

QUESTION 1:**Bank Reconciliation Statement****(26 Marks; 10 Minutes)****Slack Traders****Bank reconciliation statement on 31 May 2011**

	Debit	Credit
Debit balance as per bank statement ✓	185 ✓	
Credit deposit not yet credited by the bank ✓		13 000 ✓
Debit cheques not yet presented for payment ✓		
No. 4570	1 875 ✓	
No. 4575	2 985 ✓	
Debit with incorrect amount credited ✓	300 ✓	
Debit balance as per bank account	7 655 ✓	
(6 005 + 800 ✓✓ + 1 800 ✓✓ – 1 450 ✓ + 500 ✓)		
	13 000	13 000

ONLY marks if there are no abbreviations

1.2.1 Add to cash and cash equivalents ✓✓

Add to trade and other payables ✓✓

1.2.2 Regulates all items going through the bank account in relation to what appears on the bank statement. It helps determine the amount in the bank account is correct in relation to what is reflected on the bank statement. ✓✓✓✓

1.2.3 To record all cheques received that are post-dated. ✓✓

QUESTION 2:**Fixed Assets****(50 Marks; 30 Minutes)**

2.1 Calculation of Depreciation: Workings	TOTALS
New Equipment: $60\,000 \times 20\% \times 3/12 = R\,3\,000$ ✓✓	
Old Equipment: $230\,000 \times 20\% \times 1 = R\,46\,000$ ✓✓	R 49 000 ✓

2.2 WESTVILLE DELIVERIES**NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2011.**

	Land and Buildings	Equipment	Vehicles
Cost ($800\,000$ ✓ – $80\,000$ ✓)	740 000	350 000 ✓✓	1 500 000
Accumulated Depreciation	-	(120 000) ✓	(530 000)
Carrying Value at the beginning of the year	740 000 ✓	230 000 ✓	970 000
MOVEMENTS			
Additions at Cost	62 000 ✓✓	60 000 ✓	160 000
Disposals at Carrying Value	-	-	(110 000)
Depreciation	-	(49 000) ✓	(355 000)
Carrying Value at the end of the year	802 000 ✓	241 000 ✓	505 000
Cost	802 000 ✓	410 000 ✓	1 340 000
Accumulated Depreciation		(169 000) ✓✓	(835 000)

2.3 WESTVILLE DELIVERIES**Asset Disposal**

Nov	1	Vehicles ✓	GJ	160 000 ✓✓	Nov	1	Accumulated		
							Depreciation on		
							Vehicles ✓✓	GJ	50 000 ✓✓
							Bank ✓	CRJ	70 000 ✓✓
							Loss on sale of asset ✓	GJ	40 000 ✓✓
				160 000					160 000

2.4 Three suggestions to solve this potential problem

Check cost price of items of equipment to invoices ✓✓✓

Check each purchased and disposal is properly authorised – check all signatures ✓✓✓

Physical check of each item to the fixed asset register ✓✓✓

Make sure each asset is properly insured – obviously the vehicle was under-insured ✓✓✓

Check calculations of depreciation in fixed asset register ✓✓✓

Assess internal control processes e.g. security guards at gate, possibility of unauthorised use ✓✓✓

ANY three suggestions

2.5 Why do we not treat vehicles as an expense, and write the full purchase price off against revenue (income) in a single year? Give two reasons. Explain what the main difference is between assets and expenses. (5)

It is generally accepted practice and legislated that a tangible asset can only be written off over its life span. ✓

An asset still has built in value that is to accrue to the business (E.g. T Stock is still to be sold at a profit). ✓✓

An expense does not. The value has already been received ✓✓ (E.g. Cost of Sales reflects stock that is no longer owned by the business. Profits have already been realised).

QUESTION 3:**Manufacturing Accounts****(55 Marks; 35 Minutes)****3.1.1 Calculation of direct material cost per unit**

$$34\,500 \checkmark / 1\,500 = 23 \checkmark$$

3.1.2 Calculation of variable cost per unit

$$28\,500 \checkmark + 34\,500 \checkmark + 12\,300 \checkmark / 1\,500 = 50.20$$

3.1.3 Calculation of selling price per unit

$$153\,000 \checkmark / 1\,500 = 102 \checkmark$$

3.2.1

Calculation of break – even point

$$23\,100 \checkmark / 102 \checkmark - 50.20 \checkmark = 445.95 \text{ bags} \checkmark \text{ or } 446 \text{ bags}$$

3.2.2 How many bags must Buggy make in order to make a R18 340 profit? (4)

$$23\,100 + 18\,340 \checkmark / 51.80 \checkmark = 800 \text{ bags} \checkmark$$

3.3**THABO'S T-SHIRT MANUFACTURERS****Raw Materials Stock**

Mrch '07	1	Balance	b/d	24 000 ✓	Feb	28	Creditors Control ✓	CAJ	12 800 ✓
Feb '08	28	Creditors Control ✓	CJ	266 000 ✓	2008		Raw materials Issued ✓	GJ	376 500 ✓
		Bank ✓	CPJ	103 000 ✓			Balance	c/d	16 500 ✓
Mrch	1	Balance	b/d	16 500					

