 Province of the

EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

 **ANSWER BOOK**

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| **SUBJECT** | **ACCOUNTING** | **GRADE** | 12 | **DATE** | TERM 2 |
| **TOPIC** | **TERM 2 TOPICS AS PER REVISED 2020 ATP** |  **Term 2** |
| **TIME ALLOCATION** | **AS PER ATP** | **TIPS TO KEEP HEALTHY**1. **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%.2. **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people.3. **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use.4. **TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick.  |
| **INSTRUCTIONS** | **See Required**  |

**FIFO**

**QUESTION 1:**

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| 1.1 | **Analysis of transactions: (show the increase or decrease under A, O and L)** |  |
|  | **NO** | **ACCOUNT DEBITED** | **ACCOUNT CREDITED** | **ASSET** | **EQUITY** | **LIABILITY** |

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|  | **(ii)** | Carriage on purchases ✓ | Bank ✓ | - 42 000 ✓ | - 42 000 ✓ | + 42 000\* |
|  | **(iii)** | Creditors control ✓  | Creditors allowances ✓ |  | + 25 500✓ | - 25 500 ✓ |
|  | \* if Bank is assumed to be a liability. |  |
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| 1.2 | **Cost of sales** |  |
|  |  ✓ ✓ ✓ ✓ ✓ ✓ ✓ 🗹98 500 + 552 250 + 42 000 – 25 500 – 15 000 – 6 000 – 76 250 = 570 000  Net purchases: 552 250 – 25 500 – 15 000 – 6 000 = 505 750Accept alternative presentations such as the signs being reversed, ledger account or an adjustment of the purchases account. |

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| **QUESTION 2: PACKER'S SUITCASE SHOP**  |  |
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| **2.1** | **Calculate the value of the closing stock on 30 June 2018 using the first-in-first-out method.** |  |
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| **2.2** | **Charles suspects that suitcases have been stolen. Provide a calculation to support his concern.** |  |
|  |  (3 155 – 25)420 + 3 130 – 3 050 – 496 = 4 units  🗸 🗸 🗸 🗸 ☑ one part correct |

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| **2.3** | **Charles is concerned about the volume of stock on hand.** |  |
|  | **Calculate for how long his closing stock is expected to last.** |  |
|  |  1 500 030 ☑ x 365 (or 12) 🗸 913 500 🗸 + 8 384 850 🗸 – 1 500 030 ☑ 8 460 850 – 76 000 9 298 350 two marks / 7 798 320 three marks = 70,2 days ☑ one part correct OR COS: 913 500 + 1 912 500 + 2 616 600 + 2 355 720 OR: 2,3 months one mark one mark one mark one markOR: IF UNITS ARE USED: 496 x 12 = 1,95 months OR ,4 days 3 050 two marks 3 050 two marks |

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|  | **ONE problem with keeping too much stock on hand:** ONE point ✓✓ Part-mark for partial answer |  |
|  |  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:** ONE point ✓✓ Part-mark for partial answer Will not meet the needs of consumers – they may go elsewhere to buy.Loss of income from sales. |

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**QUESTION 3:**

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| **3.1** | **Calculate the value of the closing stock on 28 February 2015 using the FIFO method.** |  |
|  |   R411 750  + (55  x R4 875  = R679 875 ☑ one part correct |

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| **3.2** | **Calculate the cost of sales.** |  |
|  | R385 000  + R1 765 500  – R14 625  – R679 875 ☑ = R1 456 000 ☑ ORR385 000 + R1 765 500 – R14 250 – R375 – R679 875 = R1 456 000 one mark one mark |

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|  | **Calculate the average mark-up % achieved for the year.** |  |
|  | R847 800 ÷ R1 456 000 x 100 = 58,2% 🗸☑ ☑ see above ☑ one part correct |

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| **3.3** | **Provide a calculation to prove whether the information given by the cleaner is true or not.** |  |
|  |  🗸 🗸 🗸 🗸 70 + 360 – 3 – 276 = 151On hand = 145 🗸 MissinG 6 ☑ one part correct |

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| **3.4** | **Jane is concerned that the final stock of 145 television sets is not appropriate for her business. Provide a calculation or figures to support her opinion and explain.** |  |
|  | **Calculation/Figures:** Any valid figures: 🗸🗸 145 x 365 = 192 days OR 145 x 12 = 6,3 months276 1 276 1**OR**679 875 x 365 = 170 days sales (276 units)**Explanation:** 🗸🗸at least 6 months  |

