

QUESTION 1**(10 Marks)**

Matching Columns (Write only the letter)

1.1	M ✓
1.2	D ✓
1.3	K ✓
1.4	A ✓
1.5	J ✓
1.6	N ✓
1.7	C ✓
1.8	H ✓
1.9	L ✓
1.10	F ✓

QUESTION 2**(30 Marks)**

2.1

WAGE ADVICE SLIP

Name: Thando Ntini	Week Ending: 7 November	Employee No.: 001	Tax Code: R102	Identity No.: 800322 4454 008 4
PAYMENTS			DEDUCTIONS	
Normal time				
Hours worked	Rate	Amount		Amount
*45 ✓	*R16 ✓	*720 ✓ ✓	PAYE	*56.00 ✓
Overtime			UIF	*7.20 ✓
Hours worked	Rate	Amount	Pension Fund	*50.00 ✓
*5 ✓	*R24 ✓	*120 ✓ ✓	TOTAL DEDUCTIONS	*113.20 ✓ ☑
GROSS WAGE		*840 ✓ ☑	NET WAGE	*726.80 ✓ ☑

(17)

2.2

DIAGLOGUE BETWEEN MEDHA AND THANDO

2.2.1

Thando	Why is my take home pay less than my actual weekly earnings?
Medha	Your take home pay is less than what you earned because certain amounts have been deducted for PAYE, UIF and pension. ✓ ✓ M.D

(2)

2.2.2

Thando	What does PAYE stand for, who gets the PAYE which is deducted from my wages and what do they use it for?
Medha	PAYE stands for -Pay as you earn✓ The money goes to SARS (South African Revenue Services) Tax/PAYE is used to run the country (pay salaries of government employees, build schools and hospitals, maintain roads etc)✓✓

(3)

2.2.3

Thando	What does UIF stand for and what benefit will it have for me?
Medha	UIF stands for Unemployment Insurance Fund✓ If you are retrenched, whilst looking for another job you can claim money from this fund based on your previous wage.✓✓

(3)

2.3

CALCULATION OF TOTAL COST OF REMUNERATION TO FIRM

Gross wages + UIF + pension fund = Cost to the business
R840.00✓ + R7.20✓ + R100✓ = R947.20✓☑

(5)

QUESTION 3

(55 Marks)

3.1

3.1.1	TRUE✓✓
3.1.2	FALSE✓✓
3.1.3	TRUE✓✓
3.1.4	TRUE✓✓
3.1.5	FALSE✓✓

(10)

3.2
3.2.1

Debtors Control

2017 October	1	Balance✓	b/d	19 460✓	2017 October	31	Bank and discount allowed	CRJ	68 440✓
	31	Sales	DJ	85 000✓			Debtors allowances✓	DAJ	8 575☑
		Bank r/d ✓	CPJ	1 500✓✓			Journal credits	GJ	700✓
		Petty Cash	PCJ	95✓			Balance	c/d	29 540☑
		Journal debits	GJ	1 200✓					
				<u>107 255</u>					<u>107 255</u>
2017 November	1	Balance	b/d	29 540✓☑					

(15)

3.2.2

Trading Stock

2017 October	1	Balance	b/d	18 200✓	2017 October	31	Cost of sales✓	CRJ	60 000✓
	31	Bank	CPJ	104 000✓☑			Cost of sales✓	DJ	68 000✓☑
		Creditors control	CJ	42 000✓			Creditors control✓	CAJ	800☑
		Cost of sales✓	DAJ	4 800☑			Balance	c/d	40 347
		Petty cash	PCJ	147✓					
				<u>169 147</u>					<u>167 147</u>
2017 November	1	Balance		40 347☑					

(15)

3.2.3

Creditors Control

2017 October	31	Bank and discount received	CPJ	60 250✓	2017 October	1	Balance✓	b/d	17 840✓✓
		Sundry returns	CAJ	5 780✓☑		31	Sundry expenses	CJ	65 000✓☑
		Journal debits	GJ	200✓☑			Journal credits	GJ	600✓☑
		Balance	c/d	17 210☑					
				<u>83 440</u>	2017 Nov				<u>83 440</u>
					2017 November	1	Balance	b/d	17 210✓☑

(15)

✓ - Both details and amount must be correct (whole line)

