank Statement which is available on the 25th of each month to complete the monthly reconciliation process.
- She also uses her EFT transaction records (renumbered) to complete the Cash Payments Journal.

REQUIRED:

1.2.1 Update the totals for the Cash Receipts and Cash Payments journals for October 2024. Use the table provided in the ANSWER BOOK. (10)

1.2.2 Calculate the correct Bank Account balance on 31 October 2024. (4)

1.2.3 Prepare the Bank Reconciliation Statement on 31 October 2024. (9)

1.2.4 Hope noticed problems with depositing cash. Explain TWO measures that she can use to address these problems. (4)

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INFORMATION:

A. Extracts from the Bank Reconciliation Statement on 30 September 2024:

Favorable balance according to the bank statement		R12 200
Outstanding deposit	September 18, 2024	R23 600
	September 28, 2024	R37 200
Outstanding EFT:	768	R5 480
	769	R17 800
Favorable balance according to the bank account		R49 720

- The outstanding deposit on 18 September 2024 appeared in the October 2024 Bank Statement.
- The deposit on 28 September 2024 appeared as R20 200. An investigation showed that the cashiers had disappeared with the outstanding amount. It was decided to write off the outstanding amount.
- Both EFTs were on the October bank statement, but EFT 768 appeared with the correct amount of R4 580.

B. The provisional totals in the Cash Journals:

CRJ: R115 600 CPJ: R217 800

C. The following items only appear on the Bank Statement:

Debit order: Thlwe Municipality	R2 880
Cash handling fee	R220
Deposit: S Uni	R8 400
Deposit: T Jongi	R65 000
Cash withdrawals	R740
Investment matured	R18 300
EFT transaction fees	R360
EFT transaction fees	R360

- The debit order to Thlwe Municipality was for water and electricity.
- S Uni, the tenant, deposited the monthly rent.
- The deposit of T Jongi did not relate to the business. The bank has been informed of this error.
- The cash withdrawals of R740 were for fuel for the owner's vehicle.
- The EFT transaction fees were erroneously duplicated on the Bank Statement.

D. The following items only appear in the Cash Journals:

- Deposit of R22 500 on 31 October 2024.
- EFT 883 for R9 520 is for stationery purchased.
- EFT 884 for R12 530 is for repairs to buildings.

E. Bank statement balance on 31 October 2024: R?

30

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QUESTION 2: MANUFACTURING (45 marks; 40 minutes)

2.1 CONCEPTS

Identify THREE variable costs from the list below: (3)

factory overheads cost, selling and distribution costs, administration costs, direct labour cost, salary of factory foreman, direct material cost

2.2 JANCO MANUFACTURERS

Janco Manufacturers is a manufacturing company that produces leather bags. The financial year ends on 30 June 2024.

REQUIRED:

2.2.1 Calculate the raw materials used for production. (4)

2.2.2 Complete the given accounts in the General Ledger for the year ending 30 June 2024.

a) Work-in-process Stock (9)
b) Finished Goods Stock (7)
c) Factory overhead Cost (12)

INFORMATION:

A. Balances

	1 July 2023	30 June 2024
Raw material stock	R69 400	R36 800
Work-in-process stock	R15 600	R?
Finished goods stock	R46 600	R?
Indirect material	R11 800	R8 400

B. Transactions for the year ended 30 June 2024

Raw materials purchased for cash	R191 000
Carriage on purchases of raw materials (cash)	R5 800
Raw materials issued for production	R?
Indirect materials purchased for cash	R34 600
Direct wages	R184 000
Wages of cleaner – Admin	R3 800
Salary - sales staff	R37 200
Advertising	R6 200
Rental expense	R23 200
Factory maintenance	R13 000
Water and electricity	R25 000
Depreciation on factory equipment	R13 200
Commission on sales (3% on sales)	R20 700

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C. Additional information

- Rent must be allocated in proportion to floor area. The factory area covers 600 square meters and the office area covers 400 square meters.
- The cleaner spends 20% of the time cleaning the Administrative Block and the rest in the factory. Costs must be allocated according to the time spent in each department.
- The factory uses 75% of the water and electricity.
- 7 150 units were produced at a cost of R70 per unit.
- Cost of sales equals 70% of sales.

2.3 **TUMA MANUFACTURERS**

Tuma Manufacturers produces high quality clothing. The owner, Tembi, is not happy about the drop in production levels, and the increase in the unit cost of production per unit.

