



Western Cape
Government

CURRICULUM FET ACCOUNTING

TUTOR MATERIALS MARKING GUIDELINES TERM THREE 2025



BACK ON TRACK PROGRAMME GRADE 12



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Government

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TOPIC 1: FIXED ASSETS

SESSION 1

MARKING GUIDELINE: BASELINE ACTIVITY

NOTES TO THE STATEMENT OF FINANCIAL POSITION

Fixed/Tangible Assets

	Land and buildings	Vehicles	Equipment
Carrying value at beginning of financial year	12 500 000	275 000	280 500
Cost	12 500 000	750 000	398 000
Accumulated depreciation	-	(475 000)	(117 500)
<u>Movements</u>			
Additions at cost	-	627 000	-
Disposals at carrying value	-	-	(6 500)
Depreciation	-	(156 799)	(94 250)
Carrying value at end of financial year	12 500 000		
Cost	12 500 000	1 377 000	370 000
Accumulated depreciation	-	(631 799)	(190 250)

MARKING GUIDELINE: ACTIVITY 1

Calculate the total depreciation for the year.	
WORKINGS	ANSWER
Vehicles (170 000 x 20% x 9/12) One mark Sold: 25 500 ✓ (800 000 – 415 000 – 170 000) two marks Old: 215 000 ✓✓ x 20/100 = 43 000 ☑ One part correct Equipment 860 000 Two marks One mark Old: [(910 000 – 50 000) – 782 000] – 1 78 000 ✓✓ -1 ✓ = 77 999 three marks New: 50 000 x 15/100 x 4/12 = 2 500 ✓☑ One part correct OR 25 500 + 43 000 + 77 999 + 2 500 =	148 999 ☑ operation one part correct (%s are not considered for one part correct)

MARKING GUIDELINE: ACTIVITY 2

Calculate the missing amounts (indicated by a, b, c and d) in the fixed/tangible asset note for the year ended 31 March 2025.

*one part correct

	Workings	Amount	
a	2 900 000 – 2 250 000	650 000	✓✓
b	500 000 x 20%	100 000	✓✓
c	500 000 ✓ – 100 000 see (b) ☒ – 318 000 ✓ OR 150 000 one mark – 68 000 two marks	82 000	☒ *
d	157 500 ✓ + 48 000 ✓ – 55 500 ✓ OR 258 000 one mark – 108 000 two marks	150 000	☒ *

MARKING GUIDELINE: ACTIVITY 3

3.1

Calculate the total depreciation for vehicles for the year.

Calculation	Answer
Suzuki $120\,000 \times 20/100 = 24\,000$ but only R15 999	
Renault $360\,000 \times 20/100 = 72\,000$	
Nissan R84 000	171 999

3.2

Calculate the date of purchase of the Nissan vehicle.

Calculation	Answer
$63\,000 / 84\,000 \times 12 = 9$ $84\,000 \times 20/100 \times 9/12 = 63\,000$ (9 months) $420\,000 \times 20/100 = 84\,000$ (12 months) 21 months ago	30 June 2023 OR 1 July 2023

3.3

ASSET DISPOSAL

2024 Sep	30	Equipment	36 000	2024 Sep	30	Accumulated depreciation on equipment (11 520 + 2 448)	13 968
						Bank	3 000
						Loss on asset disposal	19 032
			36 000				36 000

3.4

Why do you disagree with the action taken by director J. Paton to buy the laptop without permission? Give TWO reasons to support your answer. Refer to A (ii).

Any TWO reasons

- It is unethical to do it.
- Must asked the permission from the board of directors.
- Must buy it at a market related price of R22 000.
- Deduct the difference from her directors' fee.
- Open a case against her.

3.5.1

Which GAAP principle is relevant?

Historical cost principle

3.5.2 As an independent auditor, what advice would you give? Provide TWO points.

TWO valid point

- GAAP prescribes the historical (original) cost principle when recording assets and only recognising profits and/or losses on disposal (i.e. prudence).
- IFRS provides for revaluation (fair value) provided that this estimate can be measured reliably (evidence).
- Essentially, financial statements must not be overstated to create a false impression on profitability.
- There could be tax implications.

3.6 How are you going to verify that all assets are recorded in the fixed asset register?

- Do a physical stocktaking of assets.

