

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully.

1. This question paper consists of SIX compulsory questions. Answer ALL the questions.
2. Use the formats provided in the ANSWER BOOK in order to answer the questions.
3. Where applicable, workings must be shown in order to achieve part-marks.
4. You must attempt to comply with the suggested time allocation guide.
5. Non-programmable calculators may be used.
6. You may use a dark pencil or blue/black ink to answer the questions.

MARKS: 300

MINUTES:

180

QUESTION 1: 50 marks; 25 minutes	
The topic of the question is:	Companies – Ledger Accounts
QUESTION 2: 55 marks; 35 minutes	
The topic of the question is:	Companies – Balance Sheet, Auditing and Stock
QUESTION 3: 75 marks; 50 minutes	
The topic of the question is:	Companies – Cash Flow and Ratios
QUESTION 4: 65 marks; 30 minutes	
The topic of the question is:	Manufacturing and Cost Concepts
QUESTION 5: 30 marks; 25 minutes	
The topic of the question is:	Inventories
QUESTION 6: 25 marks; 15 minutes	
The topic of the question is:	VAT and Ethics

QUESTION 1

COMPANIES – LEDGER ACCOUNTS

(50 marks; 25 minutes)

You are provided with information relating to Parboo Ltd for the year ended 29 February 2008. The company has an authorised share capital of 1 000 000 ordinary shares of R4,00 par value each. The Chief Executive Officer (CEO) is Ben Bhengu.

REQUIRED:

1.1 Briefly explain what is meant by the following:

- Share capital (2)
- Share premium (2)
- Retained income (2)

1.2 Refer to point 6 in the information. Calculate the correct net profit before tax for the year. (6)

1.3 Prepare the following accounts in the Ledger (the accounts must be properly closed off or balanced).

- SARS (Income tax) (11)
- Appropriation account (15)

1.4 Consider point 4 in the information regarding the permission granted to the directors to issue shares at their discretion. You are a shareholder but not a director. Give ONE point in favour of granting the directors this permission and one point against it. (4)

1.5 Refer to the extract from the newspaper article provided on the next page.

- Consider the complaint by Mary Moosa regarding Bhengu's directors' fees. Do you agree with her? Explain. (4)
- Consider the complaint by Ken Kelly. Is Bhengu's response acceptable? What else could he have said? (4)

INFORMATION:

1. The following balances appeared in the Ledger at the beginning and end of the financial year:

	BEGINNING 1 MAR. 2007	END 29 FEB. 2008
Ordinary share capital (par value R4 each)	R2 400 000	R ?
Share premium	R330 000	R505 000
Retained income	R454 000	R?
SARS (Income tax)	R38 600 (Credit)	R11 500 (Debit)
Shareholders for dividends	R270 000	R?

2. Amounts owing in respect of the previous financial year to SARS and the Shareholders (for dividends) were paid on 10 June 2007.
3. Amounts paid on 31 August 2007:
 - The first provisional tax payment of R187 500 for the 2008 financial year.
 - Interim dividend of 84 cents per share (The new shares issued on 1 September 2007 do not qualify for these interim dividends, but will receive final dividends. Refer to point 4 in the information below.)
4. The directors have been granted permission by the shareholders to issue new shares as and when required.

The directors decided to issue new shares at a premium of 125 cents during the year. The transactions were handled by New Bank and the relevant amount was received from Star Bank on 1 September 2007.

5. The second provisional tax payment of R220 000 was made on 29 February 2008.
6. At the year-end, the accountant calculated the net profit before tax to be R1 475 000, but thereafter he discovered that the following had not yet been taken into account:
 - A donation of stock to the Chatsworth Youth Development Programme, R70 000.
 - According to his contract, Ben Bhengu's directors' fees are R110 000 per month. His fees for February had not been paid.
 - Although rent paid of R175 000 had been correctly recorded, it was discovered that these payments included rent for March and April 2008.
7. At the year-end, 29 February 2008, the directors recommended a final dividend of 110 cents per share. An entry must also be made for income tax for the year.
8. The article below appeared in the newspaper after the AGM.

PARBOO LTD SHAREHOLDERS TAKE CEO TO TASK

By Harry Digger, 10 June 2008

There was certainly a lot of argument at the AGM of Parboo Ltd last week. The company distributes sports equipment and has built up a fine reputation amongst the public in recent years and has delivered impressive returns to shareholders over the past five years. However, this counted for nothing last night as CEO **Ben Bhengu** was called upon to answer a number of very direct questions.

One of the minority shareholders, **Mary Moosa**, questioned Bhengu's exorbitant directors' fees, saying these could not be justified. Bhengu responded by saying these had been approved by the remunerations committee and were based on the past and current performance of the company.

Another shareholder, **Ken Kelly**, also questioned the 'unnecessary waste of funds' that have been donated to the Chatsworth Youth Development programme, saying these funds could have been used to boost dividends to shareholders. Bhengu's response was that such expenditure was in line with the company's social responsibility objectives which had been unanimously approved by the entire board of directors.

The share price dropped 15% on the JSE yesterday.

QUESTION 2

COMPANIES – BALANCE SHEET, AUDITING AND STOCK (55 marks; 35 minutes)

You are provided with information relating to Topical Ltd at their year-end 30 June 2008.

REQUIRED:

- 2.1 Use the information provided to prepare the Balance Sheet of Topical Ltd on 30 June 2008. Show workings in brackets to earn part-marks. (43)
- 2.2 Auditing:
- 2.2.1 Briefly explain the difference in the work done by the internal auditor and the independent (external) auditor. (3)
- 2.2.2 Briefly explain how an auditor should check that the figures shown for equipment and stock in the financial statements are reasonable. (3)
- 2.2.3 What should the independent auditor do if he feels that the value for equipment is not reasonable? (3)
- 2.2.4 The independent auditor is aware that a new model television is now on the market. He knows that the TVs in stock at Topical Ltd cannot be sold at their normal selling price, and they probably would not be sold at their cost price either. What advice do you have for the business? Explain. (3)

INFORMATION:

1. The following information appeared in the books for fixed/tangible assets on 30 June 2008:
- | | |
|--|----------|
| • Land and buildings (cost) | R198 000 |
| • Vehicles (cost) | 234 000 |
| • Equipment (book/carrying value) | 269 801 |
| • Accumulated depreciation on vehicles | 233 999 |
2. The investment comprises a fixed deposit at Pretoria Bank, R347 548.

3. Inventories comprise trading stock only. There are no consumable stores on hand. The business sells only one type of TV set. During the year they sold 258 TV sets at a mark-up of 60%. The business uses the weighted average method of valuing stock (round off to the nearest rand). Purchases from the manufacturers were in bulk as follows:

DATE	UNIT COST	QUANTITY	TOTAL PURCHASES
1 July 2007	R4 000	120	R480 000
24 November 2008	R4 800	160	R768 000
18 April 2008	R5 300	50	R265 000

4. The authorised share capital comprises 400 000 ordinary shares of R2 par value. To date 300 000 of these ordinary shares have been issued. Half of the issued shares were issued at a premium of 60 cents per share.
5. The following figures were obtained from the Retained Income note to the financial statements:

Retained income at the beginning of the year	R114 000
Net income after tax	R262 000
Interim dividends paid	R51 000
Final dividends declared	22 cents per share

6. The loan statement from Sabie Bank reflected the following:

Balance at the beginning of the financial year	R275 000
Repayment of loan: 12 monthly payments of R6 100 each	R73 200
Interest capitalised	R32 500

Over the next financial year, the capital value of the loan will be reduced by R45 600.