REQUIRED:

2.3.1 Calculate the break-even point and comment on your findings. (6)

2.3.2 Provide TWO measures that should be applied by Tembi, to reduce the cost of production per unit. (4)

INFORMATION:

	Total	Per unit
Sales	R738 000	R120
Variable costs	R344 400	R56
Fixed costs	R357 120	
Number of units produced	6 150	
Break-even number in units	?	

45

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QUESTION 3: BUDGETING **(35 marks; 25 minutes)**

3.1 **PG STORE**

The information relates to PG Store.

REQUIRED:

3.1.1 Prepare the Debtors collection schedule for April 2024. (5)

3.1.2 Calculate the amount payable to creditors for April 2024. (4)

3.1.3 Prepare the Cash Budget for April 2024. (16)

INFORMATION:

A. Sales and debtors

	Actual credit sales	Budgeted credit sales
January	R15 000	
February	R19 200	
March		R15 600
April		R16 800

- 40% of sales are cash sales.
- Debtors are expected to settle their accounts as follows:
  - 50% in the month of sales to qualify for a discount of 4%.
  - 30% in the month following the transaction month.
  - 15% in the second month after the sales.
  - the remaining must be written off as bad debts.

B. Purchases and creditors

- The company uses a fixed markup of 100% on the cost price.
- Stock is replaced if sold.
- 30% of purchases are cash.
- All creditors are paid in the following month of purchases to qualify for a 5% discount.

C. Old stationery, with a book value of R2 350 on 29 February 2024, will be donated to a local high school in March 2024. This will be replaced in the same month with stationery of R5 600 of which 25% will be paid per EFT, and the rest will be paid in April 2024.

D. Interest on fixed deposit of R20 000 is received quarterly on 1 January, 1 April, 1 July and 1 October. The interest rate is set at 12,5% per annum.

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E. From April, the owner receives a monthly salary of R3 600, of which R100 is in the form of stationery.

F. Extract from the Income Statement of PG Store for the year ending 31 March 2024:

Rental income	R10 980
Insurance	R4 800
Sundry expenses	R18 000

- The rent is increased annually by 10% on 1 February. The tenant was overseas in March 2024 and his rent for that month is outstanding. He promised to pay it in April 2024.
- The insurance premium for the current financial year is expected to increase by R75 per month and is payable immediately.
- Sundry expenses are expected to increase by 8% in the new financial year.

G. On 31 March the bank account shows a favorable balance of R4 608.

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3.2 **RIA TRADERS**

The information relates to Ria Traders. The financial year ends 29 February 2024.

REQUIRED:

3.2.1 **Refer to Information A.**

At the end of February 2024, the following actual figures are available. The owner asked you to explain to him why budgeted and actual amounts of certain items differ so much. Explain what you would say to him about each of the following items. Provide ONE point of advice with figures in each case. (6)

3.2.2 **Refer to Information B.**

Depreciation is written off at 15% per year on the cost price of vehicles. Calculate the cost price of the vehicle purchased on 1 February 2024. (4)

INFORMATION:

A.

	February 2024	
	Budget	**Actual**
Advertisements	R5 200	R8 000
Training of workers	R12 000	R0
Rental income	R8 500	R2 000

B.

	Actual		**Budget**	
	Dec	**Jan**	**Feb**	**March**
Depreciation	R2 750	R2 750	R3 975	R3 975

35

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QUESTION 4: INVENTORY SYSTEMS AND VAT **(40 marks; 30 minutes)**

4.1 PERIODIC INVENTORY SYSTEM

The information was obtained from the records of Rose Wholesalers. The business uses the periodic inventory system to record transactions regarding trading stock.

REQUIRED:

4.1.1 Calculate the amount that will be closed for Purchases to the Trading Account. (10)

4.1.2 Complete the Trading Account for the year ending 29 February 2024. (14)

4.1.3 Why do you think the company uses the periodic inventory system rather than the perpetual inventory system of stock keeping? State TWO differences between the periodic and perpetual inventory systems. (6)

INFORMATION:

1. Goods are sold at a fixed mark-up of 45% on cost price.

2. The following balances and totals appear in the books on 29 February 2024.

Trading stock (1 March 2023)	R120 000
Sales	R3 431 405
Debtors allowance	R87 435
Purchases	R1 977 440
Creditors allowance (returns to creditors)	R29 000
Carriage on purchases	R407 087
Carriage on sales	R127 300

3. The following transactions have not been recorded:

- An invoice for the purchase of goods imported from the USA, $1,800. The exchange rate is R12,20 per dollar ($). The delivery cost of these goods was R2 300.
- A debtor has returned goods worth R7 830.
- Stock worth R18 100 was returned to a creditor.
- Stock with a selling price of R7 395 was donated to the local primary school.
- The owner took goods with a cost price of R5 500 for his own use.
- The value of the stock according to a physical stock take on 29 February 2024 is R170 000.

