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TOTAL
MARKS

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NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2021

ACCOUNTING: PAPER I

EXAMINATION NUMBER

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Time: 2 hours

200 marks

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This question paper consists of 14 pages, an Information Booklet of 9 pages (i–ix) and a Formula Sheet of 1 page (i). Please check that your question paper is complete.
2. Read the questions carefully.
3. Answer the questions in the space provided.
4. It is in your own interest to write legibly and to present your work neatly.
5. You may **not** use red or green ink. **You may use a pencil, but please use a soft, dark pencil.**
6. All calculations should be rounded off to two decimal places.
7. The allocation of marks and appropriate time to be taken for each question are as follows:

	Possible marks	Actual marks	Marker signature	Moderator signature
Question 1: Inventory Control and VAT (20 minutes)	23			
	9			
Question 2: Company Financial Statements (37 minutes)	61			
Question 3: Cash Flow Statement (30 minutes)	50			
Question 4: Asset Management and Manufacturing (33 minutes)	14			
	43			
TOTAL	200			

QUESTION 1 INVENTORY SYSTEMS & VAT**(32 marks, 20 minutes)****Refer to the information relating to C&C Sound.****QUESTION 1.1 INVENTORY SYSTEMS****(23 marks, 14 minutes)****EARPODS (Weighted Average Method):**

- 1.1 Determine the weighted average of **each** earpod unit.

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(8)

- 1.2 The owners are aware that some earpods have been stolen during the year. Determine the rand value of the total theft that occurred during the year.

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(5)

- 1.3 The owners have determined that the security cameras are ineffective in stopping the theft of earpods. Provide one alternative control that they could implement to reduce the theft of stock. Explain one factor that they should consider before selecting this control.

Control: _____

Consideration: _____

(2)

- 1.4 Explain to the owners why the Weighted Average Method might be better suited as a method for valuing the stock of earpods.

(1)

SPEAKERS (FIFO Method):

1.5 Calculate the Cost of Sales of the speakers sold during the year.

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(7)

QUESTION 1.2 VAT**(9 marks, 6 minutes)**

1.6 Calculate the VAT amount and indicate if it increases or decreases the **amount owing to SARS**. VAT is calculated at 15%.

	Calculation	VAT Amount	Effect on the amount owing to SARS
1			
2			
3			

(9)

32

QUESTION 2 COMPANY FINANCIAL STATEMENTS (61 marks; 37 minutes)**Refer to the information relating to Lesedi Limited.**

- 2.1 Complete the Extract of the Statement of Comprehensive Income (Income Statement) for the year ending 28 February 2021. Ensure that you include any additional operating incomes and expenses from the adjustments.

Sales (4 450 000	
Cost of sales (2 400 000	
Gross profit	Do not calculate
Operating incomes	Do not calculate
Commission income (30 100	
Rent income (234 850	
Operating expenses	Do not calculate
Stationery (18 360	
Packing material (72 400	
Directors' fees (100 000	
	Do not calculate
Net profit before taxation	
Taxation for the year	
Net profit after taxation	1 289 540

(31)

2.2 Complete the following notes to the financial statements as at 28 February 2021.

2.2.1 Trade & Other Receivables

Net Trade Debtors	Do not calculate
Debtors Control (139 250	
Less: Provision for bad debts (6 150	
	Do not calculate

(10)

2.2.2 Ordinary share capital

4 500 000	Ordinary shares at the beginning of the year	10 800 000
500 000	Ordinary shares at	
	Ordinary shares at	
	Ordinary shares at the end of the year	Do not calculate

(6)

2.2.3 Retained Income / Accumulated Profits

Balance at the beginning of the year	3 780 000
Net profit after tax	
Ordinary share dividends	
Paid	
Recommended	
Balance at the end of the year	Do not calculate

(8)

2.2.4 Trade and Other Payables

Trade Creditors	221 300
Accrued Expenses	
Income Received in Advance	
	Do not calculate

(6)

QUESTION 2
COMPANY FINANCIAL STATEMENTS
CALCULATION PAGE

Should you wish to use this space for calculations, please clearly label the details of the amount you are working out. All final amounts must be transferred correctly to the Extracted Income Statement and/or Financial Statements Notes above.

