



basic education
Department
Basic Education
REPUBLIC OF SOUTH AFRICA

ANNEXURE B: COMPOSITE RECORDING SHEET

SUBJECT: Accounting

PAPER: _____

DEPARTMENT OF BASIC
EDUCATION

2014 -11- 11

PRIVATE BAG X 110
PRETORIA 0001

PUBLIC EXAMINATIONS

reference details

SCRIPT NUMBER: _____

MARKER CODE	Q1 SCORE	Q2 SCORE	Q3 SCORE	Q4 SCORE	Q5 SCORE	Q6 SCORE	Q7 SCORE	Q8 SCORE	Q9 SCORE	Q10 SCORE	Q11 SCORE	Q12 SCORE	Q13 SCORE
Question TOTAL													
Panel Mark													
ECIM													
ECCM													
FSIM													
FSCM													
GPIM													
GPOH													
KZNIM													
KZNCM													
LIMIM													
LIMCM													
MPUIM													
MPUCM													
NCIM													
NCCM													
NWIM													
NWCM													
WCIM													
WCCM													
DBEIM													
DBECE													
Variance	2	2	1	2	0	1							
TR	1-3-3	2-3-1-1 2-3-2-1	3-5	4-5-1 4-6-1	-	6-2-1							
Agreed Score													

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Internal moderator

6/11/2014

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DEPARTMENT OF BASIC
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2014 -11- 07

PRIVATE BAG X 110
PRETORIA 0001

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ACCOUNTING

NOVEMBER 2014

MEMORANDUM

Approved
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6/11/2014

MARKS: 300

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer).
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or - sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
10. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
11. Be aware of candidates who provide valid alternatives beyond the marking guideline.
12. Codes: f = foreign item; p = placement/presentation.

This memorandum consists of 19 pages.

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QUESTION 1

1.1

1.1.1	Value-added tax	✓
1.1.2	0% Zero-rated	✓
1.1.3	First In First Out	✓
1.1.4	Perpetual/Continuous	✓

4

1.2

Calculate the final amount payable to SARS on 31 July 2014.

Mark one line only – choose method to benefit candidate any one part correct
 – 11 200✓ + 126 000✓ – 77 000✓ + 273✓ – 6 692✓✓ – 1 330✓✓ = 30 051✓

OR

11 200✓ – 126 000✓ + 77 000✓ – 273✓ + 6 692✓✓ + 1 330✓✓ = –30 051✓

Mark one account only – choose account to benefit candidate

VAT Control (could be Input & Output)	
✓ 11 200	✓ 126 000
*✓ 77 000	✓ 273
✓✓ 6 692	
*✓✓ 1 330	
✓ 30 051	any one part correct

OR

Accept as below to correspond with calculation above	
✓ 126 000	✓ 11 200
✓ 273	✓ 77 000
	✓✓ 6 692
	✓✓ 1 330
any one part correct	✓ 30 051

Accept negative figures or brackets on opposite sides

77 000 + 1330 = 78 330 3 marks
 77 000 + 1 330 – 273 = 78 057 4 marks

77 000 – 273 = 76 727 2 marks
 126 000 – 6 692 = 119 308 3 marks

9

1.3

1.3.1

Calculate the total amount paid for carriage on the purchases on 11 June 2014.

(1 600 x 215) 2 marks

R352 600 ✓ – 344 000 ✓✓ = 8 600 ✓ operation any one part correct

4

1.3.2

Calculate the value of the closing stock on 30 June 2014 using the weighted-average method.

769 650 (2 marks)

(352 600 + 290 400 + 127 850) 1 mark

77 900✓ + 770 850 ✓ – 1 200✓ x 580✓

410✓ + 3 280 ✓ – 5 ✓

3 690 or 3 275 (2 marks)

(1 600 + 1 210 + 470) 1 mark

847 550 3 marks X 580 1 mark

3 685 3 marks

= R133 400 ✓ operation any one part correct

8

1.3.3 Explain the effect that this will have on the gross profit.

Gross profit will increase ✓✓ (by R20 850)

ONE valid reason for changing the stock valuation method:

✓✓ Award part-marks for partial answers

- FIFO is a more suitable or accurate or realistic method of valuing stock of blazers.
- Blazers are discrete units where cost is easily identified.
- FIFO is more suitable or accurate or realistic because stock is valued at the most current / changing prices.