MARKING GUIDELINE: INFORMAL ASSESSMENT

1. List THREE points for good internal control over movable fixed assets.

Any THREE valid points ✓✓✓

- Maintain an updated fixed asset register / depreciation / carrying value / condition.
- Regular physical inspection / count the items / identification tags (barcodes)
- Service and maintenance plans and ensure that this is done regularly.
- Insurance plan to cover loss / damage / accidents.
- Keep a logbook and mileage / install tracking devices.
- Note drivers / users in a register / authorisation for use / record of time in/out.
- Only trained personnel to use technical equipment.
- Cameras to monitor use of equipment.
- Secure premises for storage / locked garage / alarm system in premises

3

2.

Calculate: Cost of land and buildings purchased on 31 August 2024	
WORKINGS	ANSWER
$6\,250\,000 - 5\,500\,000$ $R750\,000 \checkmark\checkmark - 60\,000 \checkmark$	690 000 ✓

4

3.

Calculate: Depreciation on vehicle for year ended 28 February 2025	
WORKINGS	ANSWER
$R480\,000 \times 25\% = R120\,000$ but carrying value is R30 000 Maximum permitted: R30 000 ✓	$R30\,000 - R1$ $R29\,999 \checkmark\checkmark$

3

4.

Calculate: Loss on photocopy machine traded in on 30 November 2024	
WORKINGS	ANSWER
$320\,000 \checkmark - (96\,000 \checkmark + 50\,400 \checkmark\checkmark) - 88\,000 \checkmark$	85 600 ☑

Calculate: Depreciation on the new photocopy machine and on the remaining old equipment for the year ended 28 February 2025	
WORKINGS	ANSWER
Depreciation on the new photocopy machine: $R410\,000 \times 30\% \times 3/12$	$R30\,750 \checkmark\checkmark$

6

2

Depreciation on the remaining old equipment:

$$(2\,100\,000 - 320\,000) = 1\,780\,000 \checkmark \checkmark$$

$$(1\,440\,000 - 96\,000) = (1\,344\,000) \checkmark \checkmark$$

R130 800 ☒

5

5. The CEO feels that the land and buildings are worth at least R10 000 000 and wants to adjust the figure in the Statement of Financial Position (Balance Sheet) accordingly. Explain why the auditor does NOT agree.

Any valid reason ✓✓

- Historical cost rule: should be shown at their original cost price / Prudence: to be conservative in reflecting assets on financial statements.
- Profit can be recognised / realised on disposal.
- Unethical to manipulate figures in the financial statements.
- CEO's opinion does not seem to be based on clear evidence; needs evaluation/appraiser.

2

**TOPIC 2: INVENTORY****SESSION 2****MARKING GUIDELINE: BASELINE ASSESSMENT**

1.	Weighted average
2.	FIFO
3.	Specific identification
4.	Perpetual system

MARKING GUIDELINE: ACTIVITY 1

1. Calculate the value of the closing stock on 30 March 2025 using the first-in-first-out (FIFO) method.

$$\begin{aligned}
 (450 - 25) \quad 425 \times 3\,040 \text{ or } 1\,368\,000 - 76\,000 &= 1\,292\,000 \\
 (496 - 425) \quad 71 \times 2\,930 &= 208\,030 \\
 &= 1\,500\,030
 \end{aligned}$$

2. Lwethu suspects that laptops have been stolen. Provide a calculation to support his concern.

$$(3\ 155 - 25)$$

$$420 + 3\ 130 - 3\ 050 - 496 = 4 \text{ units}$$

3. Lwethu is concerned about the volume of stock on hand. Calculate for how long his closing stock is expected to last.

$$\frac{1\ 500\ 030}{913\ 500 + 8\ 384\ 850 - 1\ 500\ 030} \times 365 \text{ (or 12)}$$

$$(8\ 460\ 850 - 76\ 000)$$

$$= 70,2 \text{ days}$$

OR: IF UNITS ARE USED:

$$\frac{496}{3\ 050} \times 12 = 1,95 \text{ months} \quad \text{OR} \quad \frac{496}{3\ 050} \times 365 = 59,4 \text{ days}$$

State ONE problem with keeping too much stock on hand.