7. The provision for bad debts is 5% of the book debts. The following balances appeared in the General Ledger on 30 June 2008:

Debtors' control	R185 000
Creditors' control	R108 000
Income receivable (accrued)	R3 800
Deferred income (received in advance)	R6 400
Expenses payable (accrued)	R7 300

8. No money is owed to SARS or owing by SARS for income tax at the end of the year.
9. The missing figure represents cash and cash equivalents.

QUESTION 3

COMPANIES – CASH FLOW AND RATIOS

(75 marks; 50 minutes)

Mackie Ltd has an authorised share capital of 900 000 ordinary shares with a par value of R3 per share.

As at 28 February 2007, the end of the **previous financial year**, they had issued 500 000 ordinary shares.

REQUIRED:

- 3.1 Complete the fixed/tangible asset note in the Balance Sheet of Mackie Ltd as well as the Asset Disposal Account by filling in all the missing figures in the ANSWER BOOK.

Note that during the year a new vehicle was bought on 31 May 2007 and old equipment was sold at book value on credit. (20)

- 3.2 Complete the following parts of the Cash Flow Statement for the year ended 29 February 2008:

- Note to show the reconciliation between profit before taxation and cash generated from operations (15)
- Cash flows from financing activities (10)
- Amount of cash paid to SARS (4)

- 3.3 Calculate the price at which the new shares were issued on 1 March 2007. (4)

- 3.4 Calculate the following to ONE decimal place on 29 February 2008:

- Net asset value per share (4)
- Return on average ordinary shareholders' equity (4)
- Return on average total capital employed (4)

- 3.5 Some of the shareholders have issued a vote of no confidence in the directors regarding the performance and financial decisions made in the last year. Do you think they are justified in their decision? Quote at least THREE figures/financial indicators to support your answer. (10)

INFORMATION:

1. Depreciation on the assets is as follows:
 - Vehicle at 15% p.a. on diminishing balance method
 - Equipment R36 375 for the year ended 29 February 2008
2. The following figures were extracted from the Income Statement:

Interest on loan from director (interest capitalised), R12 000

Income tax, R54 000

Net profit after tax, R126 000

3. The new shares were issued on 1 March 2007.
4. On 28 February 2007, Mackie Ltd had a loan of R75 000 from a director at an interest rate of 14% p.a. The balance of this loan on 29 February 2008 is R132 000. The loan agreement stipulates that interest is to be capitalised and that repayments of R1 200 per month are to be made to the director. During the year the loan was also increased.
5. Financial indicators for the year ended 28 February 2007:
 - Net asset value, R2,64
 - Return on ordinary shareholders' equity, 9%
 - Return on total capital employed, 12%
6. Current market price of the share on the JSE is R3,20 on 29 February 2008.
7. Figures extracted from the Balance Sheet of Mackie Ltd as at the end of February:

	2008	2007
Ordinary share capital	R1 800 000	R1 500 000
Ordinary share premium	R97 500	R30 000
Retained income	R39 600	R52 200
Loan from director	R132 000	R75 000
Creditors' control	R35 000	R28 000
SARS (Income tax)	R5 250 (dr)	R4 000 (cr)
Shareholders for dividends	R88 200	R40 000
Debtors' control	R63 000	R66 000
Inventories	R116 150	R86 200

QUESTION 4

MANUFACTURING AND COST CONCEPTS

(65 marks; 30 minutes)

You are provided with information relating to Tasty Dog Treats (Pty) Ltd for July 2008. The business makes tasty dog pellets for pets. The business is personally owned and managed by Peter Hound.

REQUIRED:

- 4.1 Prepare the Production Cost Statement for July 2008. Show workings in brackets on the Production Cost Statement. (30)
- 4.2 Prepare the Income Statement for July 2008. Show workings in brackets. (23)
- 4.3 In order to be able to print the 'Proudly South African' logo on the packaging of his product, Peter will need to purchase the cardboard boxes from a local supplier rather than import them from Botswana.
- 4.3.1 Give TWO reasons why using a local supplier is likely to reduce the unit cost calculated above. (3)
- 4.3.2 Calculate the unit cost of producing a complete box of tasty dog pellets in July 2008. (Show workings to earn marks.) (2)
- 4.3.3 By doubling production to 60 000 units during August 2008 the profit made will more than double. Briefly explain why. (2)
- 4.4 In order to analyse the performance of the business, the accountant knows that it is essential to work out the break-even point of production. However, he is unsure of how to do the necessary calculation.
- 4.4.1 Explain to the accountant how the break-even point is calculated. (You are not required to do the calculation, only explain the method/formula.) (3)
- 4.4.2 After doing the necessary calculation, it is determined that the break-even point for this business is 17 361 units. Should the accountant be happy with the business' present production level? Why? (2)

INFORMATION:

1.

PRODUCTION & SALES INFORMATION OF TASTY DOG PELLETS	JULY 2008
Number of finished boxes of dog pellets produced	30 000
Number of units sold	30 000
Mark-up on cost of production	40%
Selling price per unit	?

2. STOCK AT THE BEGINNING AND END OF THE MONTH	1 JULY 2008	31 JULY 2008
Raw materials stock:		
• Stock of ingredients to make dog pellets	R 70 000	R 85 000
• Stock of cardboard boxes	Nil	R 14 400
Work-in-process stock	Nil	Nil
Finished goods stock	Nil	Nil
Indirect materials stock (cleaning materials)	Nil	Nil
Stock of packing materials for deliveries	R 3 500	R 1 300

3. Raw materials (bought from a local supplier) comprise all ingredients for the production of dog pellets as well as the cardboard box containers (imported from a supplier in Botswana).

- Ingredients were bought during the month on credit for R320 000 (these were delivered free of charge).
- Bought 50 000 cardboard boxes from Botswana for a total cost of 20 000 Botswana pula. One Botswana pula is equivalent to R1,30.
- Import duty is 10%.
- Transport costs paid on these boxes, R7 400.

4. Remuneration is as follows:

- The 12 direct workers are each required to work 180 hours per month, in other words, 20 days at 9 hours per day. Their normal rate of pay is R28 per hour. However, during July 50 hours were lost as a result of Eskom power cuts. The workers were required to work 50 hours overtime over weekends but only 9 workers were available for this (3 said they were sick). **The overtime rate is double the normal rate.**
- The factory foreman is paid a fixed salary of R11 000 per month irrespective of overtime. He had to be paid a bonus of R6 000 for working over the weekends.
- The bookkeeper is paid a monthly salary of R4 000.
- The cleaner is paid a fixed salary of R3 200 per month. This is to be split between the factory, the office and the sales department in the ratio 5:1:2.
- The salespersons were paid commission of R41 964 in total.

