

ST PETER'S



COLLEGE

1998 - 2023

Name :

ACCOUNTING - PRELIMINARY EXAMINATION- PAPER 1 – SESSION 1

DATE : 2 AUGUST 2023

GRADE : 12

EXAMINER : S. MEYER

TIME : 2 HOURS

MODERATOR : S. ELIAS/J.POWELL
H. RAMLALL

TOTAL : 200

INSTRUCTIONS TO CANDIDATES :

1. This **ANSWER BOOKLET** consists of **13** pages and an **INFORMATION BOOKLET** of **7** pages. Please check that your paper is complete.
2. Read the questions carefully and answer all questions in the spaces provided on the answer booklet.
3. It is in your interests to write legibly and present your work neatly.
4. Show all calculations in brackets and **round off to two decimals, unless stated otherwise.**
5. You may **not** use red or green ink. **You may use pencil, but please use a soft, dark pencil.**
6. No abbreviations are allowed.
7. The allocation of marks and approximate time to be taken for each question is as follows:

		Time	Possible Mark	Actual Mark
1.	Inventory, Assets	30 min	48	
2.	Manufacturing	20 min	34	
3.	Cash Flow Statement	30 min	55	
4.	Company Financial Statements	40 min	63	
		120 min	200	

QUESTION 1**INVENTORY, ASSETS****48 MARKS; 30 MIN**

Refer to the information of SignWave. Round off all amounts to the nearest Rand.

- 1.1 Calculate the value of **closing stock of inverters** on 30 June 2023.

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(6)

- 1.2 Calculate the **Cost of Sales** of **inverters** for the year ended 30 June 2023.

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(3)

- 1.3 Calculate the **Gross Profit** on **inverters** for the year ended 30 June 2023.

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(3)

- 1.4 The owner is considering changing from using the weighted average method to the FIFO method for valuing the inverters.

Would this change result in a higher or lower value of closing stock?
Support your answer by providing a calculation.

☐ Higher☐ Lower

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(3)

1.5 Calculate the **value** of **lithium batteries** on hand on 30 June 2023.

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(5)

1.6 Calculate the **Cost of Sales** of **lithium batteries** sold.

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(6)

1.7 Calculate the number of **lithium batteries** stolen during a robbery.

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(3)

1.8 How could changing from the periodic system to the perpetual system assist with control of stock? Provide TWO reasons.

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•

(2)

1.9 SignWave expects a substantial increase in the demand for inverters and lithium batteries in the next few months. What effect could this have on the price of these items, and how can SignWave ensure that they take advantage of this situation.

•
•

(2)

1.10 Refer to Information E of the information booklet.

Complete the tangible asset note as it would appear in the financial statements on 30 June 2023. Show all workings clearly in brackets so that part marks can be awarded.

Notes to the financial statements as at 30 June 2023

	VEHICLES
Carrying Value at the beginning of the year	102 000
Cost	200 000
Accumulated Depreciation	
Movements	
Additions	
Disposals	
Depreciation	
Carrying Value at the end of the year	
Cost	
Accumulated Depreciation	

15

Show your calculations for the following:

Carrying value of the forklift sold

Total depreciation on forklifts for the year

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Accumulated depreciation on forklifts at the end of the year

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48

QUESTION 2**MANUFACTURING****34 MARKS; 20 MIN****Information relating to Ignite.**

2.1 Complete the following for the year ended 28 February 2023.

Refer to information points 1 to 10.**IGNITE****Production Cost Statement for the year ended 28 February 2023:**

Prime costs	
Direct materials	
Direct labour	
Factory overheads	
Total cost of goods manufactured	
Work in progress on 1 March 2022	
Work in progress on 28 February 2023	
Cost of finished goods manufactured	

(10)

2.2 Note for Direct Material Costs

Opening stock of raw materials	

(8)

2.3 Note for Manufacturing Overhead Costs.

Manufacturing Overheads Costs

Indirect labour	
Depreciation on factory machinery	
Factory rental	
Water and electricity	

(7)

2.4 Adam sold more than he produced during the year. How is this possible?

	2

2.5 Although there is a large demand for solar panels, Adam’s factory is small and he is producing at full capacity. Adam is concerned that he might not be producing and selling as many solar panels as he needs to.

Refer to information points 10 and 11 in the Information Booklet.

2.5.1 If fixed costs have not changed since the previous year and the variable cost per unit is R640, calculate his break-even point of production.

	4

2.5.2. Based on your answer in 2.5.1 has he made a profit or a loss for the year ended 28 February 2023? Explain.

Profit/loss: _____

Reason:	
	3

QUESTION 3 CASH FLOW STATEMENT 55 MARKS; 30 MIN

Refer to the information relating to Pinto Ltd and complete the following:

3.1 Complete the Cash Flow Statement for the year ended 30 June 2023.

Show supporting calculations in brackets or the space provided on page 10.

Statement of Cash Flow for Pinto Ltd for the year ended 30 June 2023	
Cash flows from operating activities	Do not calculate
Cash generated from operations	
Interest paid	
Dividend paid	
Tax paid	
Cash flows from investing activities	Do not calculate
Purchase of fixed assets	
Proceeds from disposal of fixed assets	
Cash flows from financing activities	Do not calculate
Proceeds from issue of shares	
Net change in cash and cash equivalents	Do not calculate
Cash and cash equivalents beginning of year	
Cash and cash equivalents end of year	

3.2 Complete the **Cash generated from operations** note as at 28 February

Note 1: Cash generated from operations

Net profit before tax	
Adjustment in respect of	Do not calculate
Loss on disposal of asset	920
Depreciation	
Interest expense on loan	
Operating profit before changes in working capital	Do not calculate
Changes in working capital	Do not calculate
*Increase/Decrease in inventory (	
*Increase/Decrease in receivables (	
*Increase/Decrease in payables (	
Cash generated from operations	777 090

16

***Circle the correct definition of the movement**

3.3 Use the Retained Income note to calculate the interim dividend for the year.

RETAINED INCOME

Retained income at beginning of year	
Dividends on ordinary shares	
Retained income at end of year	

7

CALCULATION PAGE

Use the space provided to show the calculations. All final amounts must be transferred to the relevant preceding question.

Fixed (tangible) assets bought during the year.	
Additional loan obtained during the year:	
Proceeds from the issue of new shares:	

QUESTION 4 COMPANY FINANCIAL STATEMENTS 63 MARKS; 40 MIN

Refer to the information relating to Tribe IT Ltd.

4.1 Complete the Statement of Comprehensive Income (Income Statement) of Tribe IT Limited for the year ended 28 February 2023.

Gross profit	1 600 000
Other Income	Do not calculate
Commission Income [36 000	
Gross Operating Income	Do not calculate
Operating expenses	Do not calculate
Staff costs [180 000	
Directors' Fees [120 000	
Sundry expenses [45 000	
Insurance [11 350	
Operating Profit	Do not calculate
Interest Income	
Profit before Interest Expense	Do not calculate
Interest Expense [29 000	
	Do not calculate
Income Tax	
Net profit for the year	Do not calculate

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

4.2.1 Trade and other receivable

Net trade debtors	
Debtors control [40 000	
Less: Provision for bad debts	
	Do not calculate

9

4.2.2 Cash and Cash Equivalents

Bank	
	Do not calculate

8

4.2.3 Trade and other payables

Trade creditors	235 200
	Do not calculate

8

CALCULATION PAGE

Should you wish to use this page 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.

Interest on loan	Provision for bad debts adjustment
Depreciation	
Trading stock deficit / surplus	