education

Department of
Education
FREE STATE PROVINCE

ACCOUNTING

GRADE 12

CASE STUDY

TASK 5

AUGUST 2025

MARKS: 100

TIME: 2 HOURS

This case study consists of 6 pages.

INSTRUCTIONS:

- **Answer all questions on the answer book provided.**
- **Resources may be used to answer the task.**
- **The task must be completed under supervision.**

SECTION A: VALUE ADDED TAX

1.1 Indicate whether the following statements are **True** or **False**.

1.1.1 All goods and services in South Africa are subject to VAT at the standard rate of 16%.

1.1.2 Businesses must submit the VAT collected to the South African Revenue Services.

1.1.3 VAT on sales (received by a business) is referred to as Input VAT. (3)

1.2 Complete the table below and analyse the effect of the VAT transactions on the VAT owed to/by SARS (VAT Control column) by using a (+) or a (-) together with the relevant amount.

Transaction	**VAT exclusive**	**VAT (15%)**	**VAT inclusive**	**VAT Control**
	R	**R**	**R**	**R**
Invoices issued to customers	376 000	?	?	?
Invoices received from suppliers		?	336 950	?
Credit notes received from suppliers		?	1 035	?
Bad debts written off	300	?	345	?
Stock taken as drawings	?	750	?	?

(12)

1.3 **BLONDIE TRADERS**

REQUIRED:

Blondie Traders, a clothing business, submits their VAT returns on a bi-monthly basis. VAT at 15% is applicable on all goods. The information relates to the VAT period ended 30 August 2025.

1.3.1 Calculate the amount that is either payable to or receivable from the revenue services (SARS) for the two-month period ended 30 August 2025. Indicate whether the amount is payable to/receivable. (12)

1.3.2 John Black, the owner of Blondie Traders, has proposed to sell all the old summer shirts at a profit mark-up of 20% on cost. He has decided that these transactions will be for cash only and will not be recorded.
What advice would you offer John regarding this proposal? Provide a reason as well. (3)

INFORMATION:

(i) On 1 August 2025, the VAT Control account balance was R10 500 (credit).

(ii) Transactions during Augustus 2025:

	R
Total sales - cash and credit (inclusive of VAT)	575 000
Total purchases - cash and credit (excluding VAT)	224 000
VAT on total returns and allowances of debtors	1 260
VAT on goods returned to suppliers	1200
VAT on goods taken by John for personal use	225
VAT on discount allowed	135
VAT on bad debts written off	600

30

SECTION B: BUDGETS

BUNDI STORES

Analyse the following transactions according to the example:

1.1 **Example**:
The monthly rent amounts to R6 500 per month. This will not change over the budget period.

No.	Cash Budget amount (August)		Projected Statement of Comprehensive Income amount (August)	
	Receipt	Payment	Income	Expense
Example:	6 500		6 500	

TRANSACTIONS

1.1.1 Sundry cash expenses of R7 200 will remain constant over the budget period.

1.1.2 Depreciation for the 2025 financial year is expected to be R40 200.

1.1.3 Expected cash sales for August 2025 amount to R70 000 (cost of sales R45 000).

1.1.4 R17 500 will be paid to creditors during August 2025. A 7% discount will be received due to early payment. (10)

1.2 ZOOM SELLERS

Zoom Sellers buys and sells a wide range of sporting equipment to the public.

REQUIRED:

1.2.1	Calculate the total sales for August 2025	(4)
1.2.2	Complete the Debtors Collection Schedule to show receipts from debtors during the month of August only.	(10)
1.2.3	The owner feels that the debtors are not being properly managed. Provide TWO points/figures to support your answer. Discuss TWO measures that he could introduce to improve the situation.	(8)
1.2.4	Rent will be increased in August. Calculate the rent figure for August and the percentage increase.	(7)
1.2.5	Calculate the cost of sales for August 2025.	(3)
1.2.6	Calculate the cash purchases for July 2025.	(4)
1.2.7	Calculate the payments to creditors for August 2025.	(4)
1.2.8	Calculate the interest rate on the loan from ZET Bank.	(4)
1.2.9	Give THREE reasons why the salaries and wages will increase in July only.	(3)
1.2.10	Management is not sure whether their advertising campaign for July has been effective. Advertising increase from 2% to 3% in July. Comment and provide figures to support your answer.	(3)
1.2.11	Supply the missing figures in the Cash Budget indicated by (A) – (C).	(6)
1.2.12	Give TWO reasons with figures why the business obtained a loan from ZET Bank.	(4)