5. Electricity and water paid during the month was R29 000. This has been allocated as follows:

- Office: R500
- Sales department: R1 000
- The factory plant and machinery accounts for the rest

6. Cleaning materials were bought for cash, R12 400. Transport costs on these were paid out of petty cash, R600. All these materials were used. The factory uses 80% of these indirect materials, while the rest is used equally by the Administration and Selling and Distribution departments.
7. Rent paid was R15 300. This is to be split according to floor area:
 - Factory 300 square metres
 - Office 10 square metres
 - Sales department 30 square metres
8. Depreciation for the month:
 - Depreciation on delivery vehicle, R9 400
 - Depreciation on factory plant, R55 000
 - Depreciation on office equipment, R900
9. Other transactions for July:
 - Packing materials (for deliveries to customers) bought, R6 500 (R1 300 of this was unused)
 - Petrol bought for the delivery vehicle and salesmen's sales vehicles, R18 000
 - Repairs to factory machines, R66 000

QUESTION 5

INVENTORIES

(30 marks; 25 minutes)

You are provided with information relating to Dean's Sport, a small business owned by Dean, that sells one type of soccer ball to spectators who attend soccer matches.

The business uses the periodic stock system. Dean sells the soccer balls at R120 each, although the cost price has been changing over the months. He has always made use of the FIFO method to value his stock.

REQUIRED:

- 5.1 Calculate the value of the closing stock using the FIFO method. (7)
- 5.2 Calculate the gross profit made on the stock if the FIFO method is used. (7)
- 5.3 Dean has been told that he would make a larger gross profit if he used the weighted average method of valuing his stock. However, he feels it will make no difference to the overall profits of the business over a period of time. Do you agree? Explain your answer. You are not required to make any calculations. (4)
- 5.4 Dean is concerned, as the gross profit has decreased from last year. Discuss ONE possible reason for this based on the information given to you and provide a possible solution to this problem. (6)
- 5.5 Dean heard from a friend of his who did Accounting at school that he should use the perpetual stock system instead of the periodic stock system. He is confused and has asked you for advice in this matter. Explain the difference to him and give him advice on which method he should use. (6)

INFORMATION:

Dean has given you the following information on all his purchases and sales over the last 3 months.

	NUMBER OF SOCCER BALLS	UNIT PRICE	TOTAL
Opening stock 1 June 2008	30	R40	R1 200
Total purchases:	60		R3 800
June 2008	20	R55	R1 100
July 2008	25	R60	R1 500
August 2008	15	R80	R1 200
Sales of soccer balls: June – August 2008	70		

QUESTION 6

VAT AND ETHICS

(25 marks; 15 minutes)

REQUIRED:

- 6.1 What is the difference between output VAT and input VAT? (4)
- 6.2 At what rate is VAT currently being charged in South Africa? (2)
- 6.3 Is the current rate of VAT being charged on all goods in South Africa? Explain. (5)

- 6.4 George Gummy, the owner of Gummy Traders, wants to know how much he owes SARS in respect of VAT for the two-month period July – August 2008. Calculate the amount owing to SARS based on the following figures:

(Round off to the nearest cent.)

- Total sales for July and August, R880 800 (exclusive of VAT)
 - Total purchases for July and August, R415 500 (inclusive of VAT)
 - Purchase of equipment in July, R65 000 (inclusive of VAT) (10)
- 6.5 George Gummy regularly purchases goods from Sneaky Stores. The owner has offered George a special price of R6 800 including VAT instead of the normal price of R7 400, provided he pay cash and do not require a document. George is tempted, as this seems like a good offer. Advise him as to whether he should accept the offer. Briefly explain. (4)

25

TOTAL: 300

1.1

Briefly explain what is meant by the following:

- Share capital
- Share premium
- Retained income

6

1.2

Calculate the correct net profit before tax for the year.

6

1.3

B4. SARS (INCOME TAX)

11

F3. APPROPRIATION ACCOUNT

2008 Feb. 29				2008 Feb. 29			

15

1.4

Point in favour:

Point against:

4

1.5

Consider the complaint by Mary Moosa regarding Bhengu's directors' fees. Do you agree with her? Explain.

Consider the complaint by Ken Kelly. Is Bhengu's response acceptable? What else could he have said?

8

TOTAL MARKS
50

QUESTION 2

2.1

**TOPICAL LTD.
BALANCE SHEET AT 30 JUNE 2008**

ASSETS		
NON-CURRENT ASSETS		
Fixed/Tangible assets		
Financial assets		
CURRENT ASSETS		
Inventories		
Trade and other receivables		
Cash and cash equivalents		
TOTAL ASSETS		
EQUITY & LIABILITIES		
CAPITAL & RESERVES		
Ordinary share capital		
Ordinary share premium		
Retained income		
NON-CURRENT LIABILITIES		
Loan from Lowveld Bank		
CURRENT LIABILITIES		
Trade and other payables		
Current portion of loan		
Shareholders for dividends		
TOTAL EQUITY & LIABILITIES		

43

2.2 **Auditing:**

	2.2.1	Briefly explain the difference in the work done by the internal auditor and the independent (external) auditor.
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3

2.2.2	Briefly explain how an auditor should check that the figures shown for equipment and stock in the financial statements are reasonable.	<table border="1"> <tr><td> </td></tr> <tr><td>3</td></tr> </table>		3
3				
2.2.3	What should the independent auditor do if he feels that the value for equipment is not reasonable?	<table border="1"> <tr><td> </td></tr> <tr><td>3</td></tr> </table>		3
3				
2.2.4	The independent auditor is aware that a new model television is now on the market. He knows that the TVs in stock at Topical Ltd cannot be sold at their normal selling price, and they probably would not be sold at their cost price either. What advice do you have for the business? Explain.	<table border="1"> <tr><td> </td></tr> <tr><td>3</td></tr> </table>		3
3				

TOTAL MARKS
55

QUESTION 3

3.1

NOTES TO THE BALANCE SHEET OF MACKIE LTD AS AT 29 FEBRUARY 2008

TANGIBLE ASSETS/FIXED ASSETS	VEHICLES	EQUIPMENT
Carrying value at beginning of year	370 000	*
Cost	480 000	390 000
Accumulated depreciation	*	(130 000)
Movements		
Additions at cost	*	0
Disposals at carrying value	0	(32 375)
Depreciation for the year	*	(36 375)
Carrying value at end of year	*	*
Cost	630 000	*
Accumulated depreciation	*	*

15

ASSET DISPOSAL

2007 Aug. 31	Equipment	80 000	2007 Aug. 31	Debtors' control

5

3.2

**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 29
FEBRUARY 2008**

1.	Reconciliation between profit before taxation and cash generated from operations				
	Profit before taxation				
	Adjustment in respect of:				
		<table border="1" style="width: 100%;"> <tr><td> </td></tr> <tr><td> </td></tr> </table>			
	Changes in working capital				
		<table border="1" style="width: 100%;"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>			
	Cash effects of operating activities				

15

CASH FLOWS FROM FINANCING ACTIVITIES				
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10

INCOME TAX PAID	

4

3.5

Some of the shareholders have issued a vote of no confidence in the directors regarding the performance and financial decisions made in the last year. Do you think they are justified in their decision? Quote at least THREE figures/financial indicators to support your answer.

