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**TOTAL  
MARKS**

NATIONAL SENIOR CERTIFICATE EXAMINATION  
MAY 2022

**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 9 pages (i–ix) 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 sharp, 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	Section marks	Total marks	Marker/ Moderator
<b>Question 1: Inventory systems &amp; VAT (25 minutes)</b>	31			
	10			
<b>Question 2: Company financial statements (39 minutes)</b>	66			
<b>Question 3: Cash flow statements (29 minutes)</b>	49			
<b>Question 4: Manufacturing with asset management (27 minutes)</b>	44			
<b>TOTAL out of 200</b>	<b>200</b>			

**QUESTION 1      INVENTORY SYSTEMS & VAT      (41 marks, 25 minutes)**

**QUESTION 1.1      INVENTORY SYSTEMS      (31 marks, 19 minutes)**

**Refer to the information relating to Callaghan Cheeses.**

**CHEESE BOARDS (Weighted average method):**

1.1.1 Determine the weighted average of one cheese board.

(6)

1.1.2 Determine the rand value of the boards that were lost during the past quarter. Consider that the actual cost of sales was calculated to be R56 975.

(4)

**CHEESE (FIFO method):**

1.1.3 Calculate the weight of cheese on hand (in kilogram) on 31 May 2021.

(6)

1.1.4 Complete the Trading Statement for the quarter ended 31 May 2021 with regard to the **cheese** only.

Sales	
Cost of sales	
Gross profit	

(13)

**TRADING STATEMENT – 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 Trading Statement.

Purchases	Closing stock

1.1.5 Sydney did not achieve her intended mark-up of 100% on the cheese. Advise her if she needs to include the carriage on purchases as part of her cost price when marking up her goods to determine the selling price. Consider the possible consequence that your decision exposes her to.

Decision: Yes / No (circle your decision)

Advice:

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Consequence:

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(2)

**QUESTION 1.2 VAT**

**(10 marks, 6 minutes)**

Calculate the VAT amount and indicate if it increases or decreases the amount owing to SARS. VAT is calculated at 15%.

	Calculation	VAT amount	Effect on amount owing to SARS
1			
2			
3			

(10)

	+		=	
31		10		41

**QUESTION 2      COMPANY FINANCIAL STATEMENTS      (66 marks; 39 minutes)**

**COMPANY FINANCIAL STATEMENTS – 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 Extracted Income Statement and/or Financial Statements Notes on pages 6 and 7.

<b>Average share price &amp; buy back</b>	
<b>Trading stock deficit</b>	
<b>Salaries (Adjustment 8)</b>	
<b>Interest on loan (Adjustment 9)</b>	

**Refer to the information relating to Mishka Limited.**

2.1 Complete the Statement of Comprehensive Income (Income Statement) for the year ending 28 February 2021.

Sales (4 815 000)	
Cost of sales (2 324 000)	
Gross profit	
Other income	<b>Do not calculate</b>
Rent income	248 920
Bad debts recovered (4 100)	
Commission income (41 000)	
Gross income	<b>Do not calculate</b>
Operating expenses	<b>Do not calculate</b>
Stationery (14 700)	
Depreciation	42 400
Sundry expenses	235 818
Salaries & wages (864 000)	
Pension fund contributions (69 120)	
Operating profit	<b>Do not calculate</b>
Interest income (61 800)	
Net profit before interest expense	<b>Do not calculate</b>
Interest expense	
Net profit before taxation	1 650 000
Taxation	
Net profit after taxation	

(32)

2.2 Complete the following full Notes to the Financial Statements as at 28 February 2021.

**2.2.1 Trade & other receivables**

Net trade debtors	
Debtors Control (149 500	
Less: Provision for bad debts	
Accrued income (4 200	
	<b>Do not calculate</b>

(10)

**2.2.2 Retained income / Accumulated profits**

Balance as at the beginning of the year	1 245 000
Net profit after tax	
Ordinary share dividends	
Paid	
Recommended	
Balance as at the end of the year	

(10)

**2.2.3 Trade and other payables**

Creditors Control (375 200	
	<b>Do not calculate</b>

(14)

**QUESTION 3 CASH FLOW STATEMENTS**

**(49 marks, 29 minutes)**

**Refer to the information relating to Readhead Motors Ltd.**

3.1 Complete the following Note to the Cash Flow Statement:

**Reconciliation between profit before taxation and cash generated from operations**

Net profit before taxation	
<b>Adjustment for:</b>	
Depreciation	
Interest expense	
Profit before the changes in working capital	
<b>Changes in working capital</b>	
*Increase / Decrease in inventory	
*Increase / Decrease in receivables	
*Increase / Decrease in payables	
Cash flow from operations	

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

(22)

3.2 Complete the following extract from the Cash Flow Statement for the year ended 28 February 2021.

<b>Cash flow from investing activities</b>	

(6)

3.3 Determine the value of the new loan taken out during the year ended 28 February 2021.

(4)

3.4 Calculate the amount of taxation paid during the year, as it would appear on the Cash Flow Statement for the year ended 28 February 2021.

(5)

3.5 Determine the total amount paid to the deceased shareholder's estate for the repurchase of the shares.

(4)

3.6 Determine the bank account balance on 28 February 2021. Indicate whether it is a favourable balance or an overdraft.

Favourable / Overdraft

(8)

**CASH FLOW STATEMENTS – 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 relevant question on pages 8 and 9.

<b>Depreciation</b>	
<b>Interest on loan</b>	
<b>Movement in receivables</b>	
<b>Movement in payables</b>	

**QUESTION 4      MANUFACTURING & ASSET MANAGEMENT**  
**(44 marks, 27 minutes)**

**MANUFACTURING WITH FIXED ASSET MANAGEMENT – 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 Production Cost Statement or Factory Overheads Notes on page 12.

<b>Raw materials purchased</b>	
<b>Water &amp; lights</b>	

**Refer to the information relating to Jasson Jewellers.**

4.1 Complete the Note to the Production Cost Statement for raw materials.

**Note 1: Raw materials**

Opening stock	
Closing stock	
Raw materials transferred to the production process	

(11)

4.2 Complete the Note to the Production Cost Statement for factory overheads.

**Note 3: Factory overheads**

Indirect labour	76 250
Indirect materials	
Rent expense (226 850	
Rates & taxes (82 900	
Water & lights	
Insurance (73 440	
Depreciation on equipment	
	<b>Do not calculate</b>

Calculation of depreciation on factory equipment.

Calculation	Depreciation
Equipment sold	
Remaining (old) equipment	
New equipment	
Total depreciation on factory equipment for the year	

(26)

4.3 Determine the total sales for the year ended 31 May 2021.

(5)

4.4 Comment on the profitability of the business by considering the following:

Number of units produced: 250 000 units  
 Number of units sold: 238 700 units  
 Break-even point: 80 000 units

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(2)

<b>44</b>

**Total: 200 marks**