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| **3.5** | **Comment on whether or not Jane's strategy of adjusting the selling prices has benefitted the business. Provide figures to support your answer.**  |

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| **3.6** | **Provide TWO points to assist Jane in improving internal control in her business.** |

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**Weighted average**

**QUESTION 1: QUALITY BUILDING SUPPLIERS**

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| **1.1** | **Calculate the total value of the opening stock (A).** |

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| **1.2** | **Calculate the value of the tiles received on 25 April 2019 (B).** |

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| **1.3** | **Calculate the value of closing stock using the weighted average method.**   |

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| **1.4** | **Calculate the gross profit.**   |

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| **1.5** | **Da a calculation to prove that this business has good control over their stock.**  |

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**QUESTION 2:**

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| **2.1** | **Calculate the total amount paid for carriage on the purchases on 11 June 2019.** |

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| **2.2** | **Calculate the value of the closing stock on 30 June 2019 using the weighted-average method.**  |

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| **2.3** | **Explain the effect that this will have on the gross profit.****ONE valid reason for changing the stock valuation method:** **ONE valid reason against changing the stock valuation method:**   |

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| **2.4** | **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.** |

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**QUESTION 3:**

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| **3.1** | **Explain the difference between the *perpetual stock system* and the *periodic stock system*.** |

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| **3.2** | **Calculate the value of the stock on hand on 28 February 2015 using the weighted-average method.**  |

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| **2.1.3** | **Calculate how long (in days) it will take to sell the closing stock of 650 jackets. Use the closing stock in your calculation.**  |

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| **2.1.4** | **Calculate the value of the closing stock using the FIFO method.**  |

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|  | **Give ONE reason in favour of changing to the FIFO method.** **Give ONE reason against changing to the FIFO method.**  |

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| **3.5.1** | **Calculate the number of shirts stolen.****Give TWO points of advice.** |

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| **3.5.2** | **Product** | **Comment on stock holding period and give figures** | **Explanation on how it will affect the business**  |

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| **Jackets** |  |  |
| **Shirts** |  |  |
| **Jeans** |  |  |

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| **3.5.3** | **Josy is unsure whether she is charging the right prices for her products. Give her advice on EACH product. Quote figures.** |

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| **Product** | **Advice with figures**  |
| **Jackets** |  |
| **Shirts** |  |
| **Jeans** |  |

**SPECIFIC IDENTIFICATION**

**QUESTION 1:**

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| **1.1** | **(a) Calculate the closing stock of Johx watches on 31 August 2019.** |  |
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|  | **(b) Calculate the cost of sales of Johx watches for the year ended 31 August 2019.** |  |
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|  | **(c) Calculate the Gross Profit and the % gross profit achieved.**  |  |
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|  | **(c) Calculate the average stock-holding period (in days) of Johx watches on 31 August 2019.** |  |
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**QUESTION 2:**

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| **2.1** | **Calculate the value of the closing stock on 30 September 2017 using the specific identification method.** |  |
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| **2.2** | **Mike requires your advice on the three different models of motorbikes in which he is trading. Explain TWO points of advice.** |  |
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| **2.3** | **Calculate the value of the closing stock on 30 September 2019 using weighted-average** |  |
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| **2.4** | **Is the weighted-average method appropriate to value the helmets? Explain ONE point.**  |

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| **2.5** | **Mike suspects that helmets are being stolen from the shop despite using security cameras. Provide a calculation to verify his suspicion.**   |

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|  | **What can Mike do to improve the internal control of stock? State THREE points.** |

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**QUESTION 3:**

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| **3.1** | **Calculate the value of the closing stock of bicycles on 31 May 2018.**

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|  | **Workings**  | **Answer**  |
| **Tempo** |  |  |
| **Cruze** |  |  |
| **Ryder** |  |  |
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|  | **Calculate the cost of sales for the year ended 31 May 2018.** |

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|  | **Calculate the gross profit for the year ended 31 May 2018.** |

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| **3.2** | **Calculate the selling price of a Ryder bicycle.** |

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|  | **Calculate the average number of Ryder bicycles sold per month.** |

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|  | **Indicate how long it will take Fred to sell the closing stock of the Ryder bicycles. Show calculations.** |

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|  | **Give ONE possible reason for the slow sales of Ryder bicycles.** **Give advice (ONE point) to Fred in this regard.**  |

