

SENIOR SECONDARY IMPROVEMENT PROGRAMME 2013



education

Department: Education

GAUTENG PROVINCE

GRADE 10

ACCOUNTING

LEARNER HOMEWORK SOLUTIONS

The SSIP is supported by



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LEARNER HOMEWORK SOLUTIONS

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SOLUTIONS TO HOMEWORK: SESSION 8
TOPIC: CONSOLIDATION EXERCISES

QUESTION 1

1.1.1 $R25\ 500 / 3 = R8\ 500$ ✓✓

OR

$R34\ 000 / 4 = R8\ 500$ (2)

1.1.2 $272 / 3\ 400 \times 100 = 8\%$ ✓✓ (2)

1.1.3 ✓ ✓ ✓ ✓
 $3\ 315 / 468\ 000 \times 12 \times 100 = 8,5\%$ (4)

1.1.4 $24\ 600 / 60 = R410$ ✓✓

Calculation of number of additional square metres she will rent from 1 May 2010:

$30\ 750 / 410 = 75$ OR $60 \times 30\ 750 / 24\ 600 = 75$ sq metres

Increase = $75 - 60 = 15$ sq metres ✓✓ (4)

1.2

A. Comment on telephone:

Good answer = 2 marks; Satisfactory = 1; Incorrect = 0

Expected response: ✓✓:

The telephone costs have exceeded projections by R1 950. These have not been well controlled and measures must be implemented to rectify this.

Alternative correct and valid responses acceptable.

B. Comment on water & electricity:

Good answer = 2 marks; Satisfactory = 1; Incorrect = 0

Expected response: ✓✓

The water & electricity costs are R1 100 under the projections. These have been well controlled especially considering the increase in electricity tariffs (and the increase in the number of customers).

Alternative correct and valid responses acceptable.

C. Comment on fee income & consumable stores:

Excellent answer = 3 marks; Good answer = 2 marks; Satisfactory =1; Incorrect =0

Expected response: ✓✓✓

There was a good increase in fee income (+14%) which indicates that the business is popular with its customers. The consumables stores (e.g. shampoos, conditioners) increased slightly (+5%) but not in the same proportion as the fees received.

Alternative correct and valid responses acceptable.

D. Comment on sale of hair products, cost of sales & gross profit:

Excellent answer = 3 marks; Good answer = 2 marks; Satisfactory =1; Incorrect =0

Expected response: ✓✓✓

There was a good increase in sales (+R24 500 / +28%) which was caused by the decrease in the mark-up % (from 75% to 60%). The increased sales volume on the lower mark-up resulted in an increase in the gross profit (+R4 500 / +12%). It appears that this was a good strategy.

Alternative correct and valid responses acceptable. (10)

1.3.1 ✓ ✓ ✓ ✓
 $7\ 100 / 0,2 \times 12 = R426\ 000$ (4)

1.3.2 **ASSET DISPOSAL**

| | | | | | | |
|----------------|-------------------------------------|-----------------|----------------|--|----------|------|
| 2010 July 1 | Equipment ✓ | ✓ 164 000 | 2010 July 1 | Acc depr on equipment ✓ (153750✓ + 8 200✓) | ✓161 950 | |
| | Profit on disposal of asset ✓ | ☑ 20 950 | | Creditors control ✓ | ✓23 000 | |
| | | 184 950 | | | 184 950 | (10) |

1.3.3 Interest on loan: ✓
 15% of R379 000 = R4 737,50 pm – negative effect ✓✓
 Depreciation: ✓
 15% R402 000/12 less R2 050 = R2 975 pm – negative effect ✓✓
 Maintenance: ✓
 R3 500 pm – positive effect ✓ (8)

1.3.4 **Advantage:** ✓

Saving on rent / Earn capital gains on property values

Disadvantage: ✓

Repairs and maintenance to be paid /

She will need a bond to finance this option (high repayments)

(2)

1.3.5 **Explain, quoting specific information from the question.**

(See Additional information 5 on previous page.)