ONE valid reason against changing the stock valuation method:

✓✓ Award part-marks for partial answers

- It is unethical / fraudulent / wrong / to manipulate financial records.
- Will lead to an increase in tax.
- Inconsistency / It is important that financial records are consistent from one year to the next (comparability).
- Over a period of time there is no difference in the total gross profit earned.

6

1.3.4 Harry is concerned about the control of his stock of blazers. He has sold 2 900 blazers during the year. Give a calculation to support his concern.

Be alert to other methods e.g. solve for x

Mark one line only – choose method to benefit candidate

$$(410 + 3\ 280 - 5) - 580 - 2\ 900 = 205$$

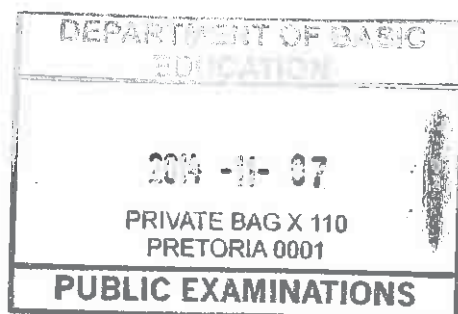
operation any one part correct
3 685 1 mark 3 105 2 marks

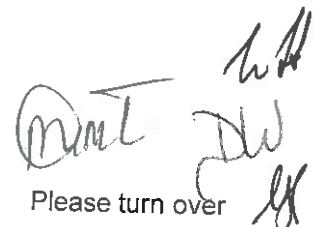
OR

$$(-410 - 3\ 280 + 5) + 580 + 2\ 900 = -205$$

4

TOTAL MARKS
35




 Please turn over

QUESTION 2

- 2.1 The bookkeeper, Litzie, says it is not necessary for her to prepare a Creditors' Reconciliation Statement because the creditors send monthly statements to the business anyway. What would you say to her? State TWO points.

Any TWO valid points ✓✓ ✓✓ Must be 2 separate points;
Award part-marks for incomplete answers

Expected responses:

- The statement could contain errors.
- This is an internal control measure.
- This will lead to detection of errors/omissions/fraud.
- To compare/check/reconcile the account to the statement.
- To ensure VAT return is correct / to assist in doing the VAT return.

4

2.2

No.	Creditors' Ledger of KZ Stores	Statement of account received from Valley Ltd
Balance	112 820	182 150
A	- 9 000	- 9 000
B	✓✓ + 87 500	
C		✓✓ + 7 200
D		✓✓ - 1 400
E		✓✓ - 630
F	✓✓ + 2 100	
G	✓ - 5 250 ✓ - 5 250 - 10 500 (2 marks)	
H		✓✓ + 4 600
	182 920 ✓*	182 920 ✓*

16

* Any ONE part correct; check reasonableness & including opening figures, Totals do not have to agree

Sign and amount must be correct to award marks,

If no sign, assume positive

Accept brackets as a negative figure

Foreign / superfluous entries -1 each line, cannot be less than 0 per line

2.3 2.3.1 Explain what action should be taken against J van Wyk. State TWO points.

Any two valid points ✓✓ ✓✓ Must be 2 separate points, Cannot conflict with each other
Award part-marks for incomplete answers

- Must be subjected to a disciplinary hearing
- Open a criminal case at SAPS
- Redeploy pending decision / suspend pending decision (on outcome of the hearing/case)
- Require employee to refund/repay employer for the costs/deduct from salary/take legal action for repayment
- Dismiss him as this is gross misconduct

Do not accept warning as a valid point for 2 marks unless candidate also mentions repayment as a point – in context of R37 500 fraud, warning alone is not sufficient

For 1 mark:

Dismiss the employee / fire him; Warning; Redeploy him; Suspend him; Sue him; Take legal action.

4

2.3.2 What must the business do to prevent a similar incident in future? Explain THREE points.

Any THREE valid points ✓✓ ✓✓ ✓✓ Must be 3 separate points;

For 2 marks:

- Division of duties so that each person serves as a check on another / get someone else to authorise these transactions.
- Rotate duties so that employees do not have permanent control over an aspect of the business.
- Conduct internal audits / check documents to detect the fraud and errors.
- Physical stock control (to records) / check stock on hand to stock records.
- When goods are received, the receiving officer must check the stock received to the invoice and order form.
- Inform suppliers of the procedure for delivering goods to the business and do not deviate from this.

For 1 mark:

Division of duties; Rotation; Authorisation of all orders; Internal control; Security cameras (CCTV); Security checks (at exits); Regular stock counts.