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**STOCK: CONSOLIDATION**

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| **QUESTION 3** | **Nov 2019** |
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| **CABINETS** |  |
| **3.1** | **Calculate the value of closing stock using FIFO.** |  |
|  | **Workings** | **Answer** |

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| **3.2.1** | **Calculate the % mark-up achieved in 2019.** |  |
|  | **Workings** | **Answer** |

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| **3.2.2** | **Provide TWO points (with figures) to prove that this decision achieved its aims.** |  |
|  | TWO POINTS |  |  |
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| **3.2.3** | **The CEO feels that this decision also negatively affected the company. Provide TWO points (with figures) to support his opinion.** |

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|  | TWO POINTS |  |
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|  | **Give the directors advice to solve this problem. Explain TWO points.** |  |
|  | TWO POINTS |  |

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| **LAMPS** |  |
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| **3.3** | **Calculate the stockholding period for lamps (use closing stock).** |  |
|  | **Workings** | **Answer** |

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| **3.4** | **Calculate the number of missing lamps.** |  |
|  | **Workings** | **Answer** |

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|  | **Give TWO suggestions to solve this problem.**  |

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|  | TWO POINTS |  |
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| **TELEVISION SETS** |  |
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| **3.5** | **Calculate the value of the closing stock of TV sets on 30 September 2019 using the specific identification method.** |  |
|  | **Workings** | **Answer** |

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| **LYN**:  |  |  |
| **KYA**: |  |
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| **3.6** | **Explain THREE different concerns George would have about this problem.** |  |
|  | THREE POINTS |  |

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| **QUESTION 2 June 2019** |
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| **2.1** |

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| **2.1.1** |  |  |
| **2.1.2** |  |  |
| **2.1.3** |  |  |

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| **2.2** | **PHOTO-FIX TRADERS** |  |
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| **2.2.1** | **Calculate:** |  |
|  | **Value of closing stock of cameras** |  |
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| **2.2.2** | **Value of closing stock of photo frames** |  |
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| **2.2.3** | **The owner suspects that photo frames are being stolen. Provide a calculation to confirm his suspicions.** |  |
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| **2.2.4** | **Tom is thinking of employing an assistant at a wage of R3 500 per month to control the stock of photo frames. Explain why this is NOT a good idea. Provide TWO points with figures/calculations.** |  |
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|  | **Explanation**  | **Figures**  |
| **Point 1** |  |  |
| **Point 2** |  |  |

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**COST ACCOUNTING**

**ACTIVITY 1: CAPE CHOCOLATES**

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| **1.1** | **FACTORY OVERHEAD COST**

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| **1.2** | **PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

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| **Prime cost**   |  |
|   |  |
| **Total cost of production**  |  |
| **Work-in-process on 1 July 2011** | **35 000** |
|  |  |
| **Work-in-process on 30 June 2012**  |  |
| **Cost of production of finished goods** | **1 212 000** |

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| **ACTIVITY 2: ABE ACCESSORIES** |  |
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| **2.1** | **Factory Overhead Cost Note**

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| **2.2** | **Production Cost Statement for the year ended 29 February 2016**

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| **Direct material** | **350 000** |
| **Direct labour cost**  |  |
| **Prime cost/Direct cost**   |  |
| **Factory overhead cost**  |  |
| **Total cost of production**  |  |
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| **Cost of production of finished goods**   |  |

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| **ACTIVITY 3: INFINITY HATS** |  |
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| 3.1 | **Factory Overhead Cost Note** |  |  |
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| **3.2** | **Production Cost Statement for the year ended 28 February 2017** |  |
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|  | **Prime cost**  |  |  |
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|  | **Total manufacturing cost** | **4 824 000** |  |
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|  | **Cost of production of finished goods**  |  |  |
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**ACTIVITY 4: GEVEN MANUFACTURERS**

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| **4.1** | **PRODUCTION COST STATEMENT** **FOR THE YEAR ENDED 28 FEBRUARY 2017**

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| **Direct material cost**  |  |
| **Direct labour cost**  |  |
| **Prime cost** |  |
| **Factory overhead cost**  |  |
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| **Total cost of production**  |  |

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| **4.2** | **ABRIDGED INCOME STATEMENT** **FOR YEAR ENDED 28 FEBRUARY 2017**

