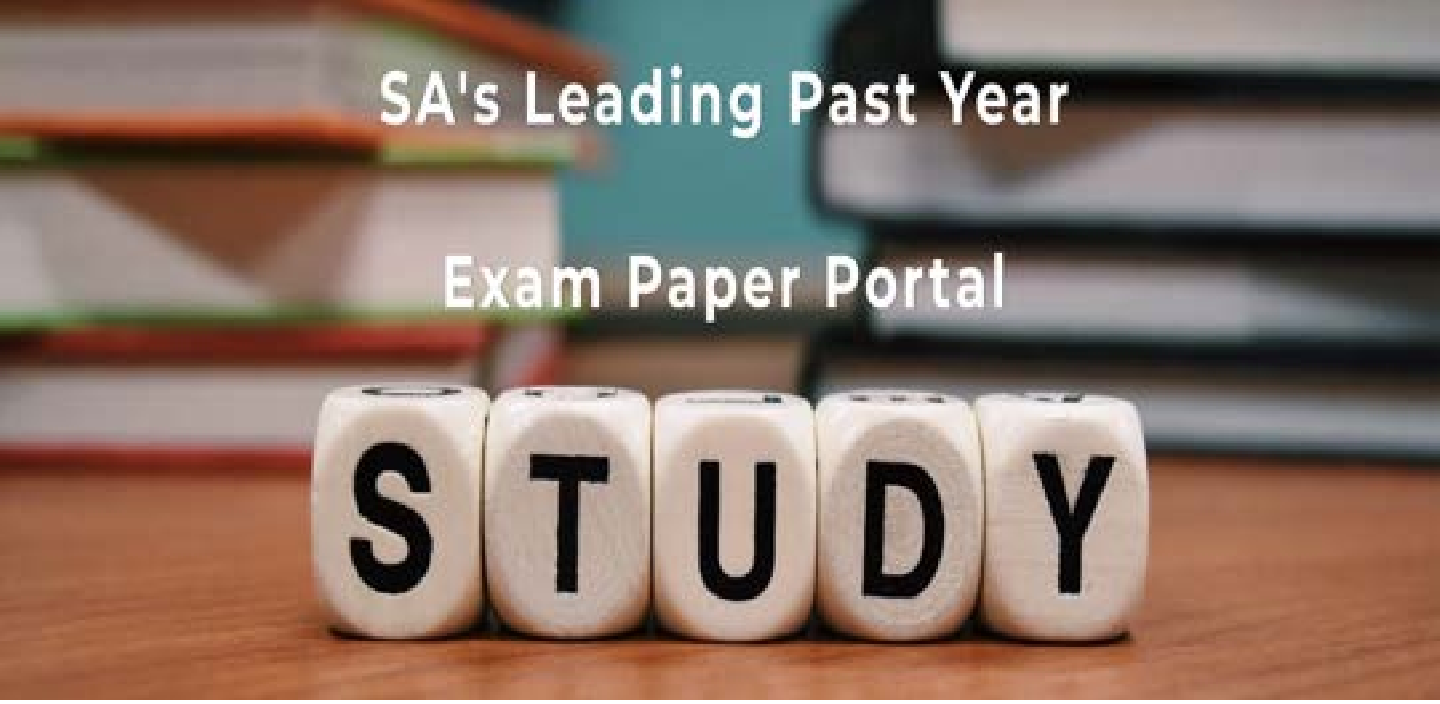
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GRADE 12

ACCOUNTING

NOVEMBER 2013

MARKS: 300

TIME: 3 hours

This question paper consists of 24 pages and an 18-page answer book.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Calculate to ONE decimal place.

7. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1: 35 marks; 20 minutes	
Topic of the question:	**Learning outcomes covered:**
Concepts, company transactions and debtors' reconciliation	LO1 **Financial accounting** AS1 Concepts AS2 Ledger accounts AS3 Accounting equation AS4 Interpret reconciliation

QUESTION 2: 35 marks; 20 minutes	
Topic of the question:	**Learning outcomes covered:**
Manufacturing	LO2 **Managerial accounting** AS2 Production Cost Statement AS2 Unit costs and break-even point LO3 **Managing resources** AS6 Internal control and audit

QUESTION 3: 75 marks; 45 minutes	
Topic of the question:	**Learning outcomes covered:**
Company financial statements and audit report	LO1 **Financial accounting** AS5 Financial statements and notes AS6 Audit report