6

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TOTAL MARKS
30

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QUESTION 3

3.1 3.1.1 SHARE CAPITAL

AUTHORISED SHARE CAPITAL

750 000 ordinary shares

ISSUED SHARE CAPITAL

450 000 ✓	Ordinary shares in issue on 1 March 2013	3 215 000 ✓	
80 000	Ordinary shares issued during the year	760 000 ✓✓	
(75 000)	Ordinary shares re-purchased (average price of R7,50 ✓) if answer is correct and R7,50 omitted, allocate 3 marks to final answer	operation (562 500) ✓✓	
5 000 more than opening figure 455 000 ✓	Ordinary shares in issue on 28 February 2014	Operation, one part correct OR shares x avg price used 3 412 500 ✓	9

3.1.2 RETAINED INCOME

Balance on 1 March 2013	322 500	
Net profit after tax	812 700 ✓✓	
Shares repurchased 75 000 ✓ x 2,90 ✓ if R10,40-avg price above, must be at ≥R0,01 per share	operation one part correct and in brackets (217 500) 217 500 2 marks Zero 0 marks ✓	
Ordinary share dividends Interim dividends / Paid	operation one part correct and in brackets (482 000) ✓	
Final dividends / Declared 530 000 ✓ see 3.1.1 x 40 cents ✓	270 000 ✓ one part correct 212 000 ✓	
Balance on 28 February 2014 Foreign entries -1 (-2 max)	operation 435 700 ✓	11

OR For candidates who leave out interim dividends of R270 000 or
combine with final dividends

Balance on 1 March 2013	322 500	
Net profit after tax	812 700 ✓✓	
Shares repurchased 75 000 ✓ x 2,90 ✓ if R10,40-avg price above, must be at ≥R0,01 per share	operation one part correct and in brackets (217 500) 217 500 2 marks Zero 0 marks ✓	
Ordinary share dividends Final dividends / Declared 530 000 ✓ see 3.1.1 x 40 cents ✓✓ If figure of 482 000 shown here, allocate 4 in total	operation one part correct and in brackets (212 000) ✓ one part correct 212 000 ✓	
Balance on 28 February 2014 Foreign entries -1 (-2 max)	operation 705 700 ✓	11

3.2 VIJAY LIMITED
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
28 FEBRUARY 2014

ASSETS			
Non-current assets			
	operation (total assets – current assets)	3 884 000	<input checked="" type="checkbox"/> 2
Fixed assets	operation	3 234 000	<input checked="" type="checkbox"/>
Financial asset: Fixed deposit		650 000	
Current assets			
	operation	863 100	<input checked="" type="checkbox"/> 5
Inventories		275 400	
Trade and other receivables (243 500 ✓ + 7 600 ✓)		251 100	✓
Cash and cash equivalents		336 600	
TOTAL ASSETS	transfer total equities and liabilities	4 747 100	<input checked="" type="checkbox"/>
EQUITY AND LIABILITIES			
Shareholders' equity			
	operation	3 848 200	<input checked="" type="checkbox"/> 3
Ordinary share capital	see 3.1.1	3 412 500	<input checked="" type="checkbox"/>
Retained income	see 3.1.2	435 700	<input checked="" type="checkbox"/>
Non-current liabilities		451 200	4
Loan : William Bank (482 600 ✓ + 81 400 ✓ – 112 800 ✓) OR (482 600 + 81 400) x 80%	one part correct	451 200	<input checked="" type="checkbox"/>
Current liabilities		447 700	<input checked="" type="checkbox"/> 12
	operation		
Trade and other payables (62 460 ✓ + 12 120 ✓)	one part correct	74 580	<input checked="" type="checkbox"/>
Shareholders for dividends	OR 482 000 #	Refer 3.1.2 212 000	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
SARS : Income Tax (348 300 ✓✓ – 299 980 ✓ must be deducted under CL)	one part correct	48 320	
Current portion of loan	check that loan has been reduced by this	112 800	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
*all amounts can be included in Trade and other payables			
TOTAL EQUITY AND LIABILITIES	operation	4 747 100	<input checked="" type="checkbox"/>

26

Foreign entries -1 (max -2)

Presentation / Placement / Incorrect or incomplete details -1 (max -2)

SARS 348 300 – 299 980 may be shown under T&OR; penalise -1 for placement

Other misplaced BS items are not foreign – simply mark as wrong

If included under CL, all subsequent totals will differ by R270 000

3.3 Calculate the return on average shareholders' equity for 2014.

$$\frac{812\,700 \checkmark \text{ see 3.1.2}}{\frac{1}{2} \checkmark (3\,537\,500 \checkmark + 3\,848\,200 \checkmark) \text{ see 3.2}} = 22,0\% \checkmark \text{ operation, \%, one part correct}$$

3 692 850 3 marks

5

3.4 From 2013 to 2014 the directors made a deliberate decision to change the policy on the distribution of profits in the form of dividends. Comment on this change. Quote financial indicators or figures to support your answer.

