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**TOTAL
MARKS**

INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
NOVEMBER 2024

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 15 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 ALL the questions on the question paper and hand this in at the end of the examination. Remember to write your examination number in the space provided above.**
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 soft, 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	Actual marks	Marker signature	Moderator signature
Question 1: Manufacturing (26 minutes)	43			
Question 2: Inventory (18 minutes)	30			
Question 3: Cash Flow Statements (40 minutes)	66			
Question 4: Company Financial Statements (37 minutes)	61			
TOTAL	200			

QUESTION 1 MANUFACTURING**(43 marks, 26 minutes)**

Refer to the information relating to Mwarira Tracksuits Manufacturers.

- 1.1 Complete the following notes to the Production Cost Statement as it would appear on 31 August 2024:

1.1.1 Direct material costs.

Opening stock	6 792
Net Purchases (58 500 + 75 060	
Carriage on purchases (2 688	
Import duties (	
Closing stock	
Raw materials issued to the factory	

(8)

1.1.2 Direct labour costs.

(2)

- 1.2 Calculate the factory overhead costs.

Maintenance of factory equipment	3 120
Depreciation	3 816
Factory indirect materials (780	
Indirect labour (	
Water and electricity (	
Rent expenses (	

(6)

- 1.3 Calculate Direct Material Cost per unit (tracksuit) for the year ended 31 August 2024.

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(2)

- 1.4 Give **ONE** possible reason for the change in the direct material cost per unit (tracksuit).

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(2)

- 1.5 Calculate the total fixed cost for the year ended 31 August 2024.

Fixed cost: (28 560

(2)

- 1.6 Calculate the variable cost per unit for the year ended 31 August 2024.

Variable cost per unit: (30 564

(5)

- 1.7 Calculate the selling price per unit for the year ended 31 August 2024.

Selling price per unit:

(3)

- 1.8 Calculate the number of units that Mwarira Tracksuits Manufacturers need to produce and sell to break-even. Show your calculation and round off to the nearest unit.

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(4)

- 1.9 Should the business be satisfied with the level of production achieved? Substantiate your answer.

(3)

- 1.10 Provide **ONE** suggestion on how the business can improve its profitability.

(2)

- 1.11 The selling price of a similar product produced by competitors is R130 each. What impact could the competitor's selling price have on the selling price of Mwarira Tracksuits Manufacturers? Provide **TWO** points to support your answer.

(4)

43

QUESTION 2 INVENTORY**(30 marks, 18 minutes)**

Refer to the information relating to Lahja Traders.
Show supporting calculations in brackets.

2.1 Calculate the following:

2.1.1 The total cost of waterproof sports duffel bags donated.	(2)
2.1.2 The total cost of waterproof sports duffel bags returns:	(2)
December: () August: () Total	

2.2 Calculate the closing stock value on 31 October 2024 using the weighted average method.

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(12)

- 2.3 Calculate the Cost of Sales of the waterproof sports duffel bags for the current financial year. The business makes use of the periodic inventory system.

Opening stock	2 181 200

(5)

- 2.4 Calculate the Gross Profit value of the waterproof sports duffel bags for the 2024 financial year.

Sales (	
Cost of sales	
Gross profit	

(3)

- 2.5 Provide **TWO** possible benefits for Lahja Traders to donate waterproof sports duffel bags to a local school.

(4)