QUESTION 4: 60 marks; 35 minutes	
Topic of the question:	**Learning outcomes covered:**
Cash flow and interpretation of financial statements	LO1 **Financial accounting** AS5 Cash Flow Statement AS5 Analyse and interpret LO3 **Managing resources** AS5 Ethics

QUESTION 5: 40 marks; 25 minutes	
Topic of the question:	**Learning outcomes covered:**
Cash Budget	LO2 **Managerial accounting** AS3 Analyse and interpret LO3 **Managing resources** AS6 Internal control and audit

QUESTION 6: 55 marks; 35 minutes	
Topic of the question:	**Learning outcomes covered:**
Fixed assets, inventory valuation and internal control	LO1 **Financial accounting** AS5 Financial statements LO3 **Managing resources** AS3 Interpret and report on asset disposal AS4 Validate and calculate inventories AS5 Ethics AS6 Internal control and audit

QUESTION 1: CONCEPTS, COMPANY TRANSACTIONS AND DEBTORS' RECONCILIATION (35 marks; 20 minutes)

1.1 **CONCEPTS**

REQUIRED:

Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.1.1–1.1.3) in the ANSWER BOOK.

1.1.1 The concept that states that the financial affairs of the owner must be kept separate from the financial affairs of the business is the (business entity concept/going-concern concept). (2)

1.1.2 In the event of bankruptcy, the shareholders are not responsible for the debts of the business. This is because of (limited/unlimited) liability. (2)

1.1.3 In the financial statements, debtors will be shown as trade and other (equity/receivables/payables). (2)

1.2 **COMPANY TRANSACTIONS**

REQUIRED:

Use the table provided to indicate the following for each transaction:

- Account debited and account credited in the General Ledger
- Effect on the accounting equation

The bank balance is favourable at all times.

Example: Directors' fees paid, R145 000.

NO.	ACCOUNT DEBITED	ACCOUNT CREDITED	AMOUNT	A	O	L
e.g.	*Directors' fees*	*Bank*	*145 000*	–	–	*0*

TRANSACTIONS:

1.2.1 The amount owing to SARS at the end of the previous financial year for income tax was paid, R37 400.

1.2.2 Received R180 000 for additional shares issued at par value.

1.2.3 A final dividend of R55 000 was declared by the directors at the end of the current financial year. (12)

1.3 **DEBTORS' RECONCILIATION**

You are the internal auditor of Rose's Boutique. The Debtors' Control account and the Debtors' List for September 2013 were prepared by the bookkeeper, but there are some errors and omissions.

REQUIRED:

1.3.1 Indicate the corrections that must be made to the Debtors' Control account in the General Ledger by showing the amounts with:

+ for increase; – for decrease OR write 'no change'. (7)

1.3.2 Prepare the correct Debtors' List on 30 September 2013.

Show workings with the relevant amounts in brackets to earn part-marks. (10)

INFORMATION:

1. **Pre-adjustment figures on 30 September 2013** **R**

Debtors' Control account balance	20 100
Debtors' List total from Debtors' Ledger	19 900

2. **Debtors' List on 30 September 2013**

	Debit	**Credit**
T Stoffels	3 800	
E Khune	7 400	
S Mashele		1 900
M Devnarain	10 600	
	21 800	1 900

3. **Errors and omissions:**

A The total of the Debtors' Journal was overcast by R1 800.

B Interest of R200 must be charged on the overdue account of E Khune.

C An amount of R3 200 received from T Stoffels was incorrectly recorded as R2 300 in the Cash Receipts Journal and posted accordingly to the Debtors' Ledger and the General Ledger.

D Merchandise returned by M Devnarain, R800, was posted to the wrong side of his account in the Debtors' Ledger.

E No entry was made for an invoice issued to S Mashele, R1 400.

35

QUESTION 2: MANUFACTURING (35 marks; 20 minutes)

2.1 COST ACCOUNTS

REQUIRED:

Choose a cost category from COLUMN B that matches a description in COLUMN A. Write only the letter (A–D) next to the question number (2.1.1–2.1.4) in the ANSWER BOOK.