They paid out 100% (all) \checkmark of their earnings in 2013 compared to 59% $\checkmark\checkmark$ of their earnings (100÷170 cents) in 2014. The business is retaining funds for future expansions / development / support equalising dividends in future / to improve NAV. \checkmark

OR

They did not retain any earnings in 2013 (1 mark). In 2014 they retained 70 cents (41%) of EPS (2 marks). The business is retaining funds for future expansions / development / support equalising dividends in future / to improve NAV. (1 mark).

For 1 mark:

The DPS increased from 82 cents to 100 cents (18 cents) and the EPS increased from 82 cents to 170 cents (88 cents) (1 mark: did not compare DPS to EPS)

For 1 mark:

The directors decided to pay the interim dividends for 2014 in the 2015 financial year.

4

3.5 Comment on whether the shareholders should be satisfied with the percentage return and the market price of their shares. Quote TWO relevant financial indicators (actual figures/ratios/percentages) and their trends. Give an additional comment in each case.

Indicators $\checkmark \checkmark$ Trends & figures $\checkmark \checkmark$ Extra comment $\checkmark \checkmark$

ROSHE (1 mark):

Increased from 18,3% to 22% (1 method mark) / by 3,7% points. (see 3.3)

This exceeds the return on alternative investments (of 9%). (1 mark)

Must mention NAV as the indicator, Allocate 1 mark for trend of either the NAV or market price

NAV (1 mark) is 846 cents

NAV increased by 60 cents (from 786c to 846c)

Market price decreased by 28 cents (from 1060c to 1032c)

The market price exceeds the NAV (1 mark) / investors are prepared to pay extra for the shares.

For 1 mark:

The market price of the share decreased from 1060 cents to 1032 cents or 28 cents). They should be disappointed.

(Must compare market price to NAV for 2 marks)

6

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3.6 The external auditors, Hassan and Jacob, have employed Janet to work on the audit of Vijay Ltd. Janet owns 10 000 shares in Vijay Ltd.

Explain why this is a problem. ✓✓ Any one valid reason, part-marks for partial answers

- It is a conflict of interest/unethical.
- She could influence the results in a positive or negative way.
- Overlooking issues/insider information.
- She could be biased / not independent.
- Could put the validity / credibility of the audit at risk.

Give a valid solution. ✓✓ Any one valid reason, part-marks for partial answers

- She should sell the shares if she wants to continue working on the audit.
- She must be removed from this audit / she recuses herself from the audit / she takes on other projects within this audit firm.
- She must disclose her vested interest and ensure that her employers / review committee make a decision on her participation in the audit.

For 1 mark:

- Disclose the vested interest formally.

4

TOTAL MARKS
65

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 [Signature]
 [Signature]

QUESTION 4

- 4.1 Calculate the missing amounts (indicated by a, b) in the Fixed/Tangible Asset Note for the year ended 28 February 2014.

NO.	WORKINGS	AMOUNT
a	6 740 000 – 2 689 000 no part marks	4 051 000 ✓✓
b	140 000 – 33 600 no part marks	106 400 ✓✓
c	$5\ 600 + 11\ 000 + 20\% \times (3\ 110\ 000 - 1\ 342\ 000)$ 353 600 (3 marks) OR: 2 marks 1 mark 1 mark 1 mark 1 mark 1 mark $5\ 600 + 20\% \times [(1\ 768\ 000 \times 10/12) + (2\ 098\ 000 \times 2/12)]$ 294 667 + 69 933	one part correct 370 200 ✓