- Can become obsolete and therefore useless to customers.
- Staff may see less movement in stock and decide to steal.
- Cost of storage / lack of storage space.

ONE problem with keeping insufficient stock on hand.

- Will not meet the needs of consumers – they may go elsewhere to buy.
- Loss of income from sales

MARKING GUIDELINE ACTIVITY 2

LOTUS ACCESSORIES

1.

Calculate: Value of closing stock for gas lamps (according to FIFO)	
Workings	Answer
$(220 - 40)$ $(180 \checkmark \checkmark \times R80 \checkmark) + (90 \checkmark \times R75 \checkmark)$ R14 400 three marks if it adds up to 270 R 6 750 two marks	R21 150 ☒ * One part correct
Calculated: The stockholding period in days for gas lamps (use closing stock).	
Workings	Answer
Use totals: $12\ 650 \checkmark + 193\ 500 \checkmark - 3\ 200 \checkmark - 21\ 150 \checkmark$ $181\ 800 \quad (40 \times 80)$ OR: Use units: $\frac{270}{2\ 180} \times 365$ one mark four marks OR: $\frac{270}{(230 + 2\ 750 - 40 - 270)} \times 365$ Of 2 940 – 270 2 670 OR: $\frac{270}{(230 + 2\ 770 - 40 - 270)} \times 365$ of 2 960 – 270 2 690	42,5 days ☒ * Must x by 365 one part correct accept 42 43 dae OR 45,2 dae Accept 45 days OR 36,9 days Accept 37 days OR 36,6 days Accept 37 days

2.

**Alex suspects that the gas lamp supply is not well controlled.
Calculate the number of gas lamps missing.**

Workings	Answer
One mark in total $230 + 2\,750 - 40$ $2\,940 \checkmark - 2\,180 \checkmark - 270 \checkmark$ One mark in total $230 + 2\,770 - 40$ $2\,960 - 2\,180 \quad - 270$	490 ☒ One part correct OR 510

3.

**What should Alex say to his brother when dealing with this matter?
Provide TWO points.**

- His actions are unethical/illegal/theft; impairs profitability of enterprise;
- Tell him he can be dismissed/disciplinary action
- He must compensate his brother for the loss
- It is conflict of interest/benefits because he is family/enriched himself at the expense of the enterprise and must put a stop to it
- He should not expect special treatment and is subject to the rules and procedures of the company.
- All stock movements must be recorded/declared
- Output VAT not paid over to SARS (which is a criminal offence)

MARKING GUIDELINE: ACTIVITY 3

- 1. Calculate the total value of the opening stock (A).**

$$600 \times R85 = R51\,000$$

- 2. Calculate the value of the tiles received on the 25th of March 2025 (B).**

$$960 \times R120 + R5\,760 = R120\,960$$

- 3. Calculate the value of the closing stock using weighted-Average method.**

$$\frac{51\,000 + 335\,160 - 9\,500}{3\,660} \times 1\,150 = 118\,350$$

- 4. Calculate the gross profit.**

$$401\,600 - (376\,660 - 118\,350) = 143\,290$$

- 5. Provide a calculation to prove that this business has good control over their stock.**

$$600 + 3\,160 - 100 - 2\,510 = 1\,150 \text{ which is the closing stock. Nothing missing.}$$

MARKING GUIDELINE ACTIVITY 4 :
RATO COOK WARE

1.	Calculate the value of the closing stock on 28 February 2025.	
	WORKINGS	ANSWER
	1 936 000 two marks 224 000 ✓ + 1 712 000 ✓ x 980 5 500 ✓ (800 + 4 700) one mark 352 x 980	R344 960☒ One part correct & if x 980

2. **Lerato is unsure of how long it will take to sell the closing-stock pots.**

Provide a calculation to dispel her concern.	
WORKINGS	ANSWER
Sien 1. hierbo <u>344 960</u> ☒ x 365 1 591 040✓ OF eenhede <u>980</u> een punt x 365 4 270 een punt	79,1 dae ☒ 2,6 maande OF 83,8 dae 2.8 maande een deel korrek. As x 365 of 12
Explain whether the period calculated is acceptable, or not. Possible answers for "period is Acceptable": Pots are durable items and can be sold in the near future / have a long shelf life/ there is always a need (demand). Possible answers for "period NOT Acceptable": Consumer tastes or preferences may change/possibility by a later model to be replaced, improved products/risk of theft or damage (should be deprecated)/ take up storage space.	