COLUMN A	COLUMN B
2.1.1 Raw materials used in the factory	A direct labour cost
2.1.2 Advertising expenses	B factory overhead cost
2.1.3 Office telephone account	C selling and distribution cost
2.1.4 Salary of the factory foreman	D administration cost
	E direct material cost

(4 x 2) (8)

2.2 PROTEA MANUFACTURERS

Protea Manufacturers make one style of uniforms (overalls). The financial year ends on 31 August 2013.

REQUIRED:

2.2.1 Provide the missing figures in the:

- Production Cost Statement (8)
- Note for Factory Overhead Cost (5)

2.2.2 The internal auditor is not satisfied with the direct labour cost for the year.

- Explain the problem relating to the direct labour cost and quote figures to support your explanation. (3)
- Give TWO possible solutions to this problem. (4)

INFORMATION:

1. **Production Cost Statement for the year ended 31 August 2013**

Direct material cost	?
Direct labour cost	**985 600**
Prime cost	?
Factory overhead cost	**94 980**
Total manufacturing cost	?
Work-in-process (1 September 2012)	**12 420**
	?
Work-in-process (31 August 2013)	?
Cost of production of finished goods	?

2. **Direct material cost**

Fabric was issued from storeroom to factory using the **weighted-average** method.

	Quantity (metres)	**Cost per metre**	**Total cost**
Stock on 1 September 2012	10 000 m	R 9,00	R 90 000
Purchases of fabric	30 000 m	12,00	360 000
	40 000 m		450 000
Issued to factory	28 000 m	?	?
Stock on 31 August 2013	12 000 m	?	?

3. **Direct labour cost**

	Hours	**Rate**	**Workers**	**Total**
Normal time	1 200	R32,00	10	R384 000
Overtime	880	R64,00	10	R563 200
Employer's contributions				R 38 400
				R985 600

Information 4 on next page.

4. **Allocation of cost items**

Refer to the relevant cost statements on the next page.

4.1 Factory rent is divided among factory, sales and administration in the ratio 5 : 2 : 1.

4.2 75% of the water and electricity expense must be allocated to the factory and the rest is an administration expense.

5. **Factory overhead cost**

Indirect material	7 360
Indirect labour	22 230
Depreciation of factory plant	8 630
Rent expense	?
Water and electricity	?
Sundry expenses	?
	94 980

6. **Administration cost**

Rent expense	6 600
Insurance	8 860
Water and electricity	6 840
Stationery	3 440
Sundry expenses	24 560
	50 300

7. **Production and sales**

21 400 overalls were produced and sold during the financial year. The cost of production of finished goods was R65,00 per unit.

2.3 SALLY'S STATIONERY BAGS

Sally Venter makes fabric stationery bags which she sells to learners.

REQUIRED:

2.3.1 Calculate the number of units that Sally needed to produce in order to break even in 2013. (4)

2.3.2 Comment on the number of bags she is producing. Quote figures or financial indicators to support your answer. Refer to the break-even calculation in your answer. (3)

INFORMATION:

1. During the year, 12 860 units were produced and sold.

2. The selling price per unit was R30,00.

3. **Variable and fixed costs:**

	2013		2012
Variable costs:	**TOTAL**	**PER UNIT**	**PER UNIT**
Direct material	R128 600	R10,00	R12,20
Direct labour	102 880	8,00	7,00
Selling and distribution	51 440	4,00	3,80
	R282 920	**R22,00**	**R23,00**
Fixed costs:			
Factory overheads	R77 160	R6,00	
Administration	19 290	1,50	
	R96 450	**R7,50**	

35

QUESTION 3: COMPANY FINANCIAL STATEMENTS AND AUDIT REPORT

(75 marks; 45 minutes)

3.1 Give ONE word/term for each of the following descriptions by choosing a word/term from the list below. Write only the word/term next to the question number (3.1.1–3.1.4) in the ANSWER BOOK.

current asset; non-current asset; income; expense; current liability; non-current liability

3.1.1 Profit on the sale of an asset is a/an ...

3.1.2 The portion of a loan that will have to be repaid within a year is a/an ...

3.1.3 Consumable stores on hand are a/an ...

3.1.4 Interest on a bank overdraft is a/an ... (8)

3.2 **SELATI LIMITED**

You are provided with information for the financial year ended 30 June 2013.