12

4.2 METEOR SUPERMARKETS LTD

CASH FLOW STATEMENT FOR YEAR ENDED 28 FEBRUARY 2014

Cash flow from operating activities	(1 039 900)	✓ Operation#
Cash generated from operations	969 600	
Interest paid	(88 500)	
✓ Taxation 441 000 ✓ + 122 000 ✓ + 128 000 ✓ Details & correctly placed 563 000 (2 marks) OR -441 000 – 122 000 – 128 000	(691 000) 691 000 3 marks	✓ Operation, one part correct & brackets
✓ Dividends 480 000 ✓ + 750 000 ✓✓ Details & correctly placed 480 000 + 1 620 000 – 870 000 OR -480 000 – 1 620 000 + 870 000 1 mark 1 mark 1 mark	(1 230 000) 1 230 000 3marks	✓ Operation one part correct & brackets
Cash flow from investing activities	(4 274 600)	✓ Operation#
✓ Purchase of fixed assets 4 051 000 ✓ + 330 000 ✓ Details & correctly placed see 4.1 a	(4 381 000) 4 381 000 2 marks	✓ Operation one part correct & brackets
✓ Proceeds from disposal of fixed assets Details & correctly placed	106 400	✓ See 4.1b & no brackets
Cash flow from financing activities	2 325 000	✓ Operation#
✓ Proceeds from the sale of shares Details & correctly placed	2 400 000 ✓ 2 400 000 1 mark	✓ correct & no brackets
✓ Share buy-back 50 000 x R9,50 Details & correctly placed	(475 000) ✓ 475 000 1 mark	✓ correct & brackets
✓ Change in loan Details & correctly placed	400 000 ✓ 400 000 1 mark	✓ correct & no brackets
Net change in cash and cash equivalents	(2 989 500)	✓ Operation
Cash and cash equivalents at beginning of year	2 488 000	
Cash and cash equivalents at end of year	(501 500)	✓✓*

31

* Operation from top OR R13 500 OR (R515 000)
Valid alternative details acceptable # Operation one part correct in the sub-section (figures/details)

4.3 At the AGM, a shareholder stated that the Cash Flow Statement reflects poor decisions by the directors. Explain TWO points, with relevant figures, to support his opinion.

Any TWO valid answers: Explanation ✓ ✓ Figures ✓ ✓

- Dividends of R1 230 000 (see 4.2) cause a negative figure for cash retained from operating activities.
- Fixed assets bought are very high (R4 381 000) (see 4.2) which leads to a bank overdraft.
- The directors allowed a large bank overdraft of R515 000 or R501 500 to result from high payments for dividends/fixed assets.
- The buy-back of shares (R475 000) (see 4.2) reduced cash resources / reduced capital base of the company.
- The vehicle was sold at book value (R106 400) (see 4.2) and was only 1½ years old.

4

4.4 4.4.1 Calculate the net asset value per share for 2014.

$$\frac{8\,839\,000 \checkmark}{1\,450\,000 \checkmark} \times \frac{100}{1}$$

= 610 cents one part correct; R or c or 609,6 cents or R6,10

3

4.4.2 Calculate the debt-equity ratio for 2014.

908 000 ✓ : 8 839 000 ✓

= 0,1 : 1 one part correct, must be x 1

3

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4.5 Comment on the liquidity position of the company. Quote ~~THREE~~ **THREE** relevant financial indicators (actual figures/ratios/percentages) and their trends.

Any **THREE** valid financial indicators:

Name of financial indicator ✓ ✓ ✓
Figure and trend ✓ ✓ ✓

- Current ratio: 3,6 : 1 → 1,6 : 1 / decreased to 1,6 : 1
- Acid test ratio: 3,1 : 1 → 1,2 : 1 / decreased to 1,2 : 1
- Stock turnover rate: 5,1 → 6,8 times p.a./ increased to 6,8 times
- Debtors' collection period: 35 → 40 days / increased to 40 days

General comment:

✓ ✓ ✓
One valid point per indicator **OR** 3 marks for overall comment
Excellent answer = 3 marks; Good = 2; Poor = 1; Incorrect = 0
Increases/decreases are not a comment – these are trends
Comment would be on improvement or not / efficiency

Expected responses for 1 mark each:

- The current ratio improved / was possibly too high in 2013 / cash was too high / current assets do not earn any return / they may be more efficient in 2014.
- The acid test ratio improved / is more efficient in 2014 / cash is lower
- The stock turnover rate has improved / stock increased but is being sold more quickly / assists liquidity and is appropriate for a supermarket.
- The debtors are paying more slowly / this trend must be rectified / normal credit terms 30 days.

9

4.6 The directors decided to increase the loan during the current financial year. Quote **TWO** financial indicators (actual figures/ratios/percentages) that are relevant to their decision. Explain why this was a good decision, or not.