INFORMATION:

A. **SALES:**

All goods are sold at a mark-up of 25% on cost.
60% of their sales are on credit and they allow their debtors 30 days in which to settle their accounts subject to a 2% discount.

B. **DEBTORS COLLECTION PERIOD:**

Debtors pay their accounts as follows:

- 20 % within the same month as the sale subject to the 2% discount.
- 15 % in the following month after the sale, i.e. between 30 and 60 days.
- 55 % in the second month following the sale, i.e. 60 - 90 days.
- 8% in the third month following the sale, i.e. 90 – 120 days.
- 2% are written off as bad debts after 120 days.

C. **PURCHASES:**

Zoom Sellers work on a fixed stock base, i.e. stock sold each month is replenished in the same month. 80% of all purchases are on credit. Creditors are paid 60 days after purchasing.

D. **LOAN FROM ZET BANK:**

The loan from Zet Bank was received on 1 July 2025. Interest is not capitalised. Interest will be paid back monthly starting from 1 August 2025.

E. Balance of the bank account on 1 June 2025 amounted to a credit balance of R140 000.

CASH BUDGET FOR THE 3 MONTHS ENDED 31 AUGUST 2025

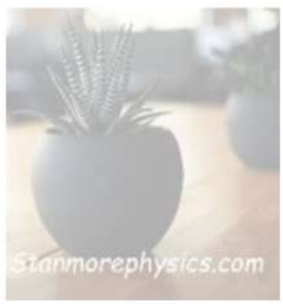
CASH RECEIPTS	**JUNE**	**JULY**	**AUGUST**
Cash sales	180 000	200 000	196 000
Cash from debtors	216 500	194 800	*
Rent income	9 000	9 000	*
Loan from ZET bank		240 000	
Total receipts	**405 500**	**643 800**	**433 290**
CASH PAYMENTS			
Cash purchases of stock	64 000	*	70 400
Payments to creditors	242 000	254 600	*
Interest on loan			2 800
Salaries and wages	75 000	135 000	75 000
Advertising	9 000	15 000	14 700
Equipment		60 000	
Sundry expenses	10 000	10 000	10 000
Total payments	**404 000**		
Surplus / Deficit	(A)		
Opening bank balance	(B)		
Closing bank balance	(C)		

DEBTORS COLLECTION SCHEDULE

	CREDIT SALES	AUGUST
May	**R250 000**	*
June	**270 000**	*
July	**300 000**	*
August	*	*
		227 300

70

TOTAL MARKS 100



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GRADE 12

CASE STUDY

TASK 5

August 2025

QUESTION	MARKS
SECTION A	
SECTION B	
TOTAL	100

This answer book consists of 6 pages

SECTION A

1.1 Indicate whether the following statements are True or False.

1.1.1	
1.1.2	
1.1.3	

3

1.2.1 Complete the table below and analyse the effect of the VAT transactions on the VAT owed to/by SARS (VAT Control column) by using a (+) or a (-) together with the relevant amount

Transaction	VAT exclusive	VAT (15%)	VAT inclusive	VAT Control
	R	R	R	R
Invoices issued to customers	**376 000**			
Invoices received from suppliers			**336 950**	
Credit notes received from suppliers			**1 035**	
Bad debts written off	**300**		**345**	
Stock taken as drawings		**750**		

12

1.3.1 Calculate the amount that is either payable to or receivable from the revenue services (SARS) for the two-month period ended 30 August 2025. Indicate whether the amount is payable to/receivable.

