



NATIONAL SENIOR CERTIFICATE EXAMINATION  
NOVEMBER 2023

**ACCOUNTING: PAPER I**  
**MARKING GUIDELINES**

Time: 2 hours

200 marks

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**These marking guidelines are prepared for use by examiners and sub-examiners, all of whom are required to attend a standardisation meeting to ensure that the guidelines are consistently interpreted and applied in the marking of candidates' scripts.**

**The IEB will not enter into any discussions or correspondence about any marking guidelines. It is acknowledged that there may be different views about some matters of emphasis or detail in the guidelines. It is also recognised that, without the benefit of attendance at a standardisation meeting, there may be different interpretations of the application of the marking guidelines.**

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**QUESTION 1 ASSET MANAGEMENT & VAT****(31 minutes)****Refer to the information relating to Patel Power.****This question consists of three parts: 1A, 1B and 1C.****QUESTION 1A INVENTORY SYSTEMS****(16 minutes)**

1.1 Calculate the weighted average of one UPS unit.

$$\frac{975\,000}{3\,000} + \frac{15\,600\,000}{48\,000} + \frac{0}{1\,500} + \frac{81\,500}{2\,000} - \frac{850\,000}{50\,500} = \frac{15\,806\,500}{50\,500}$$

R313 Rands / Units

1.2 As part of finalising the insurance claim:

1.2.1 Determine the **number of units** that were stolen during the year.

$$3\,000 + 48\,000 + 1\,500 - 2\,000 - 8\,200 = 42\,300 + x$$

= 150 units units

1.2.2 There is a R1 200 excess charged on every claim. Calculate the rand value of the insurance payout.

$$313 \text{ from 1.1.} \times 150 \text{ from 1.2.1} = 46\,950$$

$$- 1\,200$$

**R45 750**

## 1.3 Complete the Trading Statement for the year ended 28 February 2023:

Sales (42 150 × 595)	25 079 250
Cost of sales	(13 192 950)
Opening stock	975 000
Purchases (15 600 000 – 850 000 – 46 950 from 1.2.2)	14 703 050
Carriage on purchases	81 500
Closing stock (8 200 × 313 from 1.1)	(2 566 600)
Gross profit	<b>Do not Calculate</b>

Calculation space for the purchases amount:

$15\,600\,000 - (2\,000 \times 425) - 850\,000 = 14\,750\,000 - (313 \times 150) - 46\,950$ <p>from 1.2.2</p> $= 14\,703\,050$	
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**QUESTION 1B      FIXED ASSETS****(10 minutes)**

- 1.4      1.4.1      Calculate the following amounts in the spaces provided below:  
Please note that the final amount must be transferred correctly to the note below.

A.      Carrying value of the disposed of asset (vehicle sold)

$$250\,000 + 38\,750 - 120\,000 = 168\,750$$

$$250\,000 - 168\,750 \text{ from above} = 81\,250 \text{ cost} - \text{Acc Dep}$$

Accept asset disposal ledger account

B.      Accumulated depreciation on 1 March 2022

$$1\,063\,500 + 168\,750 \text{ from A} - 287\,250 = 945\,000$$

Accept accumulated depreciation on vehicles ledger account

Accept:

$$846\,500 + (287\,250 + 81\,250) - (360\,000 + 1\,800\,000) \\ = 945\,000$$

C.      Cost price at the end of the year

$$1\,800\,000 + 360\,000 - 250\,000 = 1\,910\,000$$

Accept vehicles ledger account

Accept:

$$855\,000 + 360\,000 - (81\,250 + 287\,250) + 1\,063\,500 \\ = 1\,910\,000$$

- 1.4.2 Complete the fixed asset note as it would appear in the financial statements for the year ended 28 February 2023.

Fill in the amounts indicated by and asterix (\*) or the letter of the corresponding calculation above.

	Vehicles
<b>Carrying value on 1 March 2022</b>	855 000 CP-AD
Cost price	1 800 000
Accumulated depreciation	B (945 000) from B
<b>Movement</b>	<b>Do not calculate</b>
Additions	360 000
Disposals	A (81 250) from A
Depreciation	(287 250)
<b>Carrying value on 28 February 2023</b>	846 500 CP-AD
Cost price	C 1 910 000 from C
Accumulated depreciation	(1 063 500)

### QUESTION 1C VAT

(5 minutes)

**VAT is calculated at 15%**

- 1.5 Analyse the transactions and their effect on the amount owing to SARS for VAT as per the table below.