REQUIRED:

3.2.1 Complete the Income Statement. (54)

3.2.2 Prepare the note for Retained Income. (7)

INFORMATION:

EXTRACT FROM THE TRIAL BALANCE ON 30 JUNE 2013:

Balance Sheet Accounts Section	**R**
Ordinary share capital (R2 par value)	4 500 000
Share premium	790 000
Retained income (1 July 2012)	735 000
Trading stock	1 534 000
Debtors' control	521 300
Provision for bad debts	22 000
Creditors' control	786 800
Loan: Puma Bank	630 000
Bank (Dr)	129 400
SARS: Income tax (Dr)	260 000
Pension fund	15 800
Unemployment Insurance Fund (UIF)	2 300
Fixed deposit: Sharp Bank	450 000

Nominal Accounts Section	R
Sales	?
Cost of sales	8 200 000
Salaries and wages	788 000
Directors' fees	1 840 000
Audit fees	88 000
Employer's contribution (Pension and UIF)	81 000
Bank charges	31 000
Sundry expenses	89 730
Bad debts	12 100
Rent income	69 160
Interest on fixed deposit	27 000
Repairs and maintenance	125 600
Packing material	43 900
Ordinary share dividends (interim)	?

ADJUSTMENTS AND ADDITIONAL INFORMATION:

1. The auditors are owed a further R7 500.

2. Goods are sold at a mark-up of 60% on cost price. The company held discounted cash sales during the year to clear excess stock. The total of trade discount given to customers was R702 000.

3. Packing material to the value of R41 000 was used during the year ended 30 June 2013.

4. Interest on the bank overdraft, R2 800, is included in the bank charges.

5. No entries have been made for stock stolen at the beginning of June 2013. The insurance company has informed Selati Ltd that they have transferred R32 000 into the business' bank account in respect of the insurance claim. Selati Ltd bears 20% of any stock loss.

6. A physical stocktaking on 30 June 2013 reflected that stock to the value of R1 475 500 was on hand.

7. An amount of R1 700 received from M Mpoani had been credited to the Debtors' Control Account in June 2013. The account of M Mpoani was written off as a bad debt during May 2013.

   The provision for bad debts must be adjusted to 4% of outstanding debtors.

Adjustment 8 on next page.

8. One employee was omitted from the Salaries Journal for June 2013. His salary details are:

Deductions	Employer's Contribution	Net salary
2 020	1 610	4 980

9. EZ Builders was paid R105 000 for the construction of a storeroom (R80 000) and repairs to paving (R25 000). The entire amount was debited to Land and Buildings in error.

10. The loan statement from Puma Bank on 30 June 2013 reflected:

Balance at beginning of financial year	R1 470 000
Repayments during the year	840 000
Interest capitalised	?
Balance at end of financial year	750 000

11. Rent income for July 2013 has already been received. The monthly rent was increased by 10% on 1 May 2013.

12. Depreciation is the missing figure in the Income Statement.

13. **Net profit and tax:**

- After taking all adjustments into account, the **correct** net profit after tax is R588 000.
- The income tax rate is 30% of net income before tax.

14. **Shares and dividends:**

- Interim dividends of 14 cents per share were declared and paid on 31 December 2012.
- 250 000 shares were issued on 1 January 2013. This was properly recorded.
- Final dividends of 10 cents per share were declared on 30 June 2013.

3.3 **AUDIT REPORT**

EXTRACT FROM THE REPORT OF THE INDEPENDENT AUDITORS
We have audited the annual financial statements of Selati Ltd for the year ended 30 June 2013. These financial statements are the responsibility of the company's directors.
Basis for Disclaimer of Opinion During the course of our audit we established that bonuses paid to directors amounting to R1,5m had not been authorised by the Remuneration Committee. Furthermore, no documentation is available for sundry expenses of R75 000.
Audit Opinion Because of the significance of the matter described above, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of Selati Ltd for the year ended 30 June 2013.
Morley and Associates, Chartered Accountants (SA)

REQUIRED:

As a shareholder, why would you be concerned about this audit report? Explain. State THREE points. (6)

75

QUESTION 4: CASH FLOW AND INTERPRETATION OF FINANCIAL STATEMENTS (60 marks; 35 minutes)

You are provided with information for the financial year ended 28 February 2013 for Jumbo Cellphones Ltd, a public company listed on the JSE.

REQUIRED:

4.1 Refer to Information 8 below regarding the special programmes that are published with the financial statements in the annual report.