12

1.3.2 **John Black, the owner of Blondie Traders, has proposed to sell all the old summer shirts at a profit mark-up of 20% on cost. He decided that these transactions will be for cash only and will not be recorded.**
What advice would you offer John regarding this proposal? Explain

ADVICE:

REASON:

3

TOTAL MARKS
30

SECTION B

1.1 BUNDI STORES

No.	**Cash Budget amount (August)**		**Projected Statement of Comprehensive Income amount (August)**	
	Receipt	**Payment**	**Income**	**Expense**
EG	**6 500**		**6 500**	
1.1.1				
1.1.2				
1.1.3				
1.1.4				

10

1.2.1 **Calculate the total sales for August 2025.**

4

1.2.2 **DEBTORS COLLECTION SCHEDULE**

	CREDIT SALES	AUGUST
May	R250 000	
June	270 000	
July	300 000	
August		
		227 300

10

1.2.3 **The owner feels that the debtors are not being properly managed. Provide TWO points/figures to support your answer. Discuss TWO measures that he could introduce to improve the situation.**

8

1.2.4 **Rent will be increased in August. Calculate the rent figure for August and the percentage increase.**

Rent figure for August:

% increase:

7

1.2.5	**Calculate the cost of sales for August 2025.**	3
1.2.6	**Calculate the cash purchases for July 2025.**	4
1.2.7	**Calculate the payments to creditors for August 2025.**	4
1.2.8	**Calculate the interest rate on the loan from ZET Bank .**	4
1.2.9	**Give Three reasons why the salaries and wages will increase in July only.**	3
1.2.10	**Management is not sure whether their advertising campaign for July has been effective. Advertising increased from 2% to 3% in July. Comment and provide figures to support your answer.**	3

1.2.11 Supply the missing figures in the Cash Budget indicated by (A) – (C).

A	
B	
C	

6

1.2.12 Give TWO reasons with figures why the business obtained a loan from ZET Bank.

4

TOTAL MARKS
70

100 MARKS

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CASE STUDY

TASK5
AUGUST 2025

MARKING GUIDELINE

SECTION A

1.1 Indicate whether the following statements are True or False

1.1.1	False	✓
1.1.2	True	✓
1.1.3	False	✓

3

1.2.1 Complete the table below and analyse the effect of the VAT transactions on the VAT owed to/by SARS (VAT Control column) by using a (+) or a (-) together with the relevant amount

Transaction	**VAT exclusive**	**VAT (15%)**	**VAT inclusive**	**VAT Control**
	R	**R**	**R**	**R**
Invoices issued to customers	**376 000**	56 400✓	432 400✓	+56 400✓
Invoices received from suppliers		43 950✓	**336 950**	-43 950✓
Credit notes received from suppliers		135✓	**1 035**	+135✓
Bad debts written off	**300**	45✓	**345**	-45✓
Stock taken as drawings	5 000✓	**750**	5 750✓	+750✓

12

1.3.1 Calculate the amount that is either payable to or receivable from the revenue services (SARS) for the two-month period ended 30 August 2025. Indicate whether the amount is payable to/receivable.

Mark one line and consider the correct signs per line. Do not mix signs.

one part correct

+10 500✓+ 75 000✓✓- 33 600✓✓- 1 260✓+ 1200✓+ 225✓- 135✓- 600✓ =
+R 51 330 ☑

-10 500 – 75 000 + 33 600 + 1 260 - 1 200 - 225 + 135 + 600 =
- R 51 330

OR

33 600✓✓	10 500✓
1260✓✓	75 000✓✓
135✓	1 200✓
600✓	225✓
51 330☑	

PAYABLE ✓

12

1.3.2 **John Black, the owner of Blondie Traders, has proposed to sell all the old summer shirts at a profit mark-up of 20% on cost. He decided that these transactions will be for cash only and will not be recorded. What advice would you offer John regarding this proposal? Explain**

ADVICE: ✓

John should not do this. He should record the sales at the lower mark-up and declare the VAT received. / He should practice good business ethics at all times.