Excellent answer = 4-5 marks; Good answer = 2-3 marks; Satisfactory =1;

Incorrect =0

Expected response:

✓✓

It was responsible of her to replace the old equipment. The new equipment will attract customers, will make working conditions better and will involve less maintenance.

✓✓✓

With regard to the vehicles, it was irresponsible of her to purchase an expensive new car, especially as the customers travel to the business. Also, this meant that the fixed deposit was used to finance the expensive car. This money could have been used to finance the equipment without high interest charges.

Alternative correct and valid responses acceptable.

(5)

1.4 *Excellent answer = 4 marks; Good answer = 2-3 marks; Satisfactory =1;*

Incorrect =0

Expected response:

✓✓✓✓

Her projections show that she expects to earn an average of R66 549 pm from this business, approximately R798 564 pa.

She is losing out on interest on her savings – approximately R68 000 pa or R5 667 pm (based on interest rate 8,5% pa)

She is befitting by more than R700 000 pa, which means she has probably made the right decision.

Alternative correct and valid responses acceptable.

(4)

[55]

SOLUTIONS TO HOMEWORK: SESSION 9
TOPIC: CONSOLIDATION EXERCISES

QUESTION 1

- 1.1.1 Any valid response(✓✓), e.g.
 • The cash budget shows the expected inflows and outflows of cash (2)
- 1.1.2 Calculation:=✓ $8580-7800/7800*100=780/7800*100=10\%$ ✓✓ (4)
- 1.1.3 One response and two explanation
 No✓, it is a non-cash transaction. .(✓✓) (3)
- 1.1.4 ✓ ✓
 Calculation:120000*interest/100*1/12=1400✓
 : 100*interest =1400✓
 :interest = 1400/100 =14%✓✓ (6)
- 1.1.5 Stock purchases=cost of sales
 Stock purchases for March
 =169400✓+72600✓
 =242000✓✓
 Profit percentage on cost price
 =338800✓-242000/242000*100✓=40%✓✓ (8)
- 1.1.6 Any response one mark and explanation two marks.
 (12000-9000)/2=R1500 each
 NO/Yes,✓
 It was a good idea, as the store was busy and the extra help was probably necessary.✓✓ (3)
- 1.1.7 140000-392910✓
 =R252910✓ deficit because of additions to the restaurant ✓✓ (4)
- 1.1.8 R283380✓+(252910) ✓=R30470✓
 The bank balance will be R30 470 (3)
- 1.1.9 Response may be expressed differently. Any one reason: ✓✓
 The busy months for Bally's store are March and April, but he still needs enough cash flow for the rest of the year. For this reason, he should take care with what he does with the surplus cash on 31 May. (2)

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SOLUTIONS TO HOMEWORK: SESSION 10
TOPIC: CONSOLIDATION EXERCISES

QUESTION 1

1.1

1.1.1

- $(R175000 + R1150000) / (2500 + 15000 \text{ units})$
 $= R1325000 / 17500 \text{ units (or 2 marks each here)}$
 $= R75.71$

Stock value = $3020 \text{ units} \times R75.71$ transfer from above.
 $= R228644,20$

(9)

1.1.2

- $2500 + 15000 - 14400 - 3020 = 80 \text{ units}$

Value at weighted average:

80 x R75.71 = R6057

(7)

1.1.3 Any three valid **and separate** points

Expected responses for 2 marks:

- Security measures at the door to improve, e.g. alarm at door with tags on CDs.
- Consider till points - possible collusion or error by employees when CDs are sold.
- Consider purchase procedures-proper authorisation and checking of CDs received.
- Division of duties amongst members of the accounting department so that one person serves as a check on another.
- Conduct internal audits to minimise the possibility of fraud or error / of CDs by employees.