10

TOTAL MARKS
75

QUESTION 4

4.1 PRODUCTION COST STATEMENT OF TASTY DOG TREATS (PTY) LTD FOR JULY 2008

	TOTAL
Direct materials cost	
Direct labour cost	
Prime cost	
Factory overhead cost	
Total cost of production	
Work-in-process on 1 July 2008	0
Work-in-process on 31 July 2008	(0)
Cost of producing 30 000 finished boxes of dog pellets	

30

4.2 INCOME STATEMENT OF TASTY DOG TREATS (PTY) LTD FOR JULY 2008

	TOTAL
Sales (30 000 units sold)	
Cost of sales	
Gross profit	
Other operating costs	
Administration cost	
Selling & distribution cost	
Net profit	

23

4.3.1

Calculate the unit cost of producing a complete box of tasty dog Pellets in July 2008. (Show workings to earn marks.)

4.3.2

Give TWO reasons why using a local supplier is likely to reduce the unit cost.

→

→

23

4.3.3

By doubling production to 60 000 units during August 2008 the profit made will more than double. Briefly explain why

4.4.1

Explain how the break-even point is calculated.

4.4.2

Comment on the break-even point of 17 361 units

TOTAL MARKS
65

5

QUESTION 5 – NSC Exemplar

5.1

Calculate the value of the closing stock using the FIFO method.

7

5.2

Calculate the gross profit made on the stock if the FIFO method is used.

7

5.3

Dean has been told that he would make a larger gross profit if he used the weighted average method of valuing his stock. However, he feels it will make no difference to the overall profits of the business over a period of time. Do you agree? Explain your answer. You are not required to make any calculations.

4

5.4

Dean is concerned, as the gross profit has decreased from last year. Discuss ONE possible reason for this based on the information given to you and provide a possible solution to this problem.

6

5.5

Dean heard from a friend of his who did accounting at school that he should use the perpetual stock system instead of the periodic stock system. He is confused and has asked you for advice in this matter. Explain the difference to him and give him advice on which method he should use.

6

TOTAL MARKS
30

QUESTION 6

6.1 What is the difference between output VAT and input VAT?

Output VAT –

Input VAT –

4

6.2 At what rate is VAT currently being charged in South Africa?

2

6.3 Is the current rate of VAT being charged on all goods in South Africa? Explain.

5

6.4 Calculate the amount owing to SARS by George Gummy.

10

6.5 Advise George as to whether he should accept the offer. Explain briefly.

4

TOTAL MARKS
25

TOTAL: 300

QUESTION 1/VRAAG 1

1.1 Briefly explain what is meant by the following:
Verduidelik kortliks wat die volgende beteken:

- **Share capital / Aandelekapitaal**

The capital provided by the shareholders at par value ✓✓
Die kapitaal deur die aandeelhouers teen pariwaarde voorsien

- **Share premium / Aandelepremie**

The amount above the par value paid by shareholders for their shares ✓✓
Die bedrag bo die pariwaarde deur die aandeelhouers vir aandele betaal

- **Retained income / Behoue inkomste**

The amount of profit not distributed by the company to shareholders ✓✓
Die bedrag van die wins wat die maatskappy nie na aandeelhouers verdeel het nie

6

1.2 Calculate the correct net profit for the year before tax for the year.
Bereken die korrekte netto wins voor belasting vir die jaar.

$$\begin{array}{ccccccc}
 \checkmark & & \checkmark & & \checkmark & & \checkmark \\
 1\,475\,000 & - & 70\,000 & - & 110\,000 & + & 25\,000 = 1\,320\,000
 \end{array}$$

6

1.3

B4. SARS (INCOME TAX) / SAID (Inkomstebelasting)

2007 Jun. 10	Bank ✓		✓ 38 600	2007 Mar./ Mrt. 1	Balance Saldo	b/d a/b	✓ 38 600
2007 Aug. 31	Bank ✓		✓ 187 500	2008 Feb. 29	Income tax ✓ Inkomstebelating		☑ 396 000
2008 Feb. 29	Bank ✓		✓ 220 000		Balance Saldo	c/d o/d	✓ 11 500
			446 100				446 100
2008 Mar. 1	Balance Saldo	b/d a/b	☑ 11 500				

11

F3. APPROPRIATION ACCOUNT / VERDELINGSREKENING

2008 Feb. 29			2008 Feb 29			
	Income tax ✓ Inkomstebelasting		<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> 396 000		Profit & loss ✓ Wins & verlies	<input checked="" type="checkbox"/> 1 320 000
	Ordinary share dividends ✓ Gewone aandeledividende 504 000 ✓✓ + 814 000 ✓✓		<input checked="" type="checkbox"/> 1 318 000		Retained income ✓ Behoue inkomste	✓ 454 000
	Retained income Behoue inkomste ✓		<input checked="" type="checkbox"/> 60 000			
			1 774 000			1 774 000

15

1.4 **Point in favour:** Any valid explanation, e.g. ✓✓
Een rede ten gunste: Enige geldige verduideliking, bv.

If the company needs funds urgently then this should not be delayed. It takes a while to convene a meeting of shareholders. Notice period required.
 Indien die maatskappy dringend fondse benodig, moet dit nie uitgestel word nie. Dit neem 'n tyd om 'n vergadering van aandeelhouders byeen te roep. Kennisgewingperiode vereis.

Point against: Any valid explanation, e.g. ✓✓
Een punt daarteen: Enige geldige verduideliking, bv.

If the directors cannot be trusted to make the right decision, the issue of shares will affect the dividends to the existing shareholders and hence this could affect the share price.
 Indien die direkteure nie vertrou kan word om die regte besluit te neem nie, sal die kwessie van aandele die dividende aan bestaande aandeelhouders beïnvloed en sodoende kan die aandeelprys beïnvloed word.

4

1.5 Consider the complaint by Mary Moosa regarding Bhengu's directors fees. Do you agree with her? Explain.
Bestudeer die klag deur Mary Moosa oor Bhengu se direkteursfooi. Stem jy met haar saam? Verduidelik.

*Any valid explanation, e.g.
Enige geldige verduideliking, bv.*

Yes / No with explanation ✓ Ja/Nee met verduideliking
Bhengu's fees are R1,32 m per year. This is equal to the net profit and seems unreasonable;
Bhengu se fooie is R1,32 m per jaar. Dit is gelykaan die netto wins en blyk redelik te wees
OR/OF

Bhengu's fees have been transparently determined by the committee, goodwill and past performance has been taken into account. Dividends are good. ✓✓✓
Bhengu se fooie is deursigtig deur die komitee bepaal, klandisiewaarde en vorige prestasie is in ag geneem. Dividende is goed.