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4.2 **VAT**

King Traders is registered for VAT. The standard VAT rate is 15%.

REQUIRED:

4.2.1 Calculate the amounts indicated by (a) to (c) in the table below. (7)

4.2.2 The internal auditor found that Tom King had underpaid the amount due to SARS in respect of VAT with each filing date. Upon further investigation, Tom said that he uses the money to pay business expenses and then adjusts the payments later.

Comment on this practice and give advice to Tom King. (3)

INFORMATION:

	VAT excluded	**VAT included**	**VAT AMOUNT**
Discount received from suppliers	R12 400		**(a)**
Credit notes issued to customers		**(b)**	R210
Invoices issued to customers		***R158 700**	**(c)**

*This includes sales of R9 200 which had to be sold at zero rate. The bookkeeper mistakenly included VAT of R1 200 on these goods.

40

TOTAL: 150

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GRADE 11 ACCOUNTING FORMULA SHEET WITH FINANCIAL INDICATORS		
$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by Partner}}{\text{Average Partner's Equity}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Average Patner's Equity}} \times \frac{100}{1}$	
Current Assets: Current Liabilities	(Current Assets – Inventories): Current Liabillities	
$\frac{\text{Average Debtors}}{\text{Credit Sales}} \times \frac{365 \text{ or } 12}{1}$	$\frac{\text{Average Creditors}}{\text{Credit Purchases or Cost of Sales}} \times \frac{365 \text{ or } 12}{1}$	
$\frac{\text{Average Inventories}}{\text{Cost of Sales}} \times \frac{365 \text{ or } 12}{1}$	$\frac{\text{Cost of Sales}}{\text{Average Inventories}}$	
Non-Current Liabillities : Patners' Equity	Total Assets : Total Liabilities	

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PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING P2
NOVEMBER 2024
ANSWER BOOK

NAME OF LEARNER: _____

QUESTION	MARKS	INITIAL	MODERATOR
1	30		
2	45		
3	35		
4	40		
TOTAL	150		

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QUESTION 1: BANK RECONCILIATION (30 marks; 25 minutes)

1.1 TRUE OR FALSE

1.1.1		
1.1.2		
1.1.3		3

1.2 HOPE TRADERS

1.2.1 Update the cash journals for October 2024.

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL	
115 600	217 800	
		10

1.2.2 Calculate the correct Bank Account balance on 31 October 2024.

OPERATIONS	ANSWER	
		4

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1.2.3 **Prepare the Bank Reconciliation Statement on 31 October 2024.**

	Debit	Credit

9

1.2.4 **Hope noticed problems with depositing cash. Explain TWO measures that she can use to address these problems.**

4

TOTAL MARKS
30

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QUESTION 2: MANUFACTERING (45 marks; 40 minutes)

2.1 CONCEPTS

3

2.2 JANCO TRADERS

2.2.1 Calculate the raw materials used for production.

OPERATIONS	ANSWER

4

2.2.2 Complete the given accounts in the General ledger for the year ending 30 June 2024.

a) Work-in-process Stock

9

b) Finished Goods Stock

7

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c) Factory overhead Cost

12

2.3 TUMA TRADERS

2.3.1 **Calculate the break-even point and comment on your findings.**

6

2.3.2 **Provide TWO measures that should be applied by Tembi, to reduce the cost of production per unit.**

4

TOTAL MARKS
45

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QUESTION 3: BUDGETING (35 marks; 25 minutes)

3.1 PG STORE

3.1.1 Prepare the Debtors collection schedule for April 2024.

Month	Credit sales	April 2024
February		
March		
April		
Total receipts from debtors		

