



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 10 pages, an Information Booklet of 8 pages (i–viii) 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: Manufacturing (22 minutes)	37			
Question 2: Company Financial Statements (39 minutes)	64			
Question 3: Cash Flow Statements (37 minutes)	62			
Question 4: Inventory (22 minutes)	37			
TOTAL	200			Checker

QUESTION 1 MANUFACTURING

(37 marks; 22 minutes)

Refer to the Information Booklet for information relating to File Fanatics.

1.1 Complete the raw materials note as it would have appeared on 31 December 2017:

	DO NOT TOTAL

(8)

1.2 Complete the direct labour note as it would have appeared on 31 December 2017:

	DO NOT TOTAL

(7)

1.3 Complete the factory overheads note as it would have appeared on 31 December 2017:

Depreciation on factory machinery	15 930
	DO NOT TOTAL

(20)

1.4 The bookkeeper has incorrectly allocated the bad debts figure of R36 750. Into which note should bad debts have been recorded? Justify your answer by providing a reason.

NOTE	
REASON	

(2)

37

QUESTION 2 COMPANY FINANCIAL STATEMENTS (64 marks; 39 minutes)

Refer to the Information Booklet for information relating to ITSIE LIMITED.

ALL WORKING DETAILS NEED TO BE SHOWN AS PART MARKS WILL BE ALLOCATED TO THEM.

- 2.1 Complete the Statement of Comprehensive Income (Income Statement) for the year ending 30 June 2017:

ITSIE LIMITED
Statement of Comprehensive Income for the year ending 30 June 2017

	30 June 2017	30 June 2016
	R	R
Net Sales ()		DO NOT CALCULATE
Less: Cost of Sales		DO NOT CALCULATE
Gross profit	1 406 250	DO NOT CALCULATE
Other Operating Income	DO NOT CALCULATE	DO NOT CALCULATE
Rent income		600 000
Discount received	9 600	
Fee income	223 000	
Gross income for the year	DO NOT CALCULATE	
Operating expenses		
Advertising (37 100		
Audit fees	90 000	
Bank charges	11 400	
Debtors' allowances (80 400		
Delivery expenses	145 000	
Discount allowed	29 350	
Lease on vehicle	161 000	
Salaries and wages	505 200	
Directors' fees		
Operating profit for the year	DO NOT CALCULATE	
Interest income	12 625	
Profit before interest expense	DO NOT CALCULATE	
Interest expense (33 000		
Profit before taxation	507 600	
Taxation for the year		
Net profit after taxation		

(41)

2.2 Complete the Retained income note as it would have appeared in the notes to the Financial Statements as at 30 June 2017:

ITSIE LIMITED
Notes to the Financial Statements as at 30 June 2017

	30 June 2017
	R
RETAINED INCOME	
Balance as at 1 July 2016	
Dividends for the year	
Interim paid	
Final declared	
Balance as at 30 June 2017	

(17)

2.3 Complete the Current Assets section in the Statement of Financial Position (Balance Sheet) as at 30 June 2017:

ITSIE LIMITED
Statement of Financial Position as at 30 June 2017

	30 June 2017	30 June 2016
	R	R
CURRENT ASSETS		
Inventories		437 000
Trade and other receivables		
Cash and cash equivalents	152 000	

(6)

QUESTION 3 CASH FLOW STATEMENTS

(62 marks; 37 minutes)

Refer to the Information Booklet for information relating to **INGIVELA LIMITED**.

ALL WORKING DETAILS NEED TO BE SHOWN AS PART MARKS WILL BE ALLOCATED TO THEM.

3.1 Complete the Tangible Asset note as it would have appeared in the Statement of Financial Position as at 31 December 2017:

NOTE 3: TANGIBLE ASSETS

	Plant and Property	Vehicles	Machinery
Carrying value on 1 January 2017	3 000 000	700 000	645 000
Cost	3 000 000	1 750 000	1 350 000
Accumulated depreciation	–	(1 050 000)	(705 000)
MOVEMENTS			
Additions	?	450 000	225 000
Disposals	–	0	?
Depreciation	–	(220 000)	?
Carrying value on 31 December 2017	5 850 000	930 000	DO NOT CALCULATE
Cost	5 850 000	2 200 000	1 395 000
Accumulated depreciation	–	(1 270 000)	?

Calculation for depreciation
Calculation for asset disposal

(18)

3.2 Calculate the **Cash generated from operations** as it would appear in the reconciliation of profit before taxation and cash generated from operations on 31 December 2017.

(12)

3.3 Complete the Cash Flow Statement of INGIVELA LIMITED for the year ended 31 December 2017. **Show all working detail in brackets.**

INGIVELA LIMITED
Cash Flow Statement for the year ended 31 December 2017

Cash flows from operating activities	DO NOT CALCULATE
Cash generated from operations	
Interest paid	
Dividends paid (
Taxation paid (
Cash flows from investing activities	DO NOT CALCULATE
Purchase of non-current assets	
Proceeds from the sale of non-current assets	
Cash flows from financing activities	DO NOT CALCULATE
Proceeds of share capital	
Repurchase of shares	
Proceeds of new loans	
Repayment of capital portion of loan	
Net change in cash and cash equivalents	
Cash and cash equivalents at the beginning of the year	
Cash and cash equivalents at the end of the year	

(32)

QUESTION 4 INVENTORY

(37 marks; 22 minutes)

Refer to the Information Booklet for information relating to Rhodes Cricket Supplies.

4.1 Provide one advantage of both the Periodic and Perpetual Inventory systems.

Advantage of the Periodic Inventory system:
Advantage of the Perpetual Inventory system:

(2)

4.2 A number of cricket bats were stolen during a robbery that took place in November 2017. No entry has been made to account for this theft. Calculate the number of cricket bats stolen.

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(5)

4.3 Calculate the value of the closing stock of cricket bats.

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(6)

- 4.4 By calculating how long the **closing stock** will last (stock holding period) determine **on what** date the owner has to place his next order for cricket bats so as not to run out. The supplier takes 14 days to deliver after the order has been placed.

Calculation of stock holding period:
The date the order needs to be placed:

(9)

- 4.5 Calculate the cost of sales for the cricket bags sold.

(7)

- 4.6 Clive Rhodes, the owner, is concerned that the business is not achieving their intended mark-up on the sale of cricket bags. The business aims to achieve a mark-up of 60% at all times. Calculate the mark-up percentage achieved on the sale of cricket bags.

(4)

4.7 Provide two reasons why the business has not achieved their intended mark-up on the sale of cricket bags.

Reason 1:
Reason 2:

(4)

37

Total: 200 marks