(6)

1.2

1.2.1 Any valid points, e.g. ✓✓

- This is dishonest. (2)
- Failure to pay over VAT is an offence.

1.2.2 Any valid points, e.g. ✓✓

- SARS would require documentation as proof of all transactions
- Conduct audits. (2)

1.2.3 Any two zero –rated items below. ✓ ✓

Rice or Maize or Cooking oil. (2)

1.2.4 Rice = R8.20

Maize = R8.25

Cooking oil = R12.65

✓ ✓

Total R29.10 x14/114 = R3.57✓

(3)

1.2.5

| Offences | Stakeholders affected |
|--------------------------------|-----------------------|
| Price-fixing or over-charging✓ | Customers✓ |
| Not paying over VAT✓ | SARS✓ |

(4)

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SOLUTIONS TO HOMEWORK: SESSION 11**TOPIC: COMPANIES FINANCIAL STATEMENT****QUESTION 1**

| | |
|-------|---|
| 1.1 | <p>Value of stock on hand on 29 February 2008.</p> <p>Weighted average: $(R156\,600\checkmark + 1\,045\,500)\checkmark - 16\,500\checkmark$ $R1\,185\,600 \div 2\,090\checkmark$ $R567$</p> <p>Value of final stock: $300\checkmark \times R567\checkmark\boxtimes = R170\,100\boxtimes\boxtimes$ (8)</p> |
| 1.2 | <p>Gross profit for the year ended 29 February 2008</p> <p>$(1750\checkmark \times 990\checkmark) - (156\,00\checkmark + (1\,045\,500 - 16\,500)\checkmark\checkmark - 170\,100\boxtimes)$ $R1\,732\,500 - R1\,015\,500$ $R717\,000\boxtimes$ (7)</p> |
| 1.3.1 | <p>The number of cell phones stolen</p> <p>$2\,090 - 1750$ sold = 340 on hand as per records $340\checkmark\checkmark - 300\checkmark = 40\boxtimes$ stolen (4)</p> |
| 1.3.2 | <p>Reason: He is using the periodic stock system\checkmark and, therefore, can only determine losses when he does an actual stocktaking and calculates the cost of sales. \checkmark</p> <p>Change to the perpetual stock system$\checkmark\checkmark$</p> <p>Do regular stock taking$\checkmark\checkmark$</p> <p>Any other feasible reason (6)</p> |
| 1.4.1 | <p>Closing stock: $300\checkmark \times R610\checkmark = R183\,000\checkmark$ (3)</p> |
| 1.4.2 | <p>GROSS PROFIT: $R1\,732\,500\checkmark - (156\,600\checkmark + (1\,045\,500 - 16\,500)\checkmark\checkmark - 183\,000\checkmark)$ $R1\,732\,500 - 1\,002\,600$ $= R729\,900\boxtimes\boxtimes$ (7)</p> |
| 14.3 | <p>Learners to give their own advice. Depends on prices$\checkmark\checkmark$ as to which method is more advantageous, and gains in one year will be offset by losses in the next and vice versa. $\checkmark\checkmark$ (4)</p> |
| 1.5.1 | <p>The business would make less profit. $\checkmark\checkmark$</p> <p>Pay less VAT and income tax. $\checkmark\checkmark$</p> <p>Sales figure will be less</p> <p>Expenses will be higher (stolen phones)</p> <p>Any 2 valid points (4)</p> |

| | |
|-------|---|
| 1.5.2 | Learners to discuss the ethics of this decision. ✓✓✓ Cheating SARS is fraud and can result in heavy fines and / or jail sentences. ✓✓✓ (6) |
| 1.6 | <p>The gross profit is less due to increased cost of sales but sales has remained the same. ✓✓</p> <p>Solution:</p> <ul style="list-style-type: none">• Selling price should increase as costs increase ✓✓• Negotiate cheaper costs• Any other feasible reason <p>(4)</p> |

[53]