4.1.1 Why would the directors want to spend money on these programmes? Explain the main benefit of EACH programme for the company. (4)

4.1.2 Apart from the points mentioned above, why would the directors want to mention these programmes in the annual report? Explain. (2)

4.2 Provide the missing figures indicated by **A** to **F** in the Cash Flow Statement. Show workings to earn part-marks. (15)

4.3 Calculate the financial indicators below for the financial year ending 28 February 2013. Show all workings to earn part-marks.

4.3.1 Percentage net profit after tax on sales (3)

4.3.2 Earnings per share (3)

4.3.3 Debt-equity ratio (3)

4.3.4 Return on average shareholders' equity (ROSHE) (5)

4.4 The directors are of the opinion that the operating efficiency of the company has improved. Quote and explain TWO financial indicators (with figures) to support their opinion. (4)

4.5 The shareholders are happy with their return, earnings and dividends. Quote and explain THREE financial indicators (with figures) to support their opinion. (6)

4.6 New shares were issued at the beginning of the financial year at R9,00 each. As an existing shareholder, would you be satisfied with this issue price? Quote TWO financial indicators (with figures) to explain your opinion. (5)

4.7 A large loan repayment was made. Comment on whether this was a good idea or not. Quote TWO financial indicators (with figures) to support your comment. (4)

4.8 Apart from the dividends and the loan, what other major decisions by the directors are reflected in the Cash Flow Statement? State TWO major decisions and quote the relevant figures. Also explain how EACH of these decisions would benefit the company in future. (6)

INFORMATION:

1. The company has an authorised share capital of 4 000 000 ordinary shares (par value R5,00 each).

2. Information extracted from the 2013 Income Statement:

Sales	6 200 000
Depreciation	120 000
Interest on loan	168 000
Net profit before tax	1 200 000
Net profit after tax	840 000

3. Information extracted from the Balance Sheet:

	2013	2012
Fixed Assets (carrying value)	7 125 000	6 931 000
Current Assets	575 000	419 000
Inventories	135 000	80 000
Accounts receivable	362 000	328 000
SARS (Income tax)	-	9 000
Cash and cash equivalents	78 000	2 000
TOTAL ASSETS	7 700 000	7 350 000
Shareholders' Equity	5 285 000	4 000 000
Ordinary share capital (par value R5)	3 500 000	3 000 000
Share premium	1 200 000	800 000
Retained income	585 000	200 000
Non-current Liabilities: Venus Bank (8% p.a.)	2 100 000	2 800 000
Current Liabilities	315 000	550 000
Accounts payable	112 000	158 000
SARS (Income tax)	28 000	-
Shareholders for dividends	175 000	210 000
Bank overdraft	-	182 000
TOTAL EQUITY AND LIABILITIES	7 700 000	7 350 000

4. New shares were issued on 1 March 2012 at R9,00 each.

5. An interim dividend of R280 000 was paid on 30 June 2012.

Information 6 on next page.

6. The following financial indicators were calculated for the past two years:

	2013	2012
Net profit after tax on sales	?	11,3%
Operating expenses on sales	25%	32%
Operating profit on sales	22%	15,8%
Return on average shareholders' equity (ROSHE)	?	15,2%
Earnings per share (EPS)	?	90 cents
Dividends per share (DPS)	65 cents	82 cents
Return on average capital employed (ROTCE)	19,3%	15,2%
Debt-equity ratio	?	0,7 : 1
Interest rate on borrowed funds	8%	8%
Net asset value per share (NAV)	755 cents	667 cents
Market value per share	840 cents	820 cents

7. **CASH FLOW STATEMENT FOR YEAR ENDED 28 FEBRUARY 2013**

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	(168 000)
Income tax paid	**A**
Dividends paid	**B**
CASH EFFECTS OF INVESTING ACTIVITIES	(314 000)
Fixed assets purchased	(400 000)
Proceeds from sale of fixed assets	86 000
CASH EFFECTS OF FINANCING ACTIVITIES	
Proceeds of shares issued	**C**
Increase/Decrease in loans	**D**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**E**
Cash and cash equivalents at beginning of year	**F**
Cash and cash equivalents at end of year	78 000

8. The published annual report reflected that the company had spent money on the following special programmes:

Programme A:
Donation of R200 000 to the local neighbourhood committee to combat crime

Programme B:
Staff training costing R200 000

60

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QUESTION 5: CASH BUDGET **(40 marks; 25 minutes)**

You are provided with the Debtors' Collection Schedule and an extract from the Cash Budget of Leboni Traders for the three months ending 31 March 2014. The owner is Peter Leboni.