REASON: ✓✓

This is not ethical as he is a VAT vendor and will be defrauding SARS. / It is also illegal and if caught he will be punished in terms of the law. / No documents will also mean understating the sales revenue.

3

TOTAL MARKS
30

SECTION B

1.1 **BUNDI STORES**

No.	**Cash Budget amount (August)**		**Projected Statement of Comprehensive Income amount (August)**	
	Receipt	**Payment**	**Income**	**Expense**
EG	**6 500**		**6 500**	
1.1.1		7 200✓		7 200✓
1.1.2				40 200✓✓
1.1.3	70 000✓		70 000✓	45 000✓
1.1.4		17 500✓	1 225/131 7.20✓✓	

10

1.2.1 **Calculate the total sales for August 2025.**

196 000✓ / 1 x 100✓ / 40✓ = R490 000☑ one part correct

one mark two marks

OR 196 000 + 264 000 = 490 000

4

1.2.2 **DEBTORS COLLECTION SCHEDULE**

	CREDIT SALES	AUGUST
May	**R230 000**	20 000 ✓✓
June	**240 000**	148 500 ✓✓
July	**270 000**	45 000 ✓✓
August	294 000 ✓✓	57 624 ✓✓
		227 300

10

1.2.3 **The owner feels that the debtors are not being properly managed. Provide TWO points/figures to support your answer. Discuss TWO measures that he could introduce to improve the situation.**

Any TWO points ✓✓ ✓✓

- The debtors are given 60-90 days to pay back 55% of debts
- Also 2% of debts are being written off. ✓✓

Measures ✓✓ ✓✓

- Increase the discount rate from 2% to encourage debtors to pay.
- Charge interest on overdue accounts.
- Set credit limits.
- Close off accounts that are overdue.

8

1.2.4 **Rent will be increased in August. Calculate the rent figure for August and the percentage increase.**

Rent figure for August:

433 290✓– (196 000✓ + 227 300✓) = R9 990 ☑

% increase: 990 ☑ / 9 000✓ x 100 = 11% ☑ One part correct

7

1.2.5 **Calculate the cost of sales for August 2025.**

196 000 + 264 000 = 490 000 ✓ x 100/125✓ = 392 000 ☑ one part correct

3

1.2.6 **Calculate the cash purchases for July 2025.**

200 000 + 300 000 = 500 000✓ x 100/125✓= 400 000 x 20/100✓= 80 000 ☑
one part correct

4

1.2.7 **Calculate the payments to creditors for August 2025**

180 000 + 270 000 = 450 000✓x 100/125✓= 360 000 x 80/100✓= 288 000 ☑
one part correct

4

1.2.8 **Calculate the interest rate on the loan from ZET bank**

$\frac{2\,800}{1}$ ✓ x $\frac{12}{1}$ ✓ x $\frac{1}{240\,000}$. ✓ x $\frac{100}{1}$ = 14% ☑ one part correct

2 800 x 12 = 33 600 / 240 000 x 100 = 14%
two marks one mark

4

1.2.9 **Give THREE reasons why the salaries and wages will increase in July only.**

Any THREE ✓ ✓ ✓

Overtime
Extra staff for holidays
Bonus.

3

1.2.10 **Management is not sure whether their advertising campaign for July has been effective. Advertising increase from 2% to 3% in July. Comment and provide figures to support your answer.**

Yes ✓

Sales increase from June to July with R20 000/ with 11.1% ✓✓

3

1.2.11 **Supply the missing figures in the Cash Budget indicated by (A) – (C).**

A	1 500	✓✓
B	(140 000)	✓✓
C	(138 500)	✓✓

6

1.2.12 **Give TWO reasons with figures why the business obtained a loan from ZET Bank.**

Two reasons ✓✓ Figures ✓✓

- The bank balance is an overdraft on 30 June 2025 of R141 500
- Purchased equipment for R60 000.
- Salaries and wages increased with R60 000 in July.

4

TOTAL MARKS
70

100 MARKS