3.	Calculate the number of missing pots.	
	WORKINGS	ANSWER
	(800 +4 700) one mark 5 500 ☒ – 4 270✓ – 980 ✓ See 1.	250 ☒ One part correct

MARKING GUIDELINE: ACTIVITY 5

1. Value of closing stock

$$1 \times 6\,500 (35 - 22) \times R7\,200$$

$$6\,500 + 93\,600 = 100\,100$$

2. Cost of sales

$$\begin{array}{lcl} & (108\,000 + 86\,400 + 57\,600) & \\ 78\,000 + 252\,000 - 100\,100 & \text{OR} & 11 \times 6\,500 = 71\,500 \\ = 229\,900 & & 22 \times 7\,200 = 158\,400 \\ & & = 229\,900 \end{array}$$

3. Gross profit and % gross profit achieved.

$$313\,500 - 229\,900 = 83\,600$$

$$83\,600 / 229\,900 \times 100 = 36,4\%$$

4. Average stock-holding period (in days)

$$\frac{\frac{1}{2} (78\,000 + 100\,100)}{229\,900} \times 365 = 141,4 \text{ days}$$

ANSWER SHEET ACTIVITY 6

MOUNTAIN BIKES

1. Calculate the value of the end stock on 28 February 2025 by using the specific identification method.

MODEL	WORKINGS	AMOUNT
KING		R666 000
PALO	$(62 + 250 - 2)$ 310 one mark – 245 one mark 65 ✓✓ x R5 200 ✓	R338 000 ✓ One part correct*
GAMA	$(9\ 600 \times 100/160)$ two marks 18 ✓ x R6 000 ✓✓	R108 000 ✓ One part correct*
	TOTAL	R1 112 000 ✓ One part correct

2. Explain TWO different examples of how the division of duties could prevent an incident such as this from occurring again in the future.

EXAMPLE 1	Assign each of the following tasks to different employees: where one person serves as a control for the other: - Order and receive of stock - Distribution to sales and recording of sales - Follow up documentation and authorization.
EXAMPLE 2	- Complete and inspect physical inventory surveys and reconcile with inventory records; - Must inspect all physical inventory leaving the site with documentation (order forms, receipts and delivery notes) - Control access to storerooms/storage facilities.

3. Provide TWO points that show that Milo and his customers are happy with the quality of the Gama Bikes. Quote figures.

POINT 1	<u>No (0) returns to provider</u> (54 from King; 2 from Palo) is a good quality indicator <u>Higher profit margin (60%)</u> doesn't deter customers/willing to pay higher prices/resonates with select market (other products use 50% markup)
POINT 2	<u>Highest sales revenue of</u> R2 323 000 (R1 911 000 for Palo; R1 930 500 for King/ R412 000 more than Palo; R392 5000 more than King) <u>Lowest lock stock value</u> ; R108 000 (see 1.) and/or 18 units on hand (or 7% of available stock)/ 242 or 260 units sold (or 93% of available stock) <u>High turnover rate</u> (13 times/27 days) will prevent inventory from excessing/damaged/stolen/taken over by new models on the market/ cash not locked in stock

MARKING GUIDELINE: INFORMAL ASSESSMENT

1.

1.1	First-In-First-Out ✓ (FIFO)
1.2	Perpetual ✓
1.3	Specific Identification ✓ (SIM)

3

2.1 Calculate the following for the financial year ending 28 February 2025:

Value of closing stock (use the weighted average)	
WORKINGS	ANSWER
$\frac{71,040 \checkmark + 362\,500 \checkmark - 6\,150 \checkmark + 20\,960 \checkmark \times 360}{(480 + 2,000 - 30) \checkmark \checkmark}$	65,880 ☒
Number of units missing	
WORKINGS	ANSWER
$2,450 \checkmark - 2,050 \checkmark - 360 \checkmark$	40 units ☒

7

4

2.2 The average stock holding period is 73,7 days. Explain whether Lyon should be concerned about this. Provide ONE point.

Any ONE internal control measure ✓
Be aware of valid answers for or against.