REQUIRED:

5.1 Complete the following sentences by filling in the missing word(s). Write only the word(s) next to the question number (5.1.1–5.1.3) in the ANSWER BOOK.

5.1.1 The main purpose of preparing the Cash Budget is ... (2)

5.1.2 ONE item in the Cash Budget that will not be reflected in a Projected Income Statement is ... (2)

5.1.3 ONE item that will appear in a Projected Income Statement but not in a Cash Budget is ... (2)

5.2 Refer to Information 1 to 7 below. Calculate the missing figures in the Debtors' Collection Schedule and the Cash Budget indicated by **A** to **H**. (22)

5.3 Explain what you would say to Peter about each of the following items at the end of November, and give ONE point of advice in EACH case:

NOVEMBER 2013	BUDGET	ACTUAL
Telephone	R1 000	R5 500
Sundry expenses	R3 000	R3 000
Rent income	R6 500	R3 000

(6)

5.4 In order to increase sales and the number of customers, Peter intends to advertise that credit limits for all credit customers will be increased to R35 000 and that new customers are welcome to open accounts during April.

Give THREE points of advice to Peter in this regard. (6)

INFORMATION:

1. **Sales, purchases and cost of sales:**

- Total sales expected:

2014		
January	**February**	**March**
R500 000	R350 000	R300 000

- 60% of sales are on credit, the rest are for cash.
- The business uses a mark-up of 100% on cost at all times.
- Stock is replaced monthly.
- 20% of all purchases are for cash, the rest are on credit.
- Creditors are paid TWO months after the purchase of stock.

2. **Debtors' collection:**

The credit limit for each debtor is R25 000. In the past, debtors have settled their accounts as follows. Leboni Traders prepares its budget on this basis:

- 20% of debtors settle accounts in the month of the sale to receive a 5% discount.
- 30% settle in the 1st month following the sales month (30 days).
- 40% settle in the 2nd month (60 days).
- 10% are written off in the 3rd month.

3. **Debtors' Collection Schedule:**

		Credit sales R	2014 January R	February R	March R
Actual	November	345 000	138 000		
	December	480 000	144 000	192 000	
Expected	January	300 000	57 000	90 000	**A**
	February	210 000		39 900	63 000
	March	180 000			**B**
			339 000	321 900	**C**

4. **Extract from the Cash Budget:**

	2014 January R	February R	March R
RECEIPTS:			
Cash sales	200 000	**D**	120 000
Receipts from debtors	339 000	321 900	**C**
Rent income			
Loan from KZ Bank (12%)	400 000		
PAYMENTS:			
Cash purchases	50 000	35 000	30 000
Payments to creditors	320 000	320 000	**E**
Interest on loan		4 000	**F**
Repayment of loan		40 000	40 000
Wages	32 500	22 048	**G**
Advertising	**H**	6 758	6 758
Sundry expenses			
Cash balance at end of month	350 000	200 000	(50 000)

5. **Loan and interest on loan:**

The interest on the loan and the monthly loan instalments are payable at the end of each month. Interest is not capitalised.

6. **Wages:**

- In January the business will have five employees, each earning a wage of R1 300 per week.
- All the employees are paid their wages on Fridays. There are five Fridays in January and four Fridays in February and March 2014.
- One employee will resign on 31 January 2014 and the other employees will be given a 6% increase on that date.
- The business plans to employ two more staff members at the same weekly wage as the others on 1 March 2014.

7. **Advertising:**

The advertising budget will be increased by 9% with effect from 1 February 2014.

40

QUESTION 6: FIXED ASSETS, INVENTORY VALUATION AND INTERNAL CONTROL
(55 marks; 35 minutes)

6.1 FIXED ASSETS

You are provided with details of the fixed assets of Ulwazi Ltd. The financial year ends on 31 March 2013.