☑ - figure / calculation

QUESTION 4**(110 Marks)**

4.1.1

Income Statement for the year ended 28 February 2017	
Sales(470 800 – 1 900✓)	468 900✓
Cost of sales (233 250)	(233 250)✓
Gross profit	235 650☑
Other Operating Incomes	73 300☑
Rent income (56 000 + 6000✓✓)	62 000☑
Discount received	7 310✓
Trading stock surplus(119 580 – 123 570)	3 990✓✓
Gross Operating income	308 950☑
Operating Expenses	(159 735)☑
Utilities (35 020 + 2 480✓)	37 500☑
Discount allowed (5 200 – 20✓)	5 180☑
Advertising (11 700 + 1000✓)	12 700☑
Insurance	5 930✓
Stationery (4 370 – 220✓)	4 150☑
Packing material (7 620 – 1 510✓)	6 110☑
Bad debts (510 + 165✓)	675☑
Salaries and Wages (57 830+9 500✓+ 120✓+ 880✓+2500✓) or 13000 ✓✓✓✓ or 10500✓✓✓	70 830☑
Bank charges (2 340 + 170✓)	2 510☑
Depreciation (2 400✓✓+1 850✓✓+ 9 900✓✓)	14 150☑✓
Operating Profit for the year	149 215☑
Interest income (750 + 690✓✓)	1 440☑
Profit before interest expense	150 655
Interest expense (3 740 + 120 ✓+ 10 710✓✓)	(14 570)☑
Net income for the year	136 085☑

(50)

4.1.1

(a)

Fixed asset note	Land and buildings	Vehicles	Equipment
Carrying value at the beginning of the year	240 000	24 000	46 300✓
Cost	240 000	40 000	49 500✓
Accumulated depreciation	-	(16 000)✓	(3 200)
Movements			
Additions at cost	-	0	37 000✓
Disposal at carrying value		-	
Depreciation	0	(2 400)☒	(11 750)☒
Carrying value at the end of the year	240 000	21 600☒	71 550☒
Cost	240 000	40 000✓	86 500✓☒
Accumulated depreciation	0	(18 400)☒	(14 950)☒

(13)

4.1.2

(b)

Trade and other Receivables	
Trade debtors (3 180 – 220✓ + 280✓ + 20✓) or 300✓✓ or 165 + 55✓✓	3 260 ☒
Accrued income/income receivable	500✓
Prepaid expenses	6 000✓
	9 760☒

(7)

4.2

4.2.1

Provide the correct description

(a)	Income statement✓
(b)	Going concern✓
(c)	Finance cost✓
(d)	Historical cost✓
(e)	Balance sheet✓

(5)

4.2.2

Owners' Equity

Capital balance at beginning of year	300 000✓
Decrease in capital contribution	(20 000)✓
Net profit for the year	217 860✓
Drawings	(154 030)✓
Capital balance at end of the year	343 830☑

(5)

4.2.3

Balance Sheet as at 28 February 2017

Assets	
Non-Current Assets	391 820☑
Tangible Assets (220 000✓+90 000✓+76 500✓)	386 500☑
Financial Assets:	
Fixed Deposit (10 320 – 5000)	5 320☑
Current Assets	148 920
Inventories (129 630✓ + 3 420✓)	133 050☑
Trade and other receivables (3 180✓ + 2 190 ✓+ 3 000✓)	8 370☑
Cash and cash equivalents (5 000✓ + 1 500✓ + 1 000✓)	7 500☑
TOTAL ASSETS	540 740☑
Equity and liabilities	
Owners' Equity	343 830☑
Non-Current Liabilities	126 190
Mortgage Loan (156 190 – 30 000✓)	126 190☑
Current Liabilities	70 720☑
Trade and other payables (18 040 + 4 960✓ + 12 000✓)	35 000☑
Bank overdraft	5 720✓
Short Term Loan	30 000✓
TOTAL EQUITY AND LIABILITIES	540 740☑

(30)

QUESTION 5

(22 Marks)

5.1

5.1.1

Current Ratio

$$(12\ 000\checkmark + 26\ 000\checkmark) : (26\ 000\checkmark + 21\ 000\checkmark) \quad \text{or} \quad 38\ 000\checkmark\checkmark : 47\ 000\checkmark\checkmark$$
$$38\ 000 : 47\ 000 \qquad \qquad \qquad 0.8 : 1\checkmark$$
$$0,8 : 1\checkmark$$

(5)

5.1.2

Acid test Ratio

$$(38\ 000\checkmark - 12\ 000\checkmark) : 47\ 000\checkmark \qquad \qquad \qquad 26\ 000\checkmark\checkmark : 47\ 000\checkmark$$
$$26\ 000 : 47\ 000 \qquad \qquad \qquad 0.6 : 1\checkmark$$
$$0,6 : 1\checkmark$$

Accept 0.55 : 1

(4)