Average Share Price (adjustment 1)	
Debtors Allowance (adjustment 2)	
Trading stock Deficit	
Rent Income (adjustment 10)	

QUESTION 3 CASH FLOW STATEMENTS**(50 marks, 30 minutes)****Refer to the information relating to Simelane Sauces Ltd.**

- 3.1 Complete the following extract of the Cash Flow Statement for the year ended 28 February 2021.

Cash flow from financing activities	
Proceeds of shares issued	
Shares repurchased	
Proceeds from new loan	
Repayment of loan	

(13)

- 3.2 Calculate the total dividend expense (interim and final dividends) for the year ended 28 February 2021.

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(4)

- 3.3 Complete Note 1: Reconciliation between profit before taxation and cash generated from operations.

Net profit before taxation	
Adjustments for:	
Depreciation	
Interest Expense	
Operating profit before changes in working capital	
Changes in Working Capital	
*Increase/Decrease in inventory	
*Increase/Decrease in receivables	
*Increase/Decrease in payables	
Cash generated from operations	Do not calculate

**Delete that which does not apply or circle the correct definition of the movement.*

(18)

3.4 Determine the purchase price of one of the new delivery trucks.

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(6)

3.5 Calculate the taxation paid as it would appear on the Cash Flow Statement for the year ended 28 February 2021.

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(5)

3.6 Determine the cash movement for the year ended 28 February 2021. Indicate if this is an inflow or outflow of cash.

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(4)

QUESTION 3
CASH FLOW STATEMENTS
CALCULATION PAGE

Should you wish to use this space for calculations, please clearly label the details of the amount you are working out. All final amounts must be transferred correctly to the relevant question above.

Movement of Inventory	Retained Income (Question 3.5)
Movement of Trade & Other Payables	
Shares	
Loans	

**QUESTION 4 MANUFACTURING & ASSET
MANAGEMENT**

(57 marks, 33 minutes)

Refer to the information relating to Makhaza Manufacturers.

QUESTION 4.1 ASSET MANAGEMENT

(14 marks, 10 minutes)

4.1 Complete the Fixed / Tangible Asset note for the year ended 31 October 2021.

	Equipment
Carrying Value at the beginning of the year	
Cost Price	2 430 000
Accumulated Depreciation	(1 093 500)
<i>Movement</i>	Do not calculate
Additions	
Disposals	
Depreciation	
Carrying Value at the end of the year	Do not calculate
Cost Price	Do not calculate
Accumulated Depreciation (1 093 500)	

(14)

Calculations of Depreciation:

Equipment that was sold
Remaining Equipment

Calculation Space for **Disposal at Carrying Value**

QUESTION 4.2 MANUFACTURING**(43 marks, 23 minutes)**

- 4.2 Complete the Production Cost Statement for Makhaza Manufacturers for the year ended 31 October 2021.

Makhaza Manufacturers
Production Cost Statement for the year ending 31 October 2021

Direct / Prime Costs		
Raw Materials		
Direct Labour		
Factory Overheads	3	
Total Manufacturing Costs		
Work-In-Progress at beginning of the year		
<i>Sub-total</i>		
Work-In-Progress at end of the year		
Total Cost of Production		

(20)

- 4.3 Complete the factory overheads note.

Note 3: Factory Overheads

Rates & Taxes (39 000)	
Water & Electricity (63 800)	
Insurance (93 600)	
Depreciation (<i>From 4.1</i>)	

(19)

- 4.4 Assume there are no changes to any of the costs in the break-even calculation given in information point no. 6. Determine the amount the business would need to sell one drum at in order to break even at 5 000 units.

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(4)

QUESTION 4.2
MANUFACTURING
CALCULATION PAGE

Should you wish to use this space for calculations, please clearly label the details of the amount you are working out. All final amounts must be transferred correctly to the Production Cost Statement or Factory Overheads Notes above.

Raw Materials	
Direct Labour	Indirect Materials
Indirect Labour	
Finished Goods	

57

Total: 200 marks