ROTCE ✓

- This is 18,8% ✓

DEBT/EQUITY RATIO ✓

- This is 0,1 : 1 (see 4.4.2) ✓

Explanation: Depends on calculation above

- Positively geared as ROTCE is higher than interest rate ✓✓
- Low financial risk / Not making much use of loans (it relies more on funds from internal sources) ✓✓

8

24
DW
LJ
Dymit

4.7 The Bakker family owns 740 000 shares in this company. Explain the effect that the repurchase of shares on 31 December 2013 had on their control of the company. Give a calculation(s) to support your answer.

Before the repurchase the family's shareholding was:

$$\overset{\checkmark \text{ Both figures}}{\frac{740\,000}{1\,500\,000}} \times \overset{\checkmark}{\frac{100}{1}} = 49,3\%$$

After the repurchase the family's shareholding is:

$$\overset{\checkmark \text{ Both figures}}{\frac{740\,000}{1\,450\,000}} \times \overset{\checkmark}{\frac{100}{1}} = 51,0\%$$

(Note Shareholding increased by 1,7%; this is correct for 4 marks)

The family is now the majority shareholder. ✓

For 3 marks:

They owned less than half the shares in issue before the repurchase (1 mark) but now own more than half the shares in issue (1 mark). The family is now the majority shareholder (1 mark).

For 3 marks:

They owned 740 000 of 1,5m shares (1 mark) before the repurchase, and they owned 740 000 of 1,45m shares (1 mark) after the repurchase. The family is now the majority shareholder (1 mark).

5

TOTAL MARKS
75

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QUESTION 5

5.1 List FOUR items that should not have been placed in this Cash Budget.

Discount received ✓
Bad debts ✓
Cost of sales ✓
Depreciation ✓

-1 for each superfluous additional item if four marks are earned

4

5.2 CREDITORS' PAYMENT SCHEDULE

MONTH	CREDIT PURCHASES	OCTOBER	NOVEMBER	DECEMBER
August	64 000	9 600		
September	67 200	50 400	10 080	
October	74 000	7 030	55 500	✓✓ 11 100
November	68 000		6 460	✓✓ 51 000
December	70 000 ✓✓		If x 10% x 95%	✓✓ 6 650
operation one part correct		67 030	72 040	✓ 68 750

9

5.3 5.3.1 Calculate the total sales for September 2014.

$$\frac{40\,500 \checkmark \times 100}{15 \checkmark} = 270\,000 \checkmark \text{ operation one part correct}$$

3

5.3.2 Calculate the percentage increase in rent income in December 2014.

$$\frac{1\,000 \checkmark \times 100}{8\,000 \checkmark \times 1}$$

$$= 12,5\% \checkmark \text{ operation one part correct. accept 12,5}$$

3

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5.3.3 Calculate the salaries and wages amount for December 2014.

$$46\,000 \checkmark \times 108,5\% \checkmark = 49\,910 \checkmark \quad \text{operation one part correct}$$

OR

$$\begin{array}{rcl} 46\,000 & + & 3\,910 \\ 1 \text{ mark} & & 1 \text{ mark} \end{array} = 49\,910 \quad 1 \text{ method mark}$$

3

5.3.4 Calculate the rate of interest on the loan.

$$\frac{1\,125 \checkmark \times 100 \times 12 \checkmark}{150\,000 \checkmark} = 9\% \checkmark \quad \text{operation one part correct, accept 9}$$

$$\frac{150\,000}{1} \times \frac{\text{Rate}}{100} \times \frac{1}{12} = 1\,125 \quad \text{Rate} = 9\%$$

4

5.4 5.4.1 Calculate the period for which enough stock is on hand (in days) on 30 September 2014.

$$\frac{250\,000 \checkmark}{1\,228\,000 \checkmark} \times 365 \checkmark = 74,3 \text{ or } 74 \text{ days} \checkmark \quad \text{operation one part correct; accept 74,3 or 74}$$

Explain whether this is appropriate for the business. $\checkmark \checkmark$

Responses will depend on answer above

Must compare period above to shelf life (unless his answer above is less than 2 months)

Any valid comment, e.g.

- (Not appropriate) – period of stock on hand exceeds the shelf life.
- (Not appropriate) – it exceeds shelf life, the business will be left with stock that cannot be sold / will have to destroyed the stock.
- (Not appropriate) – loss of profits as stock has exceeded its shelf life.

For 1 mark:

- (Not appropriate) – 74,3 days is too high.
- (Not appropriate) – loss of profits due to old stock.
- (Not appropriate) – too much stock on hand.