3.4.1**GENERAL LEDGER OF MINNIE KNITS****Work – in - Progress**

July	31	Direct materials ✓	GJ	19 200 ✓	July	31	Finished Goods ✓	GJ	40 350 ✓
		Direct Labour ✓	GJ	4 000 ✓			Balance	c/d	1 350
		Factory Overheads ✓	GJ	18 500 ✓					
				41 700					41 700
Aug	1	Balance	b/d	1 350 ✓					

Factory Overheads

July	31	Cotton ✓ (2 100 ✓ – 500 ✓)	GJ	1 600	July	31	Work-in-Progress ✓	GJ	18 500 ✓
		Servicing of machines ✓	GJ	1 900 ✓					
		Rental, water and electricity ✓	GJ	10 000 ✓					
		Depreciation ✓	GJ	5 000 ✓					
				18 500					18 100

Profit and Loss Account

July	31	Administration ✓	GJ	2 000 ✓	July	31	Trading Account ✓	GJ	1 705
		Advertising ✓	GJ	5 000 ✓			(16 500 ✓ – 40 350 ✓) +		
							25 555 ✓		
							Capital ✓	GJ	4 295
				7 000					7 000

QUESTION 4:**Partnerships & Financial Statements***(40 Marks; 25 Minutes)***4.1 Complete the note to the Balance Sheet for the Current Accounts on 28 February 2011.**

	TULANI	TIM
Business Profit for the year	569 250 ✓	420 000
Partner's Salaries	180 000 ✓✓	144 000
Interest on Capital	29 250 ✓✓	36 000
Primary Distribution	209 250	180 000
Final Distribution	360 000 ✓✓	240 000
Drawings	(497 250) ✓	(315 000) ✓
Retained Income for the year	72 000 ✓	105 000 ✓
Balance at the beginning of the year	(22 000) ✓	15 000
Balance at the end of the year	50 000 ✓	120 000

BALANCE SHEET FOR THE YEAR ENDED 28 FEBRUARY 2011

ASSETS		
Non-Current Assets		1 100 000 ✓
Fixed Assets		1 020 000
Financial Assets: Fixed Deposit: Bildco (110 000 ✓ – 30 000 ✓)		80 000 ✓
Current Assets		468 000 ✓✓
Inventories	if CL x 1.8	286 000 ✓✓
Trade and Other Receivables	if CL x 1.1	147 000 ✓
Cash and Cash Equivalents (5 000 ✓ + 30 000 ✓)		35 000 ✓
TOTAL ASSETS		1 550 000 ✓
PARTNER'S EQUITY & LIABILITIES		
Partner's Equity		970 000
Capital		800 000
Current Accounts		170 000
Non-Current Liabilities		320 000 ✓
Mortgage Loan: Gauteng Mortgages (360 000 ✓ + 45 600 ✓ – 63 600 ✓✓ – 22 000 ✓)		320 000 ✓
Current Liabilities		260 000 ✓
Trade and Other Payables (172 000 ✓ + 20 000 ✓)		192 000 ✓
Bank Overdraft		46 000 ✓
Short Term Loan		22 000 ✓
TOTAL EQUITY AND LIABILITIES		1 550 000 ✓

QUESTION 5:**Stock, Control and VAT****(29 Marks; 20 Minutes)**

5.1 Identify the missing amounts:

- (a) $422\ 100 \checkmark \times 100/175 = 241\ 200 \checkmark$
(b) $8 \times 360 = 2\ 880 \checkmark$
(c) $292\ 320 - 40\ 680 \checkmark - 2880 \checkmark - 241\ 200 \checkmark - 3\ 600 = 3\ 960 \checkmark$

5.2 Does Jerry have a shoplifting or stock theft problem in his business? How many jackets have gone missing? (3)

Yes, \checkmark
 $3\ 960 / 360 = 11$ jackets gone missing $\checkmark\checkmark$

5.3 Calculate the rate of stock turnover. (5)

$$\frac{241\ 200 \checkmark - 4\ 320 \checkmark}{\frac{1}{2} (72\ 000 \checkmark + 40\ 680) \checkmark} = 4.2 \text{ times } \checkmark$$

5.4.1 What is meant by input VAT and output VAT and how does this affect the payment made to SARS by a business? (2)

Input VAT: VAT paid by the business to a supplier, while Output VAT: VAT on goods sold to customers \checkmark
SARS is paid Output VAT less Input VAT \checkmark

5.4.2.1 The amount of output VAT included in the R516,07 (2)

51.45 $\checkmark\checkmark$

5.4.2.2 The net selling price per packet of Powa breakfast cereal excluding output VAT (2)

24.50 $\checkmark\checkmark$

5.4.2.3 The cost of Powa breakfast cereal per packet excluding input VAT. (2)

16.48 $\checkmark\checkmark$

5.4.2.4 The profit per packet of Powa breakfast cereal earned by the business. (2)

8.02 $\checkmark\checkmark$

5.4.2.5 The amount of input VAT per packet of Powa breakfast cereal. (2)

2.31 $\checkmark\checkmark$ accept 2.30

5.4.2.6 The amount of output VAT per packet of Powa breakfast cereal. (2)

3.43 $\checkmark\checkmark$