REQUIRED:

6.1.1 Calculate the missing figures indicated by **A**, **B** and **C** in the Fixed Assets Note below. (9)

6.1.2 Prepare the Asset Disposal Account for the computer sold on 31 January 2013. (11)

6.1.3 You are the internal auditor. State TWO concerns that you would voice in respect of the fixed assets with the board of directors. Explain in EACH case why you are concerned. (4)

INFORMATION:

1. **Fixed Assets Note:**

	Land and buildings	Equipment	Vehicles
Carrying value (1 April 2012)	**3 000 000**	**184 000**	**560 000**
Cost	3 000 000	258 000	780 000
Accumulated depreciation	(-)		(220 000)
Movements:			
Additions (cost)			360 000
Disposals (carrying value)	**A**		
Depreciation			**B**
Carrying value (31 March 2013)	**2 100 000**		
Cost	2 100 000	240 000	1 140 000
Accumulated depreciation	(-)		**C**

2. Unused land was sold for cash at cost to solve cash-flow problems. This property was bought by Pedoma (Pty) Ltd. The majority shareholder in this company is Betty Benson, the CEO's wife.

Information 3 on next page.

3. A computer (equipment) was sold for R800 cash to the CEO, Ben Benson, on 31 January 2013.

FIXED ASSET REGISTER			**E22189**
Item:	IT3 Laptop		
Cost:	R18 000		
Date purchased:	1 October 2010		
Rate of depreciation:	25% p.a. on cost		
	DEPRECIATION	**ACCUMULATED DEPRECIATION**	**CARRYING VALUE**
31 March 2011	R2 250	R2 250	R15 750
31 March 2012	R4 500	R6 750	R11 250
31 January 2013	?	?	?

4. A new vehicle costing R360 000 was purchased on 30 June 2012.

5. Depreciation is written off on Vehicles at 20% p.a. on the diminishing-balance method.

6.2 INVENTORY VALUATION AND INTERNAL CONTROL

You are provided with information relating to Fast Save Traders owned by Mohammed Khan. The business sells school shirts. Their financial year ends on 31 July 2013. The business uses the FIFO (first in first out) method to value stock. The periodic inventory system is used.

6.2.1 Calculate the value of closing stock according to the FIFO method on 31 July 2013. (7)

6.2.2 Calculate:

- Mark-up percentage (%) achieved on cost (4)
- Stock holding period (use average stock in your calculation) (4)

6.2.3 The business aims at a mark-up of 30% on cost.

As the internal auditor, what would you investigate? Explain. State TWO points. (4)

6.2.4 The stock holding period for 2012 was 30 days.

Should Mohammed be satisfied with the stock holding period for 2013? Explain. (3)

INFORMATION:

1. **Sales and cost of sales for the year:**

	TOTAL
Sales (3 600 shirts at R140 each)	R504 000
Cost of sales	R415 500

2. **Inventories of shirts:**

	NUMBER OF UNITS	**PRICE PER UNIT**	**TOTAL**
1 August 2012	600	R80	R48 000
31 July 2013	970	?	?

3. **Purchases and returns:**

	NUMBER OF UNITS	**PRICE PER UNIT**	**TOTAL**
Purchases:			
12 October 2012	750	R110	R82 500
18 December 2012	1 900	R130	R247 000
6 March 2013	680	R100	R68 000
24 June 2013	880	R120	R105 600
	4 210		R503 100
Returns:			
7 March 2013	(60)	R100	(R6 000)
24 June 2013	(150)	R120	(R18 000)
NET TOTAL	**4 000**		**R479 100**

6.3 See next page.

6.3 **INTERNAL CONTROL**

Sizwe Sibiya owns three printing shops, each managed by a different person. Each shop has one high-capacity printer which is designed to print 50 000 copies per month. They charge R1,20 per copy.

REQUIRED:

Identify ONE problem in relation to each shop, quoting figures in identifying each problem. In EACH case, advise Sizwe on how to solve the problem.

INFORMATION FOR OCTOBER 2013:

	SHOP 1	**SHOP 2**	**SHOP 3**
Year printer purchased	2007	2011	2012
Name of manager	Thandeka	Dludlu	Sipho
Cost price of printer	R30 000	R50 000	R70 000
Accumulated depreciation	R29 999	R20 000	R14 000
Number of copies printed and sold	70 000	50 000	20 000
Number of spoilt copies	965	5 870	180
Cash from customers deposited	R66 000	R60 000	R24 000
Ink and other consumables used	R14 800	R19 500	R4 400
Repairs and maintenance	R4 000	R1 400	R200
Other monthly operating expenses	R17 000	R17 000	R17 000

(9)

55

TOTAL: 300