5

3.1.2 Calculate the amount payable to creditors for April 2024.

OPERATIONS	ANSWER

4

3.1.3 Prepare the Cash Budget for April 2024.

	March	April
RECEIPTS		
Cash sales	10 400	
Collection of debtors	15 498	
TOTAL RECEIPTS	**25 898**	
PAYMENTS		
Cash purchases	3 900	
Payments to creditors	10 640	
Stationery	1 400	
Insurance	400	
Sundry expenses	1 500	
TOTAL PAYMENTS	**17 840**	
CASH SURPLUS/DEFICIT	8 058	
Balance at the beginning	(3 450)	
Balance at the end	4 608	

16

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3.2 RIA TRADERS

3.2.1 **Explain what you would say to him about each of the following items. Provide ONE point of advice with figures in each case.**

	Note to owner	Council
Advertisement		
Training of employees		
Rental income		

6

3.2.2 **Calculate the cost price of the vehicle purchased on 1 February 2024.**

OPERATIONS	ANSWER

4

TOTAL MARKS
35

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QUESTION 4: INVENTORY SYSTEMS AND VAT (40 marks; 30 minutes)

4.1 PERIODIC INVENTORY SYSTEMS

4.1.1 **Calculate the amount that will be closed for Purchases to the Trading Account.**

OPERATIONS	ANSWER

10

4.1.2 **Complete the Trading Account for 29 February 2024.**

Trading account

14

4.1.3 **Why do you think the company uses the periodic inventory systems rather than the perpetual inventory system of stock keeping? State TWO differences between the periodic and perpetual inventory systems.**

6

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4.2 VAT

4.2.1

	OPERATIONS	ANSWER
(a)		
(b)		
(c)		

7

4.2.2

Comment on this practice and give advice to Tom King.	
COMMENT	**ADVICE**

3

TOTAL MARKS
40

TOTAL: 150

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PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING P2
NOVEMBER 2024
MARKING GUIDELINES

TOTAL: 150 MARKS

MARKING PRINCIPLES:

1. Penalty points for extraneous items only apply if a candidate has not lost points elsewhere in the question for that item (no extraneous-item penalty points for misplaced items).
   No double penalization applied.
2. Penalty points for postings or poor presentation (eg details) only apply if the candidate has earned points for the amounts for that item.
3. Full marks for correct answer. If the answer is incorrect, mark the calculations provided.
4. If a pre-refinement figure is shown as a final figure, award the calculation mark for that figure (not the method mark for the answer). Note: If figures indicated in memo for components or calculations, these do not carry the method mark of the final answer either.
5. Unless otherwise shown, the positive or negative effect of any figures must be taken into account in awarding the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, award partial marks to differentiate the quality of answers from candidates.
7. Where penalty marks are applied, the marks for that section of the question cannot be shown as a negative figure. Where method marks are awarded for operations, the marker must examine the reasonableness of the operation before awarding the mark.
8. 'Operation' means check operation. 'One part correct' means operation and one part correct.
   Note: check operation must be +, -, x, ÷, or per memo.
9. 'One part correct' means operation and one part correct. Where method marks are awarded for one part correct, the marker must examine the reasonableness of the answer and get at least one part correct before the mark is awarded. If a figure has earned a method mark it is considered 'one part correct'.
10. In calculations, do not award points for operation if numerator and denominator are swapped – this also applies to ratios.
11. When awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, at least partially. Indicate with a☒.
12. Be aware that some candidates provide valid alternatives outside the memorandum.
13. Codes: f = foreign item; p = post/presentation.

These marking guidelines consist of 9 pages.

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QUESTION 1: BANK RECONCILIATION

1.1 TRUE OR FALSE

1.1.1	True✓	
1.1.2	True✓	
1.1.3	False✓	**3**

1.2 HOPE TRADERS

1.2.1

Update the cash journals for October 2024.	
CASH RECEIPTS JOURNAL	**CASH PAYMENTS JOURNAL**
115 600	**217 800**
#900✓✓ (5 480 – 4 580) two points	17 000✓✓
8 400✓	2 880✓
18 300✓	740✓
# Award TWO points together for 5 480 in the CRJ and 4 580 in the CPJ. (No part marks)	580✓(230 + 360)
143 200 Must include 115 600 ☑	239 000 Must include 217 800

for both totals one part correct

10	

1.2.2

Calculate the correct Bank Account balance on 31 October 2024.	
OPERATIONS	**ANSWER**
49 720✓+ 143 200☑– 239 000☑ see 1.2.1	(46 080)☑ one part correct Check dt/ct for BRS in 1.2.3

4	

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1.2.3 **Prepare the Bank Reconciliation Statement on 31 October 2024.**