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| **Sales**  |  |
| **Cost of sales**  |  |
| **Gross profit**  |  |
| **Administration cost**  |  |
| **Selling and distribution cost**  |  |
| **Net profit**  |  |

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| **ACTIVITY 5: HEALTHY LIFESTYLE COOKWARE** |  |
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| **5.1** | **Calculate the variable cost per unit for 2015.** |  |
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|  | **Calculate the break-even point for 2015.**  |

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| **5.2** | **Explain why the owner should be concerned about the break-even point and level of production. Provide TWO points. Provide figures.**

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| **Point 1** |  |
| **Point 2** |  |
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| **5.3** | **Identify ONE other problem relating to this business. Provide figure(s).**  |

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**ACTIVITY 6: CHARLEY’S MANUFACTURERS**

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| **6.1.1** | **Calculate the total selling and distribution costs.** |

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| **6.1.2** | **Calculate the administration cost per unit.** |

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| **6.1.3** | **Calculate the total cost of production for 2012.** |

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| **6.2.1** | **Calculate the break-even point for 2012.**  |

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| **6.2.2** | **Will Charley be satisfied with the number of units produced? Explain quoting figures to support your answer.** |

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| **6.3.1** | **Direct materials cost: Explain why Charley should not be too concerned about the direct materials cost. Provide figures to support your answer.** |

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| **6.3.2** | **Direct labour cost and factory overhead cost: Provide figures to explain why direct labour and factory overhead cost should be of major concern to him. In each case, name a possible problem which led to an increase in each of these costs. Provide practical advice to solve each of the problems you have suggested.**

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|  | **DIRECT LABOUR COST** | **FACTORY OVERHEAD COST** |
| **Explanation with figures** |  |  |
| **Possible problem which led to an increase in the cost**  |  |  |
| **Practical advice to solve this problem** |  |  |

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| **ACVTIVITY 7: KHUMALO’S CATERING** |  |
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| **7.1** | **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%.** |  |
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| **ONE unit cost for doughnuts** | **Problem and advice** |
| **Variable costs**  |  |

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| **TWO unit costs for pies****(Quote figures.)** | **Problem and advice**Both must be specific, not general FC & VC |
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| **7.2** | **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.** |  |
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| **7.3** | **Name the product which has been negatively affected by the new competitor.****Comment on how this would have affected the net profit on this product.**  |

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**BUDGETING**

**ACTIVITY 8:**

**8.1 DEBTORS COLLECTION SCHEDULE:**

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| --- | --- | --- | --- | --- |
| **MONTH** | **CREDIT SALES** | **MAY** | **JUNE** | **JULY** |
| **March** | **49 000** |  | **8 820** |  |  |  |  |  |
| **April** | **58 800** |  | **29 400** |  |  |  |  |  |
| **May** | **51 800** |  | **14 763** |  | **25 900** |  | **9 324** |  |
| **June** |  |  |  |  | **17 955** |  |  |  |
| **July** | **56 000** |  |  |  |  |  |  |  |
| **CASH FROM DEBTORS** | **52 983** |  |  |  |  |  |

**8.2 CASH BUDGET (EXTRACT)**

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| **CASH RECEIPTS** | **MAY** | **JUNE** | **JULY** |
| **Cash sales** | **12 950** |  |  |  |  |  |
| **Cash from debtors** | **52 983** |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **CASH PAYMENTS** |  |  |  |  |  |  |
| **Cash purchases of stock** | **14 800** |  |  |  |  |  |
| **Payments to creditors** | **21 000** |  |  |  |  |  |

 **Workings: Calculation of the cost of sales and credit purchases:**

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|  | **MARCH** | **APRIL** | **MAY** | **JUNE** | **JULY** |
| **Sales** | **R61 250** | **R73 500** | **R64 750** | **R78 750** | **R70 000** |
| **Cost of Sales** |  |  |  |  |  |
| **Credit Purchases** |  |  |  |  |  |

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| **ACTIVITY 9: BRAKPAN STATIONERS** |  |
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| **9.1** | **Explain the importance of comparing budgeted figures with actual figures achieved for the same period.** |  |
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| **9.2** | **Calculate the missing amounts (indicated by a, b and c) in the Debtors' Collection Schedule for the budgeted period March to May 2015.** |  |
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| **a** |  |  |
| **b** |  |  |
| **c** |  |  |

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| **9.3.1** | **Calculate the budgeted total sales for March 2015.** |