	Calculation	VAT Amount	Effect in the amount owing to SARS
e.g.		R34 500 cr	Increase
1	$8\,800 - 7\frac{1}{2}\% (660)$ $= 8\,140 \times 15/100$	1 221	Decrease
2	$54\,625 \times 5/95 = 2\,875 \times 15/115$	375	Decrease
3	$6\,095 \times 15/115$	795	Increase

**QUESTION 2      COMPANY FINANCIAL STATEMENTS****(37 minutes)****Refer to the information relating to Mazibuko Solutions Ltd.**

2.1 Analyse the repurchase of shares by completing the following:

Account in the general ledger to be debited	Account in the general ledger to be credited	Amount
Ordinary Share Capital	Bank	1 087 500
Retained Income	Bank	622 500

Calculation:

$$\frac{17\,875\,000}{2\,750\,000} + \frac{7\,500\,000}{750\,000} = \frac{25\,375\,000}{3\,500\,000}$$

$$= 7.25 \times 150\,000 = 1\,087\,500$$

$$= 7.25 - 4.15 = 11.40 \quad (1\,710\,000 / 150\,000)$$

$$1\,710\,000 - 1\,087\,500 = 622\,500 \quad \text{from OSC} = 622\,500$$

**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 final question.

Trading stock	
$2,3 - 1,2 = 1,1 : 1 \quad (36\,500\,000) = 40\,150\,000 + 4\,500\,000 = 44\,650\,000 - 2\,125\,000 = 42\,525\,000$	
Or $83\,950\,000 - (36\,500\,000 \times 1,2 = 43\,800\,000) = 40\,150\,000$	
Number of shares	
$2\,750\,000 + 750\,000 - 150\,000$ $= 3\,350\,000$	

- 2.2 Complete the statement of comprehensive income (income statement) of Mazibuko Solutions Limited Ltd for the year ending 28 February 2023.

Sales (78 650 000 – 393 250 – 9 500)	78 247 250
Cost of sales (31 460 000)	(31 460 000) bracket
<b>Gross profit</b>	46 787 250 Sale–COS
<b>Operating incomes</b>	<b>Do not calculate</b>
Fee income (1 140 000 + 4 000 + 6 000)	1 150 000
Discount received	214 000
Rent income (139 000 – 2 500)	136 500 if minus
Provision for bad debts adjustment (617 750 – 529 215 from 2.3.2)	88 535
<b>Operating expenses</b>	<b>Do not calculate</b>
Telephone (132 600 +12 500)	145 100
Insurance (96 450 – 8 250)	88 200
Bank charges (27 500 + 2 500)	30 000
Bad debts	150 725
Director's fees	3 200 000
Advertising (231 000 + 21 250 or (85 000 ^ – 63 750^) 85 000 × ¼	252 250
Depreciation	798 500
Auditor's fees	160 000
Salaries & wages	29 700 000
Sundry expenses	<b>Do not calculate</b>
Consumable stores (299 000 – 15 000 – 23 000)	261 000 minus
Loss due to theft	15 000
Trading stock deficit	2 125 000
<b>Operating Profit</b>	<b>Do not calculate</b>
Interest income (351 200 + 12 600)	363 800
<b>Net profit before interest expense</b>	<b>Do not calculate</b>
Interest expense	(1 012 500)
<b>Net profit before taxation</b>	10 800 000
Taxation for the year (30% × 10 800 000)	(3 240 000) bracket
<b>Net profit after taxation</b>	7 560 000 –tax

## 2.3 Complete the following notes to the financial statements as at 28 February 2023.

## 2.3.1 Inventories

Trading inventories <small>see calculation</small>	42 525 000
Consumable store on hand	23 000
	<b>Do not calculate</b>

## 2.3.2 Trade &amp; Other Receivables

Net trade debtors	<b>Do not calculate</b>
Debtors control (17 648 000 – 9 500 + 2 000) <small>Accept + R6 000 instead of in Accrued income</small>	17 640 500
Less: Provision for bad debts	(529 215) <small>bracket</small>
Prepaid expense (8 250 (96 450 – 88 200) <small>insurance +</small> 63 750 <small>advertise</small> (85 000 × $\frac{3}{4}$ )	72 000
Accrued income <small>Accept if added to debtors control</small>	6 000 <small>fee inc</small>
	<b>Do not calculate</b>

## 2.3.3 Trade &amp; Other Payables

Trade creditors (48 420 000 + 2 000)	48 422 000
Income received in advance (4 000 – 4 000) + 2 500	2 500
Shareholders for dividends (0.3 × (2 750 000 + 750 000 – 150 000))	1 005 000
Accrued expenses	12 500 <small>tele</small>
Short-term loan instalment (10 500 000 × $\frac{1}{7}$ )	1 500 000
SARS (Income Tax) (–23 000 000 + 32 400 000 <small>inc state</small> )	940 000
	<b>Do not calculate</b>



**QUESTION 3 CASH FLOW STATEMENTS****(29 minutes)****Refer to the information relating to Fullerton Fresh Ltd.**

- 3.1 3.1.1 Calculate the following figures for note 1, and those relating to operating activities.