Consider the complaint by Ken Kelly. Is Bhengu's response acceptable?
What else could he have said?
Bestudeer die klag deur Ken Kelly. Is Bhengu se reaksie aanvaarbaar?
Wat anders kon hy gesê het?

Yes / No with explanation ✓
Ja / Nee met verduideliking

Corporate social investment is the responsible thing to do. They are in the business of selling sports equipment. The goodwill generated will lead to better chances of a sustainable business. ✓✓✓
Korporatiewe sosiale beleggings is die verantwoordelike ding om te doen. Hulle is in die besigheid van die verkoop van sport toerusting. Die klandisiewaarde gegenerer sal tot 'n beter kans vir 'n volhoubare besigheid lei.

8

TOTAL MARKS
TOTALE PUNTE
50

QUESTION 2/VRAAG 2

2.1 TOPICAL LTD / BPK		
BALANCE SHEET AT 30 JUNE 2008 BALANSSTAAT OP 30 JUNIE 2008		R
ASSETS / BATES		
NON-CURRENT ASSETS / NIE-BEDRYFSBATES		815 350☑
Fixed / Tangible assets 198 000✓ + 1✓ + 269 801✓ Vaste / Tasbare bates		467 802✓
Financial assets / Finansiële bates		347 548✓
CURRENT ASSETS / BEDRYFSBATES		555 650☑
Inventories 72✓ X R4 585✓✓ Inventarisse		330 120☑
Trade and other receivables 185 000✓ – 9 250 ✓ + 3 800✓ Bedryfs- en ander ontvangbares		179 550☑
Cash and cash equivalents Kontant end kontantekwivalente		45 980☑☑
TOTAL ASSETS / TOTALE BATES		1 371 000☑
EQUITY & LIABILITIES / EKWIEIT & LASTE		
CAPITAL & RESERVES / KAPITAAL EN RESERWES		949 000☑
Ordinary share capital 300 000 X R2 Gewone aandelekapitaal		600 000✓✓
Ordinary share premium 150 000 X 60 cents Gewone aandelepemie		90 000✓✓
Retained income (114 000✓ + 262 000✓ – 51 000✓)– 66 000✓ Behoue inkomste		259 000☑
NON-CURRENT LIABILITIES / NIE-BEDRYFSLASTE		
Loan from Lowveld Bank 275000✓ - 73200✓ + 32500✓ – 45 600✓ Lening van Lowveldbank		188 700☑
CURRENT LIABILITIES/BREDRYFSLATE		233 300☑
Trade and other payables 108 000✓ + 6 400✓ + 7 300✓ Bedryfs- en ander betaalbares		121 700✓
Current portion of loan / Huidige gedeelte van lening		45 600✓✓
Shareholders for dividends / Aandeehouers vir dividende		66 000☑☑
TOTAL EQUITY & LIABILITIES / TOTALE EKWIEIT & LASTE		1 371 000☑

2.2.1 Briefly explain the difference in the work done by the internal auditor and the independent (external) auditor.
 Verduidelik kortliks die verskil tussen die werk wat deur 'n interne ouditeur gedoen word en dié van 'n onafhanklike (eksterne) ouditeur.

Internal auditor: Is employed by a company to establish and monitor internal control on an on-going basis. Independent auditor: Is appointed by the shareholders to express an opinion on the annual financial statements. ✓✓✓

Interne ouditeur: Is deur 'n maatskappy aangestel om interne beheer in te stel en op 'n voortdurende basis te monitor.
 Onafhanklike ouditeure: Is deur aandeelhouers aangestel om 'n mening oor die jaarlike finansiële state uit te spreek.

MARKS; *Excellent* = 3 *Good* = 2 *Satisfactory* = 2
Poor or wrong = 0
 PUNTE; *Uitstekend* = 3 *Goed* = 2 *Bevredigend* = 2
Swak of verkeerd = 0

3

2.2.2 Briefly explain how an auditor should check that the figures shown for equipment and stock in the financial statements are reasonable.
 Verduidelik kortliks hoe die ouditeur die syfers wat in die finansiële state, vir toerusting en voorraad verskyn, moet kontroleer om vas te stel of dit redelik is.

He should count the stock and the equipment. Control with stock sheets or fixed asset register. Check calculations. ✓✓✓

Hy moet die voorraad en toerusting tel. Kontroleer met voorraadkaart of vastebateregister. Gaan berekeninge na.

MARKS; *Excellent* = 3 *Good* = 2 *Satisfactory* = 2
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3

2.2.3	<p>What should the independent auditor do if he feels that the value for equipment is not reasonable? Wat staan die onafhanklike ouditeur te doen indien hy voel dat die waarde van die voorraad nie redelik weergegee word nie?</p> <p>He will ask the directors to rectify the matter so that the financial statements fairly present the value. If they do not do this, he must qualify his audit report so that the readers can be aware that there is a problem. ✓✓✓ Hy sal die direkteure vra om die saak reg te stel sodat die finansiële state 'n ware weerspieëling van die waarde toon. As dit nie gebeur nie, moet hy dit in die oudit kwalifiseer sodat die lesers van die problem bewus is.</p> <p><i>MARKS; Excellent = 3 Good = 2 Satisfactory = 2 Poor or wrong = 0</i> <i>PUNTE; Uitstekend = 3 Goed = 2 Bevredigend = 2</i> <i>Swak of verkeerd = 0</i></p>	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">3</div>
2.2.4	<p>The independent auditor is aware that a new model of TV is now on the market. He knows that the TVs in stock at Topical Ltd cannot be sold at their normal selling price, and they probably would not be sold at their cost price either. What advice do you have for the auditor? Explain. Die onafhanklike ouditeur is bewus van 'n nuwe TV-model wat nou in die handel beskikbaar is. Hy weet dat die TV's tans in Topical Bpk. se voorraad nie teen die normale prys verkoop kan word nie en dat hulle dit waarskynlik nie eers teen kosprys sal verkoop nie. Watter raad kan jy aan die besigheid gee? Verduidelik.</p> <p>He should ensure that the directors revalue the stock at below cost price. He should compare the estimated value to market prices to assess reasonableness. A loss will be written off in the Income Statement. He should ensure that a note appears to the financial statements to explain the method of valuation. Rule of prudence applies. ✓✓✓ Hy moet sorg dat die direkteure die voorraad herwaardeer teen laer as kosprys. Hy behoort ook die geskatte waarde te vergelyk met markpryse om die redelikheid te assesseer. 'n Verlies sal in die Inkomstestaat afgeskryf word. Hy moet verseker dat 'n nota in die finansiële state verskyn om die metode van waardasie te verduidelik. Reël van wesenlikheid is van toepassing.</p> <p><i>MARKS; Excellent = 3 Good = 2 Satisfactory = 2</i> <i>Poor or wrong = 0</i> <i>PUNTE; Uitstekend = 3 Goed = 2 Bevredigend = 2</i> <i>Swak of verkeerd = 0</i></p>	<div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; margin: 0 auto; text-align: center;">3</div>

