

1.1 BANK RECONCILIATION

1.1.1 Calculate the correct bank account balance on 31 May 2024.

WORKINGS	ANSWER								
<p>one mark one mark; both figures must be entered in CRJ & CPJ (5 480 – 4 580) 9 050 – 5 000 ✓✓ + 900 ✓✓ – 310 ✓ – 1 780 ✓ + 1 060 ✓</p> <p style="text-align: center;">CRJ</p> <p>CPJ OR 9 050 + (900 + 1 060) – (5 000 + 310 + 1 780) 1 960 three marks 7 090 four marks</p> <p>OR Bank Account format</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">9 050</td> <td style="text-align: right;">5 000</td> </tr> <tr> <td style="text-align: right;">900</td> <td style="text-align: right;">310</td> </tr> <tr> <td style="text-align: right;">1 060</td> <td style="text-align: right;">1 780</td> </tr> <tr> <td style="text-align: right;">Bal b/d 3 920</td> <td style="text-align: right;">Bal c/d 3 920</td> </tr> </table> <p>Be alert to alternative presentations for calculations</p>	9 050	5 000	900	310	1 060	1 780	Bal b/d 3 920	Bal c/d 3 920	<p style="text-align: center;">3 920 ✓ one part correct ignore sign</p> <p style="text-align: center;">Inspect whether DR or CR for Recon (1.1.2)</p>
9 050	5 000								
900	310								
1 060	1 780								
Bal b/d 3 920	Bal c/d 3 920								

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1.1.2

	DEBIT	CREDIT
Balance as per <u>bank statement</u> Do not accept R1 550 & R4 170	DR and CR totals must be the same	21 520 ✓* Could be Dr
Outstanding deposit		17 500 ✓
Error on statement	25 000 ✓	
Outstanding EFT No. 819	11 880 ✓	
Error on statement		1 780 ✓
Balance as per <u>bank account</u> Do not accept R4 170 & R1 550	3 920 ✓# See 1.1.1 Could be Cr	
	40 800	40 800

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QUESTION 2

2.1.1 Calculate the VAT amount on the goods sold by the business.

WORKINGS	ANSWER
<p>one mark two marks two marks</p> <p>$(839\,800 \checkmark - 163\,800 \checkmark\checkmark) \times 15\%$</p> <p>OR $125\,970 - 24\,570$</p> <p>$676\,000$ three marks</p>	<p>$101\,400 \checkmark$</p> <p>one part correct if x15%</p>

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2.1.2 Calculate the amount payable to or receivable from SARS on 30 April 2024.

WORKINGS	ANSWER								
<p>See 2.1.1</p> <p>$- 5\,340 \checkmark - 82\,200 \checkmark + 101\,400 \checkmark$</p> <p>$- 4\,110 \checkmark\checkmark + 4\,800 \checkmark$</p> <p>$(31\,510 \times 15/115)$</p> <p>OR $5\,340 + 82\,200 - 101\,400 + 4\,110 - 4\,800$</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: right;">$5\,340$</td> <td style="width: 50%; text-align: right;">$101\,400$</td> </tr> <tr> <td style="text-align: right;">$82\,200$</td> <td style="text-align: right;">$4\,800$</td> </tr> <tr> <td style="text-align: right;">$4\,110$</td> <td style="text-align: right;">$\underline{\hspace{1cm}}$</td> </tr> <tr> <td style="text-align: right;">Bal c/d 14 550</td> <td style="text-align: right;">Bal b/d 14 550</td> </tr> </table>	$5\,340$	$101\,400$	$82\,200$	$4\,800$	$4\,110$	$\underline{\hspace{1cm}}$	Bal c/d 14 550	Bal b/d 14 550	<p>$14\,550 \checkmark$</p> <p>one part correct</p>
$5\,340$	$101\,400$								
$82\,200$	$4\,800$								
$4\,110$	$\underline{\hspace{1cm}}$								
Bal c/d 14 550	Bal b/d 14 550								

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INVENTORY VALUATION

2.2 Calculate the expected cost price of one LITCHI phone in Rands per unit.

WORKINGS	ANSWER
$\left[\frac{5\,488 \text{ two marks}}{[(\$280 \times R17,50) \checkmark \times 1,12 \checkmark] + (R303\,600 \checkmark \div 300 \checkmark)} \right]$ <p style="text-align: center;">4 900 one mark +588 one mark +1 012 two marks</p> <p>OR $\frac{[(\\$280 \times 17,50 \times 300) (1\,470\,000 \times 12\%)]}{(1\,470\,000 + 176\,400 + R303\,600)}$</p> <p style="text-align: center;">300</p>	<p>R6 500 <input checked="" type="checkbox"/></p> <p>one part correct</p>

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2.3 Calculate the total value of the closing stock of the CLEO and BRUMA phones on 29 February 2024, using the specific identification method.