	Alternative	Debit	Credit
Balance according to Bank Statement	20 110	Balancing figure one part correct	18 110☑ could it be
Outstanding deposit	22 500		22 500✓
Outstanding EFT 883	(9 520)	9 520✓	
884	(12 530)	12 530✓	
Error on bank statement	(65 000)	65 000✓✓	
Correct error	360		360✓✓
Balance according to bank account	(44 080)		46 080☑ see 1.2.2
Totals must be the same		87 050	87 050

9

1.2.4 **Hope noticed problems with depositing cash. Explain TWO measures that she can use to address these problems.**

TWO valid points✓✓ ✓✓partial marks for incomplete/unclear answers

- Implement a fixed deposit routine/policy for daily deposit.
- Appoint another person responsible for depositing cash (division of duties for one point).
- Use cash transit services (security company)/ split large amounts into smaller deposit amounts.
- Supervises the deposit of funds/does independent (unplanned) checks/ authorizes funds to be deposited/checks documentation (deposit slips) before and after deposit.
- Encourage more customers to pay by EFT (less cash handling).
- Enable bank notification services for all transactions (receive SMS).
- Perform regular/unscheduled reconciliations to mini statements from the bank app as an interim control measure/reconcile cash and credit card transaction daily to prevent errors later.

4

TOTAL MARKS
30

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QUESTION 2: MANUFACTURING

2.1 CONCEPTS

Selling and distribution costs✓	
Direct labour costs✓	
Direct material costs✓	3

2.2 JANCO TRADERS

2.2.1 Calculate the raw materials used for production.

OPERATIONS	ANSWER	
69 400 + 191 000✓+ 5 800✓– 36 800✓	229 400☑ one part correct when awarding method marks, candidates cannot earn full marks where incorrect figure(s) are included.	4

2.2.2 Complete the given accounts in the General Ledger for the year ending 30 June 2024.

a) Work-in-process Stock

July 2023	01	Balance	15 600	June 2024	30	Finished goods Stock	500500✓✓
June 2024	30	Direct material✓see 2.2.1	229400☑			Balance	40 570☑
		Direct labour✓	184000✓				
		Factory overhead✓	112070☑				
			541 070				**541 070**
July 2024	01	Balance	40 570				

9

b) Finished goods Stock

July 2023	01	Balance	46 600✓	June 2024	30	Cost of sales 20 700✓x100/3✓x70%✓	483 000☑
June 2024	30	Work-in-Process see a	500500☑			Balance	64 100☑
			547 100				**547 100**
July 2024	01	Balance	64 100				

7

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c) Factory overhead Cost

June 2024	30	Factory maintenance	13 000✓	June 2024	30	Work-in-process	112 070☑
		Indirect material 11 800+34 600✓-8400✓	38 000☑				
		Wage cleaner	15200✓✓				
		Rental expense	13920✓✓				
		Water and electricity	18750✓✓				
		Depreciation	13200✓				
			112 070				**112 070**

12

2.3 TUMA TRADERS

2.3.1 Calculate the break-even point and comment on your findings.

357 120✓/ (R120✓– R56✓)
= 5 580 units☑ one part correct

The business makes a profit✓, the units produced are 570✓above the break-even point.

6

2.3.2 Provide TWO measures that should be applied by Tembi, to reduce the cost of production per unit.

Any TWO valid measures✓✓ ✓✓

- Training of workers to limit waste.
- Purchases of raw materials at lower prices.
- More supervision to increase productivity.
- Give incentive bonuses to improve productivity.

4

TOTAL MARKS
45

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QUESTION 3: BUDGETING

3.1 PG STORE

3.1.1 Prepare the Debtors collection schedule for April 2024.

Month	Credit sales	April 2024	
February	19 200	2 880✓ (19 200 x 15%)	
March	15 600	4 680✓✓ (15 600 x 30%)	
April	16 800	8 064✓✓(16 800 x 50% x 96%)	
Total receipts from debtors		15 624	**5**

3.1.2 Calculate the amount payable to creditors for April 2024.

OPERATIONS	ANSWER	
15 600 x 100/60 = 26 000✓ 26 000 x 100/200 = 13 000✓x 70%✓x 95%	8 645☑ one part correct	**4**

