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NATIONAL SENIOR CERTIFICATE EXAMINATION
MAY 2023

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 13 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's signature	Moderator's Signature
Question 1: Asset Management	22			
1A Inventories (13 minutes)	11			
1B VAT (7 minutes)				
1C Fixed Assets (12 minutes)	20			
Question 2: Company Financial Statements (40 minutes)	68			
Question 3: Cash Flow Statement (27 minutes)	44			
Question 4: Manufacturing (21 minutes)	35			
TOTAL	200			

QUESTION 1 ASSET MANAGEMENT & VAT

(53 marks, 32 minutes)

Refer to the information relating to Patel's Pies.

QUESTION 1A INVENTORY SYSTEMS

(22 marks, 13 minutes)

1.1 Calculate the rand value of the closing stock for the year ended 30 September 2022.

Number of units on hand
Rand value

(7)

1.2 Determine the actual mark-up on cost that was achieved.

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(4)

1.3 The owner has established that 1 000 pies were thrown away during the year as they went stale. The only way she can determine the rand value of the loss is by using the weighted average method. Using the weighted average method, calculate the rand value of the loss.

Weighted average calculation
Rand value of the loss

(6)

1.4 1.4.1 The owner, Shreya, decided to reduce the closing stock levels. Determine the percentage by which she reduced the number of units on hand.

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(3)

1.4.2 Give two probable reasons why she chose to reduce the stock levels.

1. _____

2. _____

(2)

QUESTION 1B VAT

(11 marks, 7 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 (VAT)
1			
2			
3			
4			

(11)

QUESTION 1C FIXED ASSETS

(20 marks, 12 minutes)

1.6 Complete the extracted fixed/tangible asset note for the year ended 30 September 2022.

	Equipment
Carrying value at the beginning of the year	
Cost price	1 740 000
Accumulated depreciation	(651 000)
<i>Movement</i>	Do not calculate
Additions	
Disposals	
Depreciation	
Carrying value at the end of the year	Do not calculate
Cost price	1 780 000
Accumulated depreciation (651 000)	

(10)

Calculations:

Depreciation on equipment that was destroyed (2)
Depreciation on remaining equipment (3)
Calculation of cost price of new equipment (3)
Depreciation on new equipment (2)

(10)

22	+	11	+	20	=	53
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QUESTION 2 COMPANY FINANCIAL STATEMENTS (68 marks; 40 minutes)

Refer to the information relating to Lamola 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.

Average share price	Rent income
Trading stock deficit	
Interest on loan	

- 2.1 Complete the statement of comprehensive income (income statement) of Lamola Limited for the year ending 28 February 2022.

Sales (16 258 500 – 82 580)	
Cost of sales (8 140 250)	
Gross profit	
Operating incomes	Do not calculate
Rent income (137 400)	
Discount received	48 500
Sundry income	383 510
Operating expenses	Do not calculate
Insurance (88 500)	
Directors' fees (360 000)	
Stationery (36 400)	
Salaries & wages	Do not calculate
Medical aid contributions	Do not calculate
Bad debts	58 500
Discount allowed	32 000
Depreciation	168 000
Auditor's fees	29 500
Sundry expenses	312 000
Operating profit	Do not calculate
Interest income	49 300
Interest expense	
Net profit before taxation	4 394 000
Taxation for the year	
Net profit after taxation	3 075 800

(34)

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 (5 126 400	
Less: Provision for bad debts (96 000	
	Do not calculate

(9)

2.2.2 Ordinary share capital

Authorised share capital	
5 000 000 ordinary shares	
Issued share capital	
ordinary shares on 1 March 2021	23 800 000
700 000 shares issued at	
(100 000) shares repurchased at	
ordinary shares on 28 February 2022	Do not calculate

(7)

2.2.3 Accumulated profits/Retained income

Balance on 1 March 2021	6 580 000
Net profit tax	
*	
Ordinary share dividends	
Paid	
Recommended	
Balance on 28 February 2022	Do not calculate

(7)

2.2.4 Trade and other payables

Trade creditors (9 659 000)	
	Do not calculate

(11)

68

QUESTION 3 CASH FLOW STATEMENTS

(44 marks, 27 minutes)

Refer to the information relating to Makatu Machines Ltd.

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.

Dividends paid	Fixed assets purchased
Interest paid	
Taxation paid	

Refer to the information relating to Makatu Machines 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	
Profit on sale of asset	(12 000)
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	

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

(9)

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

Interest on loan (4)
Changes in trade & other receivables (2)
Changes in inventories (6)

(12)

3.2 Complete the cash flow statement for the year ended 28 February 2022.

Cash flow from operating activities	Note	Do not calculate
Cash generated from operations	1	
Dividends paid		
Interest paid		
Taxation paid		
Cash flow from investing activities		Do not calculate
Fixed assets purchased		
Proceeds from the sale of fixed assets		
Cash flow from financing activities		Do not calculate
Proceeds from the sale of shares		812 000
Repayment of loan		
Cash movement for the year		(835 800)
Cash balances on 1 March 2021		324 000
Cash balances on 28 February 2022		(511 800)

(23)

QUESTION 4 MANUFACTURING

(35 marks, 21 minutes)

Refer to the information relating to Roxy's Racing.

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

4.1.1 Direct (raw) materials

Opening balance	670 000
Closing balance	
Raw materials used in the production process	

(8)

4.1.2 Factory overheads

Indirect materials	
Indirect labour	
Rent expense	
Water & electricity	
Insurance	
Depreciation	
Wi-Fi	

(15)

4.2 Calculate the total production cost for the year ended 28 February 2022.

(7)

4.3 Calculate the rand value of the finished goods on 28 February 2022.

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(5)

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.

Indirect labour	Insurance
Direct labour	
Rent expense	

35

Total: 200 marks