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| **9.3.2** | **Calculate the amount budgeted for payments to creditors during May 2015.** |  |
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| **9.3.3** | **Calculate the budgeted salaries of the shop assistants for April 2015.** |  |
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| **9.3.4** | **Calculate the % increase in the salary of the manager expected in May 2015.** |  |
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| **9.3.5** | **Calculate the amount of the additional loan expected to be acquired on 1 April 2015.** |

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| **9.4** | **An official of the local municipality has offered to recommend Brakpan Stationers to supply stationery to the value of R500 000. However, he will only do this if he is paid R20 000 in cash.** |  |
|  | **Give advice in this regard. State TWO points.** |

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| **9.5** | **Identify THREE over-payments in April. Provide figures to support your answer. Provide a valid reason for each over-payment to support his decisions.**

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|  | **Over-payment with figures** | **Valid reason** |
| **1** |  |  |
| **2** |  |  |
| **3** |  |  |

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|  | **Explain how this difference of opinion with his wife can be avoided in future.**  |

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| **State TWO other strategies that owner and his wife could consider in future to improve the results of the business.**  |

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**ACTIVITY 10: DIY HARDWARE**

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| **10.1** | **Identify TWO items that Mabel has incorrectly entered in the Cash Budget.** |

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| **10.2** | **Apart from the items above, name TWO other items in the Payments Section of the Cash Budget that would NOT appear in a Projected Income Statement.** |

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| **10.3** | **Identify or calculate A and B. Indicate negative figures in brackets.**

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| **A** |  |
| **B** |  |

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| **10.4** | **Identify or calculate the missing figures** **C and D in the extract from the Cash Budget**

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| **C** |  |
| **D** |  |

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| **10.5** | **Complete the Debtors' Collection Schedule for February 2013.**

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|  | **Credit sales** | **February collections** |
| **December** | **R80 000** |  |
| **January** |  |  |
| **February** | **R56 000** |  |
| **TOTAL**  |  |

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| **10.6** | **Calculate the percentage increase in salary and wages with effect from 1 February 2013.** |

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| **10.7** | **Calculate the interest on the fixed deposit for January 2013.** |

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| **10.8.1** | **Calculate the delivery expenses for January 2013.** |

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| **10.8.2** | **John is of the opinion that this expense is costing him too much. Which TWO points should John consider before deciding on whether to discontinue this service?** |

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| **10.9** | **Explain what you would say to John about each item at the end of January 2013. Give ONE point of advice in each case.**

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|  | **Comment**  |  **Advice**  |
| **Advertising** |  |  |
| **Stationery** |  |  |
| **Staff training** |  |  |

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| **10.10** | **Consider each of the options below and explain ONE other advantage and ONE disadvantage related to each option.**

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|  | **Other Advantage**  | **Disadvantage**  |
| **Option 1:** **Raise a new loan at an interest rate of 14% p.a. to be repaid over 36 months** |  |  |
| **Option 2:** **Hire (lease) the assets from IT Connect Ltd at R5 100 per month** |  |  |
| **Option 3:** **Invite his friend James to become an equal partner in the business and provide capital of R150 000** |  |  |

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| **ACTIVITY 11: DAWN DISTRIBUTORS** |  |
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| 11.1 | **Identify TWO items that Mabel has incorrectly entered in the Cash Budget.**  |  |
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| 11.2 | **A** | **Gross profit** |  |  |
|  | **B** | **Cost of sales** |  |  |
|  | **C** | **Advertising** |  |  |
|  | **D** | **Salaries** |  |  |
|  | **E** | **Net Profit after tax** |  |

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| 11.3.1 | **The percentage increase in wages that the cleaners will receive in December 2015.** |  |
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| 11.3.2 | **The monthly salary due to the sales manager in December 2015.** |  |
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| 11.3.3 | **The total credit sales expected in December 2015.** |  |
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| 11.3.4 | **The loan balance on 1 November 2015.** |  |
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| 11.4 | **Depreciation and Trading stock deficit for October 2015. In each case, provide a reason for the difference with the budgeted figures.** |  |
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| **Depreciation** |  |
| **Trading stock deficit** |  |

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| 11.5 | **Refer to the actual figures for October 2015.****Comment on any two expenses that were not well controlled by the business.**  |  |
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| **EXPENSE** | **COMMENT (with figures)** | **SUGGESTION** |
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**FIN**