3.1.3 Prepare the Cash Budget for April 2024.

	March	April	
RECEIPTS			
Cash sales 16 800 x 40/60	**10 400**	11 200☑✓	
Collection of debtors	**15 498**	15 624☑	
Interest on fixed deposit 20 000x12.5%x 3/12		625✓	
Rental income (10 980/12.2) x 110% x 2		1 980✓✓	
TOTAL RECEIPTS	**25 898**	**29 429**	
PAYMENTS			
Cash purchases	**3 900**	4 200✓	
Payments to creditors	**10 640**	8 645☑	
Stationery	**1 400**	4 200✓	
Insurance	**400**	475✓	
Sundry expenses	**1 500**	1 620✓	
Drawings		3 500✓	
TOTAL PAYMENTS	**17 840**	**22 640**	
CASH SURPLUS/DEFICIT	**8 058**	6 789☑	
Balance at the beginning	**(3 450)**	4 608✓	
Balance at the end	**4 608**	11 397☑✓	**16**

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3.2 RIA TRADERS

3.2.1 Explain what you would say to him about each of the following items. Provide ONE point of advice with figures in each case.

	Note to owner✓	Council✓
Advertisement	The actual expenditure of R8 000 exceeds the budgeted expenditure of R5 200 by R2 800.	• If there was overspending, a cheaper way of marketing must be sought and better control over funds applied. • However, if there was an under-budget and all advertising was needed, the budget must be adjusted upwards.
Training of employees	None of the budgeted amount of R12 000 was spent.	• Training of staff is an important aspect. To improve and retain staff they must be trained. Funds must be used.
Rental income	The actual receipts of R2 000 are much less than the budgeted amount of R8 500, R6 500 less collected.	• Investigate reasons for the shortfall in income. The tenant can sign a debit order to ensure that payment is made. • If the lease has expired, budget less.

6

3.2.2 Calculate the cost price of the vehicle purchased on 1 February 2024.

OPERATIONS	ANSWER
(3 975 – 2 750) 1 225✓✓x 100/15 x 12/1✓	98 000☑ one part correct

4

TOTAL MARKS
35

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QUESTION 4: INVENTORY AND VAT

4.1 PERIODIC INVENTORY SYSTEMS

4.1.1 Calculate the amount that will be closed for Purchases to the Trading Account.

OPERATIONS	ANSWER
21 960✓✓ 1 977,440✓+ (1 800✓x 12.20✓) – 18 100✓– (7 395✓x 100/145✓) **5 100✓✓** – 5 500✓– 29 000✓	**1 941 700✓☑** one part correct

10

4.1.2 Complete the Trading Account for 29 February 2024.

Trading account

Feb	28	Opening stock✓	120 000✓	Feb	28	Sales (3 431 405✓– 87 435✓– 7 830✓)	3336140☑
		Purchases see4.2.1	1 941 700☑			Closing stock	170 000✓
		Carraige on purchases	409 387☑ (407 087✓+2 300✓)				
		Profit and loss account✓	1 035 053☑				
		Entire line correct for points award.	**3 506 140**	☑		Both sides the same	**3 506 140**

14

4.1.3 Why do you think the company uses the periodic inventory sets rather than the perpetual inventory system of stock keeping? State TWO differences between the periodic and perpetual inventory sets.

It is a cheaper and simpler system to use.✓
The company sells durable items with a small turnover, so it is easy to see what is available.✓
Perpetual inventory system is cost of sales is calculated with each sale transaction✓, while with the periodic inventory system, cost of sales must be calculated at the end of the year.✓
Perpetual inventory system Keep a continuous record of inventory on hand through the trading inventory account.✓Inventory on hand can only be determined by a physical inventory.✓

6

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4.2 VAT

4.2.1

	OPERATIONS	ANSWER
(a)	12 400 x 15%	1 860✓
(b)	210 x 115/15	1 610✓✓
(c)	(158 700 – 9 200)✓✓x 15/115✓/ 20 700 – 1 200	19 500☑

7

4.2.2

Comment on this practice and give advice to Tom King.	
COMMENT✓✓	**ADVICE✓**
• Unethical to use money earned by the business to pay running/operating costs. • The business is an agent for SARS and must make payments regularly. • The company can be fined (penalised) for non-compliance/avoidance/ Manipulation/postponement of VAT payment. • This may lead to a more intensive investigation in the future for irregularities. • It is rollover of cash, which can escalate into a bigger problem	• Keep proper records/ensure that funds are always available for payments. • Take note of submission dates and plan ahead. • Only use company money to pay company obligations/ work within budget.

3

TOTAL MARKS
40

TOTAL: 150

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