Options for not concerned:

Durable product / can be sold easily in the future / has a long shelf life / always in demand for certain customers / does not use a lot of storage space.

Options for concerned:

Cash is locked up in inventory / uses up valuable storage space that could be used for other inventory items / slow sales means slow inflow of cash / the items may be less popular in the future.

1



TOPIC 3: BUDGETING

SESSION 3

MARKING GUIDELINE: BASELINE ACTIVITY

NO	ANSWER
1.	F
2.	C
3.	G
4.	A
5.	E
6.	B
7.	D

MARKING GUIDELINE: ACTIVITY 1

1. **State ONE difference between a Projected Statement of Comprehensive Income (Income Statement) and a Cash Budget.**
 - The Projected Income Statement focuses on predicting net profit or loss. / Focus on income/expenses
 - The Cash Budget focuses on the expected balance in the Bank account. / Focus on receipts/payments

2. **Provide TWO possible reasons why Sparky does not allow credit to customers and indicate whether this is a good decision or not.**
 - The main source of income is Service Fee Income which cannot easily be retrieved if the debtor does not pay regularly.
 - Sparky must pay cash for consumables and bodywork parts needed, therefore cannot finance credit to customers.
 - Extra administration
 - Possibility of bad debts

- 3.1 **Calculate the markup percentage maintained for the sale of spare parts.**

$34\,350 / 45\,800 \times 100 = 75\%$

OR

$50\,625 / 67\,500 \times 100 = 75\%$

3.2

Calculate the percentage decrease in service fee income expected in September 2024.

$$\frac{(224\,000 - 203\,840)}{224\,000} \times 100 = 9\%$$

3.3

The additional space (in square metres) that the business plans to rent from September 2024.

$$\begin{aligned} 9\,000 / 75 &= R120 \\ 13\,800 / R120 &= 115\text{ m}^2 \\ \text{Additional space} &= 115 - 75 = 40\text{ m}^2 \end{aligned}$$

OR

$$\frac{(13\,800 - 9\,000)}{75} = 40\text{ m}^2$$

3.4

Calculate the interest rate on the fixed deposit. Note that the interest rate is expected to remain constant over the budget period.

$$\begin{aligned} 8\,550 - 4\,050 \\ \frac{4\,500 \times 12}{675\,000} \times 100 &= 8\% \end{aligned}$$

4.

Comment on the control of stock and explain how Sparky intends to correct this. Quote specific items and figures from the Projected Statement of Comprehensive Income period.

Trading stock deficit reduced by R18 900/from R21 000 to R2 100/by 90%

Increase in security expenses by R6 300/from R7 500 to R13 800/by 84%.

5.

Sparky offered customers free delivery of spare parts but discontinued this service on 31 July 2024.

State TWO points to support this decision.

- Customers will be forced to have the spare parts fitted as part of the service offered by the business.
- The business will be saving on the running cost of the delivery vehicle.
- The main line of business is the repairing of vehicles – the sale of spare parts supports this.
- The profit on the sale of spare parts is considerably lower than the fee income for the repair service.

6.1

Comment on the control over:

Service fee expenses

Service fee income was less than budgeted by R33 750 (15%) whilst Service fee expenses were more than the budget by R9 675 (21,5%).

Conclusion:

A decrease in actual Service fee income should also see a decrease in Service fee expenses used since fewer repair services are provided hence fewer consumables are needed. This indicates a lack of control.

Only one mark for: This indicates a lack of control.

Water and electricity

This expense has been well-controlled. If the budgeted amount of R6 750 considered the increase, it would have been R7 762,50. Only R7 500 was spent (R262,50 less than the adjusted budgeted amount.)

OR

The budgeted amount (R6 750) has not taken into account the tariff increases of 15% affected on 1 July 2024, which would have led to an adjusted budgeted amount of R7 762,50. (Only 11,11% not 15%)

One mark for: good/well controlled

6.2

Sparky's decided not to use the full budget for Advertising. Explain whether this was beneficial to the business or not.

The advertising actual amount spent is R4 350 (62%) less than the budget.

The amount spent (R2 700) is lower than the budgeted amount (R7 050).

This had a negative effect on Service fee income, R33 750 less than budgeted, and sales of bodywork parts R47 250 less than budgeted.