MODEL	WORKINGS	ANSWER
CLEO	$\frac{(270 + 2\,265 - 2\,180)}{355 \checkmark \checkmark \times R8\,000}$	<p>2 840 000 <input checked="" type="checkbox"/></p> <p>If x 8 000</p>
BRUMA	$920 \times R2\,500$	<p>2 300 000 <input checked="" type="checkbox"/></p>
TOTAL		<p>5 140 000 <input checked="" type="checkbox"/>*</p>

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2.4 Calculate the average stock turnover rate for the CLEO phone for 2024.

WORKINGS	ANSWER
$\frac{2\,160\,000 + 18\,120\,000 - 2\,840\,000}{24\,416\,000 \times 100/140}$ <p>OR $6\,976\,000 \times 100/40$</p> <p>OR $2\,180 \times 8\,000$</p> <p>OR $24\,416\,000 - 6\,976\,000$ two marks</p> <hr/> <p>17 440 000 <input checked="" type="checkbox"/></p> <p>$\frac{1}{2} \checkmark (2\,160\,000 \checkmark + 2\,840\,000 \checkmark)$ <small>see 2.3)</small></p> <p><small>if units are used:</small></p> <p>$\frac{2\,180}{\frac{1}{2} (270 + 355)}$</p> <p>312,5</p>	<p>7 times <input checked="" type="checkbox"/></p> <p>one part correct;</p> <p>Accept 6,9 times</p>

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2.5 The directors took decisions to adjust the mark-up % on CLEO and BRUMA phones for the 2024 financial year. Explain how these decisions impacted on the gross profit and cash flow of the company as well as on the stock turnover rate of each model over the past two years. Quote figures and trends.

	CLEO	BRUMA
<p>Explanation on gross profit & cash flow</p> <p style="text-align: center;"> $\% = \frac{\text{Difference}}{\text{original}}$ </p>	<p>Explanation ✓ ✓ Figures ✓ ✓ Accept any TWO different points Do not accept mark-up</p> <ul style="list-style-type: none"> Gross profit increased (from R5 900 000 to R6 976 000 / by 18,2% / by R1 076 000. Units sold increased from 1 475 to 2 180 / by 705 / 47,8% Sales revenue increased by R6 716 000 / from R17 700 000 to R24 416 000 / by 37,9% contributing to better cash flow. 	<p>Explanation ✓ ✓ Figures ✓ ✓ Accept any TWO different points Do not accept mark-up</p> <ul style="list-style-type: none"> Gross profit increased (from R2 540 000) to R3 027 500 / by R487 500 / 19% despite the higher mark-up % Units sold dropped from 2 450 to 1 730 / 810 units / 33% Sales decreased by R267 500 / from R7 620 000 to R7 352 500 / by 3,5%
<p>Explanation on stock-turnover rates</p>	<ul style="list-style-type: none"> STR increased / improved (from 4,4) to 7 times <small>see 2.4</small> Customers prefer a better quality phone / On average 182 CLEO phones. are sold p.m. (increased from 123 in previous year) Appropriate stock on hand 355 units or 2,5 months 	<ul style="list-style-type: none"> STR decreased / slower (from 10,2) to 3,1 times. On average 144 BRUMA phones sold p.m. (declined from 212 in previous year) High closing stock of 920 / overestimated demand and overstocked for 4 months

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2.6 If the directors go ahead with the LITCHI phones and order a lot more in the future and sell it at a mark-up of 40% on cost, how could this impact on the sales of the CLEO and BRUMA phones? Explain, quoting figures to support your opinion.

Any valid explanation ✓ ✓ part marks for incomplete or unclear answer Figure/s or calculations ✓ ✓
Be alert to other valid explanations

- This would place the selling price between the Cleo (R11 200) and the Bruma (R4 250); which could negatively affect the sales of both models (Cleo may drop due to a cheaper alternative; Bruma sales may drop due to a less expensive quality phone)
- The directors should be aware that they might lose out on the high gross profit earned on the Cleo models (R3 200) against (R2 600) [6 500 see 2.2 x 40%] on the Litchi.

[The expected selling price would be R6 500 x 1,40 = R9 100] see 2.2

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TOTAL MARKS	40
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