TOTAL MARKS
55

QUESTION 2/VRAAG 2

2.1	TOPICAL LTD / BPK	
	BALANCE SHEET AT 30 JUNE 2008 BALANSSTAAT OP 30 JUNIE 2008	R
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	CAPITAL & RESERVES / KAPITAAL EN RESERWES	949 000☑
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TOTAL MARKS
55

QUESTION/VRAAG 3

NOTES TO THE BALANCE SHEET ON 28 FEBRUARY 2008 NOTAS TOT DIE BALANSSTAAT OP 29 FEBRUARIE 2008

<u>Tangible assets/Fixed assets</u> <u>Vaste/Tasbare bates</u>	Vehicles Voertuie	Equipment Toerusting
Carrying value at beginning of year Drawaarde aan begin van jaar	370 000	260 000✓
Cost Kosprys	480 000	390 000
Accumulated depreciation Opgehoopte waardevermindering	(110 000)✓	(130 000)
Movements		
Additions at cost Aankope teen kosprys	150 000✓✓	0
Disposals at carrying value Verkope teen kosprys	0	(32 375)
Depreciation for the year 55500 + 16875 Waardevermindering vir die jaar	(72 375)✓✓✓	(36 375)
Carrying value at end of year Drawaarde aan einde van jaar	447 625☑	191 250☑
Cost Kosprys	630 000	310 000✓✓
Accumulated depreciation Opgehoopte waardevermindering	182 375✓✓	(118 750)✓✓
		15

ASSET DISPOSAL / BATEVERKOPE

2007 Aug	31	Equipment Toerusting	80 000	2007 Aug	31	Acc. Dep on equip✓ Opgeh W/vermindering	47 625✓☑
						Debtors' control Debiteurekontrole	32 375✓✓
			80 000				80 000
							5

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008
 NOTAS TOT DIE KONTANTVLOEISTAAT VIR DIE JAAR GEËINDIG 29 FEBRUARIE 2008

1.	Reconciliation between profit before taxation and cash generated from operations Versoening van wins voor belasting en kontant uit bedrywighede gegeneer	
	Profit before taxation 126 000 + 54 000 Wins voor belasting	180 000✓✓✓
	Adjustment in respect of: Aansuiwering ten opsigte van:	120 750
	Depreciation 72 375☑ + 36 375✓ Waardevermindering	108 750☑
	Interest expense Rente-uitgawe	12 000✓
		300 750
	Changes in working capital Veranderings in bedryfskapitaal	(19 950)☑
	Inventories/Inventarisse	(29 950)✓✓
	Debtors/Debiteure	3 000✓✓
	Creditors/Krediteure	7 000✓✓
Cash effects of operating activities Kontantgevolge van bedrywighede	280 800☑	
		15

CASH FLOWS FROM FINANCING ACTIVITIES KONTANTGEVOLGE VAN FINANSIERINGSAKTIWITEITE	412 500☑
Ordinary share capital 300 000 + 67 500 Gewone aandeelkapitaal	367 500✓✓
Loan repayment Terugbetaling van lening	(14 400)✓✓
Loan raised 132 000✓ - (75 000✓ + 12 000✓ - 14 400✓) Lening verkry	59 400☑

10

INCOME TAX PAID/INKOMSTEBELASTING BETAAL	
54 000✓ + 5 250✓ + 4 000✓	63 250☑

4

3.3 Calculate the price at which the new shares were issued on 1 March 2007.
Bereken die prys waarteen die nuwe aandele op 1 Maart 2007 uitgereik is.

$$367\,500 \div 100\,000 = R3.68 \text{ OR } 367,5 \text{ cents}$$

4

3.4 Calculate the following to ONE decimal place on 29 Feb 2008:
Bereken die volgende op 29 Feb. 2008 tot EEN desimale punt:

- Net asset value per share
- Netto batewaarde per aandeel

$$\frac{1\,800\,000 + 97\,500 + 39\,600}{1\,800\,000 \div 3}$$

$$\frac{1\,937\,100}{600\,000}$$

R3.23

- Return on average ordinary share capital
- Opbrengs op gemiddelde gewone aandeelhouersekuiteit

$$\frac{126\,000}{(1\,937\,100 + 1\,582\,200) \div 2}$$

$$\frac{126\,000}{1\,759\,650} \times 100$$

7.2 %

- Return on total capital employed
- Opbrengs op gemiddelde totale kapitaal aangewend

$$\frac{180\,000 + 12\,000}{(2\,069\,100 + 1\,657\,200) \div 2}$$

$$\frac{192\,000}{1\,863\,150} \times 100$$

10.3 %

4

4

4

3.5 Some of the shareholders have issued a vote of no confidence in the directors regarding the performance and financial decisions made in the last year. Do you think they are justified in their decision? Quote at least THREE figures / financial indicators to support your answer.

Sommige van die aandeelhouders het 'n mosie van wantroue in die direkteure en finansiële besluite in die afgelope jaar ingestel. Dink jy dat hierdie besluit geregverdig is? Haal ten minste DRIE syfers/ finansiële aanwysers aan om jou antwoord te staaf.

Yes✓ or No (based on learner's figures)

Have raised a lot of capital (R412 500) that is not being utilised effectively in the company.✓✓✓

Net asset value R3,23 shows an increase from last year of R2,64✓✓✓

The return on the ordinary shareholders equity is 7% which is below alternative investments✓✓✓ and below last year's return of 9%

Negative gearing – return (10,3%) is below the interest rate (14%) and below the return last year of 12%

Market value is R3,20 – below par value.

If NO then it must be qualified to earn the marks.

Ja of Nee (gebaseer op leerder se syfers)

Het baie kapitaal bekom (R412 500) wat nie effektief in die maatskappy gebruik is nie.

Netto batewaarde R3,23 toon 'n toename vanaf verlede jaar van R2,64

Die opbrengs op die gewone aandeelhouersekwhiteit is 7% wat laer as alternatiewe beleggings is en laer as verlede jaar se opbrengs van 9% is

Negatief gerat – opbrengs (10,3%) is laer as die rentekoers (14%) en laer as verlede jaar se opbrengs van 12%

Markwaarde is R3,20 – onder pariwaarde.

Indien NEE, moet die antwoord gemotiveer word om punte te kry.