Also given the markup on cost was adjusted from the budgeted 65% to 80%, he should have spent more on advertising.

MARKING GUIDELINE: ACTIVITY 2

1.

Identify TWO items in the Cash Budget that will not appear in the Projected Statement of Comprehensive Income.

- Payment to creditors
- Cash from debtors
- Fixed deposit

2.1

DEBTORS COLLECTION SCHEDULE

MONTH	CREDIT SALES	OCTOBER	NOVEMBER
August	90 000	18 000	
September	93 000	27 900	18 600
October	99 000	47 025	29 700
November	105 000		49 875
			98 175

2.2

Calculate the figures indicated by (a) – (e) in the Cash Budget.

NO.	WORKINGS	ANSWER
(a)	Cash sales $105\,000 \times 40/60$	70 000
(b)	Commission income $25\,800 \times 100/107,5$	24 000
(c)	Interest on fixed deposit $600 \times 12 \times 100/8 = 90\,000$ $90\,000 - 30\,000 \times 8/100 \times 1/12$	400
(d)	Payment to creditors $93\,000 \times 100/60 \times 100/125 \times 80/100$	99 200
(e)	Salaries and wages $216\,500 - 46\,500 - 46\,500$	123 500

3.

Comment on the internal controls regarding the collection from debtors and the payment to creditors. Provide TWO points.

- Only 50% of the debtors comply with the credit terms.
- The cash from debtors do not cover the payments to creditors (per month).
- 80% of stock is bought on credit/only 20% of stock bought is for cash.
- As cash sales is a greater percentage of total sales, it may be wise to increase the percentage of cash purchases.
- Taking advantage of short-term credit is only beneficial if it eases cash-flow problems.

MARKING GUIDELINE ACTIVITY 3 :

3.1

Comment on the control of EACH item and give ONE point of advice in each case.

	COMMENT ✓ ✓	ADVICE ✓ ✓
Telephone	Over-spent / budget figure too low	Private calls should be controlled / keep record of all calls / charge the staff for private calls / possibly increase budget
Staff training	Under-spent	This is an essential expense / staff training improves the interaction with customers / this leads to efficiency and goodwill.

3.2

Identify TWO items incorrectly entered in the Cash Budget.

Any TWO items ✓ ✓

Possible responses:

- Office furniture bought on credit
- Depreciation
- Credit sales
- Deliveries free of charge
- Delivery expenses on credit

3.3

CREDITORS' PAYMENT SCHEDULE

MONTH	CREDIT PURCHASES	MAY	JUNE
March	R64 000	6 400	
April	R72 000	10 800	R7 200 ✓✓
May	80 000 ✓✓	57 000	R12 000 15% of credit purchases ☒ ☒
June	R96 000		R68 400 ✓✓
		74 200	R87 600 ☒ *

*one part correct

3.4

	CALCULATION	AMOUNT
	Cash sales	
(i)	$R180\ 000 \times 40\%$ If correct workings are shown without answer, award 1 mark only	R72 000 ✓✓
	Cash purchases of stock	
(ii)	$R100\ 000$ two marks $R150\ 000 \checkmark \times 100/150 \checkmark \times 20\% \checkmark$	R20 000 ☒ one part correct
	Delivery expenses	
(iii)	$9\ 000 \checkmark / 150\ 000 \checkmark \times 180\ 000 \checkmark$ 6% two marks	10 800 ☒ one part correct
	Salaries and wages	
(iv)	$38\ 700 \checkmark \times 100 \checkmark / 107,5 \checkmark$	36 000 ☒ one part correct
	Repayment of loan	
(v)	$168\ 000 - 120\ 000$ two marks one mark OR $600 \checkmark \times 100/15 \checkmark \times 12 \checkmark$ OR $7\ 200 \times 100/15$ two marks one mark	48 000 ☒ one part correct
	Cash at end of month	
(vi)		35 500 ✓
	Cash deficit for the month	
(vii)	$35\ 500 + 7\ 300$ If correct workings are shown without answer, award 1 mark only	(42 800) ✓✓ ignore brackets

3.5

Piet wants to save on costs by not offering a free delivery service. Is this a good idea? Explain.