5.1.3

Solvency Ratio

$$(388\ 000\checkmark + 38\ 000\checkmark) : (60\ 000\checkmark + 47\ 000\checkmark)$$
$$426\ 000 : 107\ 000$$
$$4 : 1\checkmark$$

Accept calculations M.M

(5)

5.1.4

Operating Expenses on sales

$$\frac{116\ 670\checkmark}{930\ 000\checkmark} \times 100$$
$$12,5\%\checkmark$$

(3)

5.1.5

Return on Average Owner's Equity

$$\frac{244\,155 \checkmark}{(319\,000 \checkmark + 295\,000 \checkmark) \div 2 \checkmark} \times 100$$

$$\frac{244\,155}{307\,000} \times 100$$

79,5%

(5)

QUESTION 6**(11 Marks)**

6.1

The owner of Sunny Sky Traders is **concerned** about the liquidity position of the business. Quote **TWO** relevant financial indicators with figures to support his concern.

Relevant indicator Figures with trends

Current ratio decreased from 1,2 : 1 to 0,86 : 1

Acid test ration decreased from 0,4 : 1 to 0,3: 1

(6)

6.2

The manager is **satisfied** with solvency position of the business. Explain by quoting relevant financial indicators with figures to support this.

Relevant indicator Figures with trends

Explanation beyond trends

The business total assets exceeds total liabilities, the business is solvent
Increased 2017 by 0.8

(5)

QUESTION 7**(50 Marks)**

7.1

	OCTOBER	NOVEMBER
CASH RECEIPTS		
Sales (R8 per item)	9 600	10 240
Interest on savings account	36✓✓	60✓✓
Total receipts	9 636	10 300

CASH PAYMENTS		
Purchases (R3,20 per item)	3 600	3 840
Petrol costs	211	175
Wages	640✓✓	640✓✓
Purchase of equipment		1 000✓✓
Rent	400✓✓	200✓✓
Cell-phone	220✓	210✓
Donation to Hillcrest High School Interact	600✓✓	
Drawings	1500✓	2 360✓
Bank charges	65✓	65✓
Total payments	7 236	9 130

Cash surplus for the month	2 400 ☑	1 170 ☑
Savings account balance at beginning of month	3 600	6 000 ☑ <small>Must be same figure as balance at the end of the month</small>
Savings account balance at end of month	6 000 ☑✓	7 170

7.2

7.2.1

Number of pancakes he plans to sell in October:

$$\frac{9\ 600\text{ü}}{8\text{ü}} = 1\ 200\checkmark\checkmark \text{ pancakes}$$

(4)

7.2.2

Percentage profit mark-up **(VARIOUS METHODS AND FIGURES – MD)**

$$8.00\checkmark - 3.20\checkmark = 4.80\checkmark$$

$$\text{or } 4.80\checkmark\checkmark \div 3.20\checkmark\checkmark \times 100 \div 1 = 150\%\checkmark\checkmark$$

$$\frac{4.80}{3.20\checkmark} \times \frac{100}{1}$$

OR

$$10240\checkmark\checkmark - 3840\checkmark\checkmark = 6400 \div 3840 = 166.66\%\checkmark\checkmark$$

$$150\%\checkmark\checkmark$$

(6)

7.2.3

Will he be able to save R8 000 by the end of November? If not, quote an amount from the cash budget to justify your answer.

NO✓

According to the cash budget the balance at the end of November is only R7170✓✓

(3)

7.2.4

Do you think that it is a good idea for him to buy new equipment? Motivate your answer by mentioning 2 facts.

NO/ YES✓

The purchase of additional equipment did not increase his sales by much (R9 600 to R10 214)✓✓

By buying the new equipment during November he is not able to meet his savings target

He will not be selling any items during December so the equipment is a waste

✓✓

MD.

(5)

7.2.5

Can he justify his drawings amounts for October and November? Mention two facts in your argument.

NO/YES✓

His drawings are a bit excessive

He is planning to save and yet he is drawing so much money

He is not able to meet his savings target by taking out so much money every month

He only pays his assistants R640 per month yet he is taking out so much money

✓✓✓✓

MD

(5)

QUESTION 8

(12 Marks)

Calculate the missing figures denoted by letter A - L??

No.	COST PRICE	% MARK UP	SELLING PRICE VAT EXCLUSIVE	VAT AMOUNT	SELLING PRICE VAT INCLUSIVE
8.1	A 800✓	25%	1000	B140✓	C1 140✓
8.2	R200	50%	D300✓	E42✓	F342✓
8.3	R900	G33.33%✓	R1 200	H168✓	I1 368✓
8.4	R1 000	K40%✓	J1 400✓	L196✓	R1 596