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TOTAL
MARKS

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NATIONAL SENIOR CERTIFICATE EXAMINATION
NOVEMBER 2022

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 11 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 sharp, HB 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: Asset Management | 25 | | | |
| 1A Inventories (14 minutes) | 9 | | | |
| 1B VAT (6 minutes) | | | | |
| 1C Fixed Assets (10 minutes) | 18 | | | |
| Question 2: Company Financial Statements (39 minutes) | 63 | | | |
| Question 3: Cash Flow Statement (27 minutes) | 45 | | | |
| Question 4: Manufacturing (24 minutes) | 40 | | | |
| TOTAL | 200 | | | |

QUESTION 1 ASSET MANAGEMENT & VAT**(52 marks, 30 minutes)****Refer to the information relating to Kench Wrench.****This question consists of three parts: 1A, 1B and 1C.****QUESTION 1A INVENTORY SYSTEMS****(25 marks, 14 minutes)****1.1 Determine the rand value of the closing stock as at 31 August 2022.****1.1.1 Calculate the number of sets on hand.**

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(4)**1.1.2 Calculate the weighted average of one set of spanners.**

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(5)**1.1.3 Calculate the rand value of the closing stock.**

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(2)**1.2 The owner, Shannon has been advised that she should insure her stock for the highest possible value. Calculate the rand value of the closing stock if she was to use the FIFO (first in first out) valuation method.**

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(7)

- 1.3 Shannon has noticed that the price of spanners has increased significantly during the year. Referring to the **November** and the **June** purchase price, determine the percentage increase and provide a realistic explanation for the significant increase.

(3)

- 1.4 Determine what the selling price of one set of spanners would need to be if the business was to make a **gross profit** of R1 057 500 after marking their stock up by 40% on the cost price.

(4)

QUESTION 1B VAT

(9 marks, 6 minutes)

VAT is calculated at 15%

- 1.5 Analyse the extracted transactions and their effect on the amount owing to SARS for VAT as per the table below.

| | Calculation | VAT Amount | Amount owing to SARS |
|------|-------------|------------|----------------------|
| e.g. | | R28 110 | Increase |
| 1 | | | |
| 2 | | | |
| 3 | | | |

(9)

QUESTION 1C FIXED ASSETS**(18 marks, 10 minutes)**

- 1.6 Calculate the cost price of the new equipment that was purchased on 1 February 2022.

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(4)

- 1.7 Calculate the depreciation on the new equipment that was purchased on 1 February 2022.

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(2)

- 1.8 Calculate the profit or loss that was made on the sale of the asset on 30 April 2022. Indicate if it was a profit or loss.

| | |
|-----------------------------|---------------------------|
| | |
| Profit on Sale of Equipment | Loss on Sale of Equipment |

Calculation space for depreciation on the sold equipment

| |
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(8)

- 1.9 Calculate the depreciation for the year on the remaining equipment.

| |
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(4)

| | | | | | | |
|----|---|---|---|----|---|----|
| 25 | + | 9 | + | 18 | = | 52 |
|----|---|---|---|----|---|----|

QUESTION 2 COMPANY FINANCIAL STATEMENTS (63 marks; 39 minutes)

Refer to the information relating to Ruby Robotics Limited.

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 final question.

| | |
|------------------------------|--|
| Number of shares | |
| | |
| Income tax | |
| | |
| Trading stock deficit | |
| | |

- 2.1 Complete the Statement of Comprehensive Income (Income Statement) of Ruby Robotics Limited for the year ending 28 February 2022.

| | |
|-----------------------------------|------------------|
| Sales | |
| Cost of sales | |
| Gross profit | |
| Operating incomes | Do not calculate |
| Commission income (49 500 | |
| Discount received | 84 000 |
| Sundry income | 74 000 |
| | |
| Operating expenses | Do not calculate |
| Water & electricity (36 400 | |
| Insurance (38 680 | |
| Rent expense (115 500 | |
| Bad debts (9 200 | |
| Packing material | |
| Director's fees | 60 000 |
| Discount allowed | 51 000 |
| Depreciation | 89 500 |
| Auditor's fees | 38 400 |
| Salaries & wages | 3 250 000 |
| Repairs (12 500 | |
| | |
| | |
| | |
| | |
| | |
| | |
| Operating Profit | Do not calculate |
| Interest income | 20 000 |
| Interest expense | (70 000) |
| Net profit before taxation | Do not calculate |
| Taxation for the year | |
| Net profit after taxation | Do not calculate |

(38)

2.2 Complete the following notes to the financial statements as at 28 February 2022.

2.2.1 Trade & Other Receivables

| | |
|-------------------------------|-------------------------|
| Net trade debtors | |
| Debtors control (6 150 000 | |
| Less: Provision for bad debts | |
| Accrued income (8 200 | |
| * | |
| | |
| | Do not calculate |

(9)

2.2.2 Cash & Cash Equivalents

| | |
|--------------------|-------------------------|
| Cash float (10 000 | |
| Petty cash | 3 000 |
| | |
| | Do not calculate |

(4)

2.2.3 Trade & Other Payables

| | |
|----------------------------|-------------------------|
| Trade creditors (9 270 000 | |
| Bank overdraft (75 000 | |
| * | |
| * | |
| * | |
| * | |
| | |
| | Do not calculate |

(12)

QUESTION 3 CASH FLOW STATEMENTS**(45 marks, 27 minutes)****Refer to the information relating to Jessica Jewels Ltd.**

- 3.1 3.1.1 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.*

(12)

- 3.1.2 Calculate the following Note 1 amounts in the space provided below:

| | |
|---------------------|-----|
| Depreciation | (5) |
| | |
| Interest on loan | (4) |
| | |
| Changes in payables | (3) |
| | |

- 3.2 Complete the following extract of the Cash Flow Statement for the year ended 28 February 2022.

| | |
|--|--|
| Cash flow from investing activities | |
| | |
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(6)

- 3.3 3.3.1 Calculate the weighted average share price at the time of the repurchase of the shares.

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(3)

- 3.3.2 Calculate the amount of profit that was retained after taxation and dividends by completing the retained income account. Ignore dates and folio references.

| Retained Income B2 | | | |
|--------------------|--|--|--|
| | | | |
| | | | |
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(6)

- 3.3.3 Calculate the dividends paid as it would appear on the Cash Flow Statement for the year ended 28 February 2022.

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(6)

QUESTION 4 MANUFACTURING**(40 marks, 24 minutes)****Refer to the information relating to Kudawashe Cheese.**

- 4.1 Complete the following notes to the production cost statement for the year ended 28 February 2022:

4.1.1 Raw materials

| | |
|--|--|
| Opening balance | |
| | |
| | |
| | |
| | |
| Raw materials used in the production process | |

(8)

4.1.2 Factory overheads

| | |
|---------------------|-------------------------|
| Indirect materials | |
| Indirect labour | |
| Rent expense | |
| Water & electricity | |
| Insurance | |
| Security | |
| | Do not calculate |

(19)

- 4.2 Calculate the cost of the direct labour for the year ended 28 February 2022.

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(5)

- 4.3 The cost of production reflected on the production cost statement for the year was R1 013 784. Calculate the cost of sales for the year ended 28 February 2022.

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(6)

- 4.4 Explain why the work-in-progress balances are so low compared to the raw materials and the finished goods.

(2)

CALCULATION SPACE

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 final question.

| | |
|--------------------------------|--|
| Raw materials purchases | |
| | |
| Rent expense | |
| | |
| | |

| |
|-----------|
| |
| 40 |

Total: 200 marks