Depreciation
$6\,950\,000 + 1\,350\,000 (1\,500\,000 - 10\%)$ $= 99\,000 - 7\,216\,000$ $= 985\,000$
Interest on Loan
$5\,800\,000 + 29\,700\,000$ $- 20\,100\,000 - 13\,000\,000$ $= 2\,400\,000$ <small>total</small>
Taxation
$38\,000 + 2\,946\,000 - 32\,000 = 2\,952\,000$

- 3.1.2 Complete the Appropriation Account for the year ended 28 February 2023. (No dates and folios references are required).

Appropriation Account			
Income Tax	2 946 000	Profit & Loss	9 820 000 <small>net profit* 3.1.3</small>
Ordinary Share Dividends	1 271 500 <small>balancing</small>		
Retained Income	5 602 500		
	9 820 000		9 820 000

\*net profit calculation is marked in the note but may be calculated here

3.1.3 Complete Note 1: Reconciliation between profit before taxation and cash generated from operations.

Net profit before taxation (2 946 000 × 100 /30)	9 820 000
Adjustments for:	3 385 000
Depreciation	985 000 from 3.1.1
Interest expense	2 400 000 from 3.1.1
Operating profit before changes in working capital	13 205 000 add
<b>Changes in working capital</b>	(2 917 000) add / bracket
Decrease in inventory	78 000
Increase/*Decrease in receivables words linked bracket use (31 200 000 – 43 800 000) + (85 000 – 60 000)	(12 575 000) no acc Exp (90–115)
*Increase/*Decrease in payables words linked bracket use	9 580 000
Cash generated from operations	10 288 000

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

3.1.4 Complete the **cash flow from operating activities** section as it would appear on the cash flow statement for the year ended 28 February 2023.

<b>Cash flow from operating activities</b>	3 754 500 totalled
Cash generated from operations	10 288 000 total from 3.1.3.
Dividends paid	(1 181 500)
? Taxation paid see 3.1.1 for mark allocation (38 000 + 2 946 000 – 32 000 )	(2 952 000) from 3.1.1 tax paid in bracket
? Interest paid see 3.1.1 for mark allocation (5 800 000 + 29 700 000 – 20 100 000 – 13 000 000)	(2 400 000) from 3.1.1 interest paid in bracket

3.2 Calculate the **retained income** balance on 28 February 2023.

0, 48 : 1 29 700 000 : = 61 875 000 – 46 500 000 = 15 375 000 no foreign
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3.3 Calculate the cash and cash equivalents closing balance on 28 February 2023.

$1\,370\,000 + 36\,471\,000 - 1\,401\,000 + 3\,754\,500$  from 3.1.4

40 194 500

**QUESTION 4      MANUFACTURING****(23 minutes)****Refer to the information relating to Watson Watches.****4.1      Calculations**

Complete the required calculations in the space provided below. Should you wish to use this space for additional calculations – please label them clearly.

<b>Indirect labour</b>	
$173\,760 + 48\,000 = 221\,760 \times 100 / 66$ $= 336\,000 + 9\% (30\,240)$ $= 366\,240$	
<b>Rent expense</b>	
$636\,480 = 7x + 6(x + 4\,680)$ $608\,400 = 13x$ $46\,800 = x$ $51\,480 = x + 4\,680$	

4.2 Complete the following notes to the production cost statement for the year ended 28 February 2023:

4.2.1 Raw materials

Opening balance	1 350 000
Purchases (4 455 000 – 200 000)	4 255 000
Carriage on Purchases (145 000 – 1 750)	143 250
Import duties	80 250
Closing balance	(2 190 000) <i>bracket</i>
Raw materials used in the production process	<b>Do not calculate</b>

4.2.2 Factory overheads

Indirect materials (160 000 + 930 000 – 250 000) × 85%	714 000
Indirect labour	366 240 <i>from 4.1</i>
Rent expense (636 480 – 51 480 <i>subtract</i> ) × 400/900	260 000
Water & electricity (6 000 × 12 = 72 000 × 80%)	57 600
Insurance (70 200 × 50%)	35 100
Security (104 500 + 9 500)	114 000
Production wastage	18 360
	<b>Do not calculate</b>

4.3 Calculate the cost of production of finished goods for the year ended 28 February 2023:

$$6\,320\,000 + x = 6\,550\,000 \text{ *cost* } [16\,375\,000 \times 100 / 250] + 7\,280\,000$$

$$= 7\,510\,000$$

4.4 The owners are concerned about the increase in all stock levels.

4.4.1 Calculate the percentage increase in the work-in-progress balances.

$$\frac{1\,042\,000 - 1\,275\,660}{1\,042\,000} \times 100$$
$$= 22.42\%$$

4.4.2 Briefly explain why the increase in work-in-progress could be seen as a **reason for concern**.

Factory is backing up – not clearing finished goods – breakdown in production

**Total: 200 marks**