10

TOTAL MARKS TOTALE PUNTE
75

QUESTION/ VRAAG 4

4.1 PRODUCTION COST STATEMENT of TASTY DOG TREATS (PTY) LTD – JULY 2008 PRODUKSIEKOSTESTAAT van TASTY DOG TREATS (EDMS.) BPK – JULIE 2008

	TOTAL TOTAAL	
Direct materials cost / Direktemateriaalkoste (70 000 ✓ + 320 000 ✓ – 85 000 ✓ + 26000 ✓✓ + 2600 ✓ + 7400 ✓ – 14400 ✓)	326 600	✓
(12 x R28 x 130 hrs) + (9 x R56 x 50 hrs) = 43 680 ✓✓ + 25 200 ✓✓ Direct labour cost / Direkte arbeidskoste	68 880	✓
Prime cost Primêre-koste	395 480	☑
Factory overhead cost / Fabrieksbokoste (11000 ✓ + 6000 ✓ + 2000 ✓✓ + 27500 ✓✓ + 10400 ✓✓ + 13500 ✓✓ + 55000 ✓ + 66000 ✓)	191 400	✓
Total cost of production Totale koste van produksie	586 880	☑
Work-in-process on 1 July 2008 Goedere-in-bewerking op 1 Julie 2008	0	
Work-in-process on 31 July 2008 Goedere-in-bewerking op 31 Julie 2008	(0)	
Cost of producing 30 000 finished boxes of dog pellets Koste van produksie van 30 000 klaar pakke hondekorrels	586 880	✓

	30
--	----

4.2 INCOME STATEMENT OF TASTY DOG TREATS (PTY) LTD FOR JULY 2008 INKOMSTESTAAT VAN TASTY DOG TREATS (EDMS.) BPK VIR JULIE 2008

	TOTAL TOTAAL	
Sales (30 000 units sold) (COS x 1.40) = 586 880 x 1.40 ✓ Verkope	821 632	☑
Cost of sales (see Production cost statement) Koste van verkope (sien Produksiekostestaat)	586 880	☑
Gross profit Bruto wins	234 752	☑
Other operating costs Ander bedryfskoste	(90 064)	☑
Administration cost Administrasiekoste (4000 ✓ + 400 ✓ + 500 ✓ + 1300 ✓ + 450 ✓ + 900 ✓)	7 550	☑
Selling en distribution cost Verkoops-en distribusiekoste ✓ ✓ ✓ ✓ ✓✓ ✓ ✓ ✓ (800 + 41 964 + 1000 + 1300 + 1350 + 9400 + 8700 + 18000)	82 514	☑
Net profit Netto wins	144 688	☑

	23
--	----

4.3

4.3.1

Give TWO reasons why using a local supplier is likely to reduce the unit cost calculated above.

Gee TWEE redes waarom die eenheidskoste (waarskynlik sal verminder) indien 'n plaaslike verskaffer gebruik word.

→ No Import Duties / Less transport costs ✓
Geen invoerbelasting / Minder vervoerkoste (vraggeld)

→ Exchange rate varies (1 pula = R1,30) ✓

→ Wisselkoers verander (1 pula = R1,30)

2

4.3.2

Calculate the unit cost of producing a complete box of tasty dog pellets in July 2008. (Show workings to earn marks.)

Bereken die koste per eenheid van die vervaardiging van 'n klaar pak smaaklike hondekorrels in Julie 2008. (Om punte te verdien, moet berekening getoon word.)

$\frac{586\ 880}{30\ 000} = R19,56$

3

4.3.3

By doubling production to 60 000 units during August 2008 the profit made will more than double. Briefly explain why.

Indien die produksie tot 60 000 eenhede gedurende Augustus 2008 verdubbel word, sal die wins gemaak meer as verdubbel. Verduidelik kortliks hoekom dit so is.

Although variable costs will increase, the fixed costs will remain the same despite the increase in production – Economies of scale. ✓✓

Alhoewel die veranderlike koste gaan toeneem, sal die vaste koste dieselfde bly ten spyte van die toename in produksie.

2

4.4

4.4.1

Explain to the accountant how the break-even point is calculated.

Verduidelik aan die rekenmeester hoe die gelykbreekpunt te bereken moet word.

Total fixed costs (factory overheads + admin costs) ✓

Selling price per unit ✓ – per unit of (dir mat + dir labour + S & D) ✓

Learners do not have to write out the formula but need to discuss.

Totale vaste koste (fabrieksbokoste + adminkoste)

Verkoopprijs per eenh – per eenh van (dir mat + dir arb + V & D)

Leerdere hoef nie die formule uit te skryf nie, maar moet die formule bespreek.

3

4.4.2

Comment on the break-even value.

Lewer kommentaar op die gelykbreekwaarde.

Yes, the business is producing 30 000 units which is more than the break-even point. ✓✓

Ja, die onderneming produseer 30 000 eenhede. Dit is meer as die gelykbreekpunt.