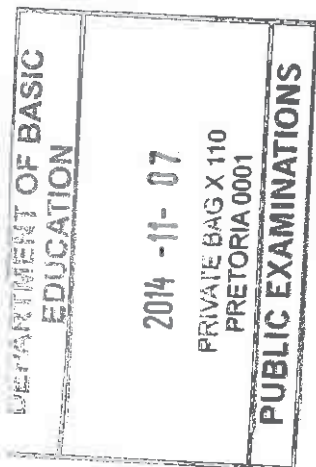
6

5.4.2 Calculate the mark-up percentage achieved for the year ended 30 September 2014.

$$\frac{552\,600 \text{ two marks} \quad 1\,780\,600 \checkmark - 1\,228\,000 \checkmark \times 100}{1\,228\,000 \checkmark \quad 1}$$

$$= 45\% \checkmark \quad \text{operation one part correct, accept 45}$$

4



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 DW
 gy
 Mont

5.4.3 Comment on whether or not the change in the mark-up percentage has benefited the business. Give a calculation(s) to support your opinion.

Answer for FOUR marks:

This resulted in a decrease in gross profit ✓.

GP for 2013 = R1 680 000 x 60/160 = R630 000 ✓✓

GP for 2014 = R1 780 600 – R1 228 000 = R552 600 ✓

OR

GP decreased (1 mark) by R77 400 (3 marks)

OR

GP decreased (1 mark) by 12,29% (3 marks) Accept 12,3%

Answer for ONE mark:

This resulted in an increase in sales

OR

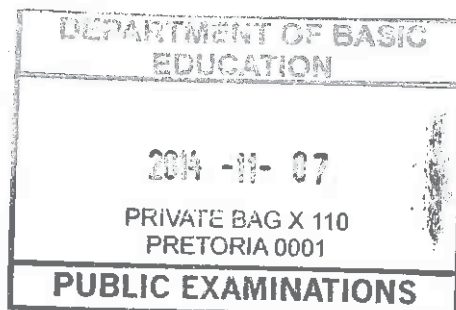
Increase in sales = R1 780 600 – R1 680 000 = R100 600

OR

Sales increased by 6%

4

TOTAL MARKS
40



h d
DW
gf
Mmt

QUESTION 6

6.1 BRIAN'S BRELLIES

6.1.1 Calculate the direct labour cost.

Normal time:	$1\ 920 \checkmark \times R95 \checkmark = 182\ 400 \times 3 \checkmark$	547 200	
Bonus:	$547\ 200 \times 12\%$ if 12% of figure above	65 664	<input checked="" type="checkbox"/>
	one part correct	612 864	<input checked="" type="checkbox"/>
	$3 \times (182\ 400 + 21\ 888) = 612\ 864$		
	1 mark 2 marks 1 mark 1 mark		

5

6.1.2 FACTORY OVERHEAD COST

Sundry factory expenses		30 975
Indirect material	$(52\ 200 \checkmark + 4\ 400 \checkmark - 3\ 600 \checkmark)$	53 000 <input checked="" type="checkbox"/>
Rent expense	$(117\ 000 \times \frac{5}{8})$	73 125 <input checked="" type="checkbox"/>
Insurance	$(16\ 640 \checkmark - 1\ 280 \checkmark) \times 75\% \checkmark$	11 520 <input checked="" type="checkbox"/>
Salary of factory foreman	$(97\ 150 \checkmark + 8\ 750 \checkmark + 900 \checkmark)$ 9 650: 2 marks	106 800 <input checked="" type="checkbox"/>
Water and electricity	$(20\ 010 \checkmark + 60 \checkmark \times 80 \checkmark)$ 33 350 $\times 80/100$	26 680 <input checked="" type="checkbox"/>
	*Cannot get full marks per line if answer is incorrect	
TOTAL	*operation (one part correct)	302 100 <input checked="" type="checkbox"/>

-1 for foreign items (advertising)