Yes/No ✓ mark independently

Any one possible response ✓✓ One mark for incomplete / unclear answer

- Whether his competitors are offering the service or not
- What the reaction from his customers will be should he withdraw the service (i.e. will they go to other suppliers?)
- The possibility of charging customers for the delivery service
- The possibility of finding a cheaper delivery service
- The possibility of using his own vehicles instead of subcontracting / extra costs of providing his own service (e.g. depreciation of vehicle, petrol)
- Could have been the reason for the increase in sales

3.6

Explain ONE advantage and ONE disadvantage of each option.

Note that figures are not required; **Alternative valid answers possible**

OPTION	ADVANTAGE ✓ ✓ ✓	DISADVANTAGE ✓ ✓ ✓
Raise a new loan	He will own the assets / they could last longer than five years if he takes good care of them.	He has to pay interest / pay a monthly instalment (which must include interest).
Hire (lease) the assets from Computer Solutions	He does not have to raise a loan / does not have to pay interest on the loan / will not have to pay repair costs.	The lease charges are expensive / lease is over five years / never owns the assets but continues to pay.
Ask a friend to become equal partner	He will have the necessary funds to purchase the assets (which will then belong to the business) / share workload and skills / partner will share losses.	He will have to share half his profits with his new partner.

ANSWER SHEET: INFORMAL ASSESSMENT

1. Debtors' Collection Schedule

MONTH	CREDIT SALES	SEPTEMBER	OCTOBER
JULY	126 000	6 300	
AUGUST	131 400	72 270	6 570
SEPTEMBER	133 200	53 280	73 260 ✓✓
OCTOBER	136 800		54 720 ✓
CASH FROM DEBTORS		131 850	134 550 ✓

4

Operation one part correct and R6 570 included

2.

	WORKINGS	ANSWER
(a)	CASH PURCHASES: SEPTEMBER $(222\ 000 \times 100/150)$ $148\ 000 \checkmark \times 30\% \checkmark$	44 400 ✓ Operation one part correct
(b)	PAYMENTS TO CREDITORS: OCTOBER $148\ 000 \checkmark \times 70\% \checkmark \times 96\% \checkmark$ OR: $148\ 000 - 44\ 400 \times 96\%$	99 456 ✓ Operation one part correct
(c)	SALARIES AND WAGES: OCTOBER $41\ 500 \times 107\%$	44 405 ✓✓ one part correct
(d)	INSURANCE: SEPTEMBER $13\ 952 \times 100/109$	12 800 ✓✓ one part correct
(e)	LOAN INSTALMENT: OCTOBER $1\ 875 - 1750$ $\frac{125 \checkmark \times 12 \checkmark}{0,125 \checkmark}$	12 000 ✓ one part correct

3.

Refer to Information G.

Comment on how the online sales have affected the actual cash and credit sales in August. Quote figures or calculations

TWO valid points (with figures) ✓✓ ✓✓

- Cash sales increased from R87 600 to R162 000
- Credit sales increase from R131 400 to R133 650

4

Refer to Information H.

Identify TWO other costs already in the budget that were affected by the decision to go online and explain whether they were well controlled or not. Quote figures or calculations.

Any TWO: ✓✓ ✓✓

- Delivery cost is more by R20 367 (is now 18% of sales but the budget is for 15% of sales) so not well controlled.
- Packing material increased by 7 880 (18% of sales was budgeted; 15,6%) was the actual – so this was well controlled.
- Telephone is more than budgeted by 8 400 (80%) possibly due to extended use of data and the internet – resulting in increased sales.
- Advertising more than budgeted by 6 132 (35%) possibly needed to attract customers for online sales.

4

Provide ONE point that he should consider to manage online sales as a permanent feature.

ONE point ✓✓

- More than one person must be trained.
- The computer operator must be supervised and provide reports daily.
- Arrange SMS facilities with bank for notifications of all transactions.
- Get feedback from customers on service offered.

2

4.

Calculate the cost price of the new delivery vehicle.	
WORKINGS	ANSWER
R360 000 (2 marks) (R7 500✓ x 48✓) x 100/80 ✓	450 000 ☒ One part correct
List TWO other costs related to the vehicle that Claudio will have to include in the budget. Figures are not required. Any 2 points ✓✓ • Fuel costs must be included. • Salary of a driver must be provided for. • Insurance on the vehicle. • Vehicle maintenance cost.	

4

2