2

12

**TOTAL MARKS/
TOTALE PUNTE**

65

QUESTION 5/VRAAG 5

5.1	<p>Calculate the value of the closing stock using the FIFO method. / Bereken die waarde van die slotvoorraad deur die EIEU-metode te gebruik.</p> <p>90 – 70 = 20 balls 15 ✓ x 80 ✓ = R1 200 ✓ 5 ✓ x 60 ✓ = <u>R 300</u> ✓ 20 R1 500 ✓</p>	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"> </td></tr> <tr><td style="text-align: center;">7</td></tr> </table>		7																				
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5.2	<p>Calculate the gross profit made on the stock if the FIFO method is used. Bereken die bruto wins behaal op die voorraad indien die EIEU-metode gebruik word.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr> <th colspan="4" style="text-align: center;">Trading account / Handelsrekening</th> </tr> </thead> <tbody> <tr> <td style="width: 30%;">Opening stock ✓ Openingsvoorraad</td> <td style="width: 10%; text-align: center;">1 200</td> <td style="width: 30%;">Sales / Verkope ✓✓</td> <td style="width: 30%; text-align: center;">8 400</td> </tr> <tr> <td>Purchases ✓ Aankope</td> <td style="text-align: center;">3 800</td> <td>Closing stock <input checked="" type="checkbox"/> Sluitingsvoorraad</td> <td style="text-align: center;">1 500</td> </tr> <tr> <td>Profit and loss <input checked="" type="checkbox"/><input checked="" type="checkbox"/> Wins en verlies</td> <td style="text-align: center;">4 900</td> <td></td> <td></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <p>OR CALCULATION: / OF BEREKENING:</p> <p>8 400 ✓✓ – (1 200 ✓ + 3 800 ✓ + - 1 500 <input checked="" type="checkbox"/>) = R4 900 <input checked="" type="checkbox"/><input checked="" type="checkbox"/></p>	Trading account / Handelsrekening				Opening stock ✓ Openingsvoorraad	1 200	Sales / Verkope ✓✓	8 400	Purchases ✓ Aankope	3 800	Closing stock <input checked="" type="checkbox"/> Sluitingsvoorraad	1 500	Profit and loss <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Wins en verlies	4 900							<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"> </td></tr> <tr><td style="text-align: center;">7</td></tr> </table>		7
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5.3	<p>Dean has been told that he would make a larger gross profit if he used the weighted average method of valuing his stock. However, he feels it will make no difference to the overall profits of the business over a period of time. Do you agree? Explain your answer. You are not required to make any calculations.</p> <p>Dean is meegedeel dat hy 'n groter bruto wins sal maak indien hy van die geweegdegemiddelde-metode gebruik maak om sy voorraad te waardeer. Dean is egter van mening dat dit geen verskil aan die algehele winste van die onderneming oor 'n tydperk sal maak nie. Stem jy saam? Verduidelik jou antwoord. Jy hoef geen berekeninge te doen nie.</p> <p>YES. ✓ Closing stock of one year becomes the opening stock of the next year. Therefore over a period of time the overall profit will balance out. ✓✓✓</p> <p>JA. Slotvoorraad van een jaar word die beginvoorraad van die volgende jaar. Daarom oor 'n periode van tyd sal die wins uit balanseer.</p>	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4																				
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<p>5.4</p>	<p>Dean is concerned, as the gross profit has decreased from last year. Discuss ONE possible reason for this based on the information given to you and provide a possible solution to this problem.</p> <p>Dean is bekommerd omdat die bruto wins sedert verlede jaar gedaal het. Bespreek EEN moontlike rede hiervoor volgens die inligting wat aan jou verskaf is en gee 'n moontlike oplossing vir die probleem.</p> <p><i>Good explanation and quoting appropriate figures = 6 Good explanation = 5 Reasonable = 3 Poor = 1 Incorrect = 0 Goeie verduideliking en haal toepaslike syfers aan = 6 Goeie verduideliking = 5 Redelik = 3 Swak = 1 Verkeerd = 0</i></p> <p>Possible answer: <i>The selling price per soccer ball has remained the same (R120) but the cost price of the soccer balls has increased from R40 to R80. Therefore less profit is being made. Mark-up % was 200% on the opening stock but only 50% on the purchases for August.</i></p> <p>Moontlike antwoord: Dean moet 'n besluit neem oor sy winsopslag beleid. Junie was die winsopslag % $80/40 = 200\%$ en dit het verminder in Augustus 'n winsopslag % van $40/80 = 50\%$ as gevolg van die vaste verkoopprijs. Soos die kosprys styg moet die verkoopprijs ook styg.</p>	<table border="1"> <tr><td> </td></tr> <tr><td>6</td></tr> </table>		6
6				
<p>5.5</p>	<p>Dean heard from a friend of his who did accounting at school that he should use the perpetual stock system instead of the periodic system. He is confused and has asked you for advice in this matter. Explain the difference to him and give him advice on which method he should use.</p> <p>Dean het by 'n vriend van hom wat Rekeningkunde op skool geneem het, gehoor dat hy liever die deurlopende voorraadstelsel as die periodieke voorraadstelsel moet gebruik. Hy is onseker en vra jou raad met hierdie probleem. Verduidelik die verskille aan hom en gee hom raad oor watter metode hy moet gebruik.</p> <p>Continuous (perpetual): stock figures are updated continuously OR stock deficits identified easily and quickly. ✓✓ Deurlopend: Voorraadsyfers voortdurend (deurlopend) opgedateer OF voorraadtekorte maklik en vinnig geïdentifiseer.</p> <p>Periodic: stock figures are not updated and can only be determined by taking stock OR cannot detect deficits. ✓✓ Periodiek: Voorraadsyfers nie opgedateer nie en kan slegs bereken word met behulp van voorraadopname OF kan nie tekorte opspoor nie. ✓✓</p> <p>Any one valid measure ✓✓ <i>Possible answer</i> It is easy to determine the cost price of the soccer balls and to detect theft and therefore it will be advisable to use the perpetual system.</p> <p>Enige een geldige rede ✓✓ <i>Moontlike antwoord</i> Dit is maklik om die kosprys van die sokkerballe te bepaal en diefstal te bepaal en daarom sal dit beter wees om die deurlopende stelsel te gebruik</p>	<table border="1"> <tr><td> </td></tr> <tr><td>6</td></tr> </table>		6
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TOTAL MARKS
TOTALE PUNTE
30

QUESTION 6/VRAAG 6

6.1	<p>What is the difference between output VAT and input VAT? Wat is die verskil tussen uitset-BTW en inset-BTW? Output VAT/Uitset-BTW</p> <p>Output VAT is charged on goods sold. ✓✓ Uitset-BTW word op goedere wat verkoop word, gehef.</p> <p>Input VAT/Inset BTW</p> <p>Input VAT is charged on goods bought. ✓✓ Inset-BTW word op goedere wat aangekoop word, gehef.</p>	<div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto; text-align: center;">4</div>
6.2	<p>At what rate is VAT currently being charged in South Africa? Teen watter koers word BTW tans in Suid Afrika belas?</p> <p>14% ✓✓</p>	<div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto; text-align: center;">2</div>
6.3	<p>Is the current rate of VAT being charged on all goods in South Africa? Explain. Word die huidige koers van BTW op alle goedere in Suid Afrika belas? Verduidelik.</p> <p>No/Nee ✓</p> <p>VAT is charged on zero-rated items at 0% ✓✓ VAT is not charged on VAT exempted items ✓✓</p> <p>BTW word teen 0% op nulkoers goedere gehef. BTW word glad nie op goedere wat van BTW vrygestel is gehef nie.</p>	<div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto; text-align: center;">5</div>
6.4	<p>Calculate the amount owing to SARS by George Gummy: Bereken die bedrag verskuldig aan SAID deur George Gummy:</p> <p>Output Vat/Uitset-BTW $R880\,800 \checkmark \times 14/100 \checkmark = R123\,326,00 \checkmark$</p> <p>Input VAT/Inset-BTW $R415\,500 \checkmark + R65\,000 \checkmark =$ $R480\,500 \checkmark \times 14 / 114 \checkmark$ $= R59\,008,77(8) \checkmark$</p> <p>OR/OF $= R51\,026,32 + R7\,982,46$</p> <p>Amount payable to SARS = Output – Input $= R64\,317,23 \checkmark \checkmark$</p> <p>Bedrag betaalbaar aan SAID = Uitset – Inset $= R64\,303,23$</p>	<div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; margin: 0 auto; text-align: center;">10</div>

6.5	<p>Advise George Gummy as to whether he should accept the offer. Briefly explain. / Adviseer George Gummy of hy die aanbod moet aanvaar of nie. Verduidelik kortliks.</p> <p>No, he should not accept the offer ✓ Any valid explanation including the ethical aspect ✓✓✓</p> <p><i>Possible explanation</i> It is unethical to accept offers like this, as it is obvious that Sneaky Stores will then not record this as a Sale and therefore not be reflecting the real Sales totals to SARS. The reputation of Gummy Stores is at stake.</p> <p>Nee, hy behoort nie die aanbod te aanvaar nie.</p> <p>Enige geldige verduideliking insluitende die etiese aspek</p> <p><i>Moontlike verduideliking</i> Dit is oneties om so 'n aanbod te aanvaar, want dit is duidelik dat Sneaky Stores nie hierdie transaksie sal opteken nie en dat die waarlike Verkope van die besigheid nie aan SAID getoon sal word nie. Gummy Winkels se reputasie is op die spel.</p>	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr><td style="width: 20px; height: 20px;"></td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
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TOTAL MARKS
TOTALE PUNTE
25

TOTAL/TOTAAL: 300