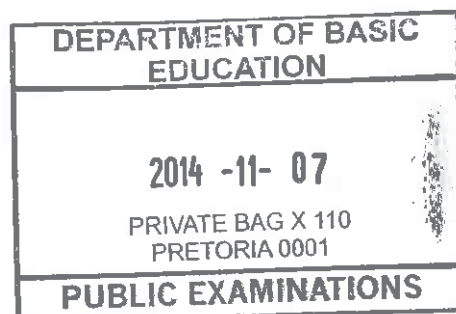
19

6.1.3 PRODUCTION COST STATEMENT FOR THE YEAR ENDED
31 JULY 2014

Direct material cost		623 700
# <input checked="" type="checkbox"/> Direct labour cost	see 6.1.1	612 864 <input checked="" type="checkbox"/>
Prime cost	operation	1 236 564 <input checked="" type="checkbox"/>
# <input checked="" type="checkbox"/> Factory overhead cost	see 6.1.2	302 100 <input checked="" type="checkbox"/>
Total production cost	operation	1 538 664 <input checked="" type="checkbox"/>
Work in process (1 August 2013)		37 600 <input checked="" type="checkbox"/>
		1 576 264
Work in process (31 July 2014)		(42 600) <input checked="" type="checkbox"/>
Cost of production of finished goods	operation (must be subtracted)	1 533 664 <input checked="" type="checkbox"/>

Mark awarded for placement & description

10



6.2 BEN'S CATERING

6.2.1 Identify ONE unit cost for doughnuts and TWO unit costs for pies that were major problems in 2014, considering that the inflation rate was 5%.

Identify cost ✓✓✓ Figures ✓✓✓
Trends not necessary

Problem ✓✓✓ Valid advice ✓✓✓

ONE unit cost for doughnuts (Quote figures.)	Problem and advice Both must be specific, not general FC & VC & general expenses
Variable costs now R5,00 / R4,30 → R5,00 (16,3%) OR Direct labour cost now R1,90 / R1,55 → R1,90 (+ 23%) OR Selling & distribution cost now R1,15 R0,70 → R1,15 (+ 64%) Do not accept Administration cost	Must mention either DLC or S&DC Possible cause of the problem: Workers are not operating efficiently/Wages increased/More overtime Advice: Assess the efficiency of workers/Offer incentives/Time and motion studies/Restrict overtime/Train workers to be more efficient/Improve supervision OR Possible cause of the problem: Salespersons not efficient/Transport costs increased/Bad debts/Theft of fuel/Increase in fuel prices Advice: Offer commission on sales/Look for cheaper forms of transport/Training/ Plan trips better
TWO unit costs for pies (Quote figures.)	Problem and advice Both must be specific, not general FC & VC
Direct material cost now R5,05 / R2,20 → R5,05 (+ 130%)	Must cover DMC Possible cause of the problem: Lack of expertise of workers/Poor quality raw materials/Increased raw materials cost/Theft of raw materials/Wastage Advice: Investigate causes of wastage/Look for a cheaper supplier/Better quality of raw material/Better training/Improve security
Factory overhead cost now R3,38 R2,50 → R3,38 (+ 35%) Do not accept Administration cost	Must cover FOHC Possible cause of the problem: Low production increased fixed cost per unit/Increase in certain costs, e.g. rent Advice: Increase units produced to reduce unit cost/Advertise the product better/Diversify the range/Economise on expenses, e.g. rent/water/ electricity

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6.2.2 Calculate the number of extra doughnuts he must produce and sell to make an additional profit of R15 000. Assume that the unit costs and selling price for 2014 remain unchanged.

If candidates use alternative methods, search for key figures to earn marks

15 000 ✓ / 3,00 ✓ ✓
= 5 000 extra units ✓
one part correct

OR
FC = 55 000 x R1,18
= R64 900 1 mark
To cover = R64 900 + 15 000
= R79 900 2 marks
Units needed = R79 900 / R3
= 26 633
BEP = 21 667
Extra needed = 4 966 1 mark
(difference due to rounding off)

OR

FC	Exis NP	Extra NP
64 900 + 100 100 + 15 000		
(R8 – R5)	R3,00	Contrib
		(2 marks)

= 60 000 to be made (1 mark)
– 55 000 currently made
= 5 000 units extra (1 method mark)

OR
Sales 55 000 x R8 = R440 000
COS 55 000 x R5 = R275 000
GP = R165 000
Target = **R180 000** (1 mark)
÷ Contribution **R3,00** (2 marks)
= 60 000 units
Making 55 000
Additional = 5 000 units (1 method mark)

4

6.2.3 Name the product which has been negatively affected by the new competitor.

Pies ✓

Comment on how this would have affected the net profit on this product.

- ✓✓ Sales & production decreased (44 000 → 35 000 units) / Ben has had to limit his price (to R12,50) / Reduction in price led to decrease in contribution (R6,15 → R4,20)
- ✓ Production is less than BEP
- ✓ This means that a loss will be made on the pies.

5

TOTAL MARKS
55

TOTAL: 300

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