2.6 Provide **ONE** advantage for Lahja Traders to buy stock in bulk from the supplier.

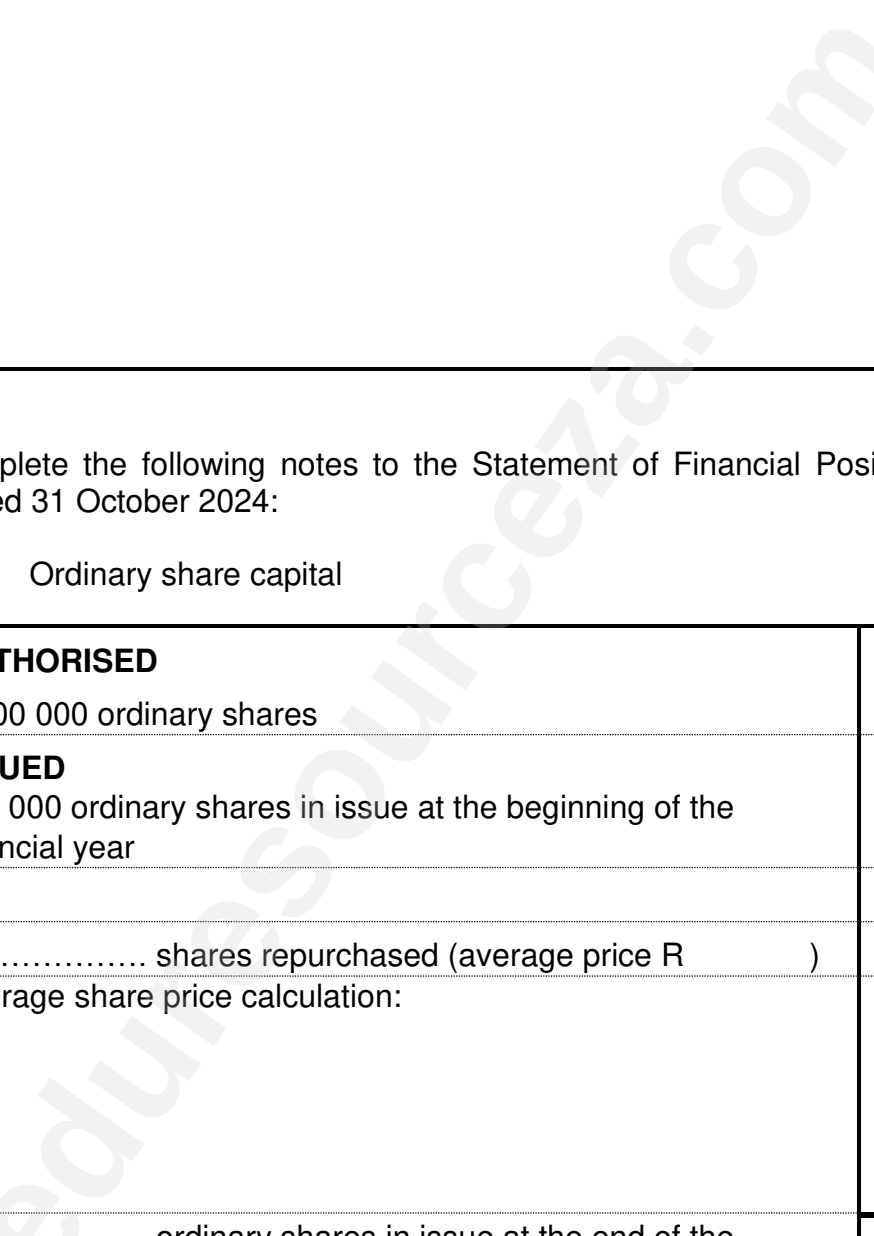
(2)

30

QUESTION 3 CASH FLOW STATEMENTS**(66 marks, 40 minutes)**

Refer to the information relating to Temba Ltd.

- 3.1 Use the percentage return on shareholders' equity to calculate the shareholders' equity for 2024.



(4)

- 3.2 Complete the following notes to the Statement of Financial Position for the year ended 31 October 2024:

3.2.1 Ordinary share capital

AUTHORISED 2 000 000 ordinary shares	
ISSUED 601 000 ordinary shares in issue at the beginning of the financial year	15 025 000
..... shares repurchased (average price R)	
Average share price calculation:	
..... ordinary shares in issue at the end of the financial year	

(9)

3.2.2 Retained income

Retained income at the beginning of the year	6 179 000
Net profit after tax for the year	
Dividends on ordinary shares	
Interim/paid	
Final/recommended	
Retained income at the end of the year	

(9)

3.3 Use the Current ratio for the year 2024 to calculate the value of inventories.

(4)

3.4 Complete the following notes to the Cash Flow Statement for the year ended 31 October 2024:

3.4.1 Reconciliation between profit before tax and cash generated from operations. Highlight/circle the correct term under changes in working capital.

Profit before tax (	
Adjustments in respect of:	
Depreciation	5 406 000
Interest expense	2 999 000
Operating profit before changes in working capital	Do not calculate
Changes in working capital:	Do not calculate
Increase/decrease in inventories	
Increase/decrease in trade and other receivables	
Increase/decrease in trade and other payables	
Cash generated from operations	10 490 640

(15)

3.4.2 Dividends paid

Amount owing at the end of the previous year	
Amount paid	

(3)

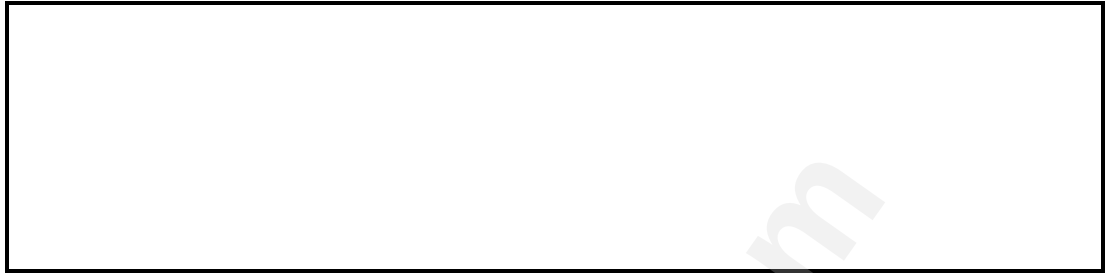
3.4.3 Taxation paid

Amount owing at the end of the previous year	
Amount paid	

(3)

3.5 Calculate the following:

3.5.1 Non-Current liabilities



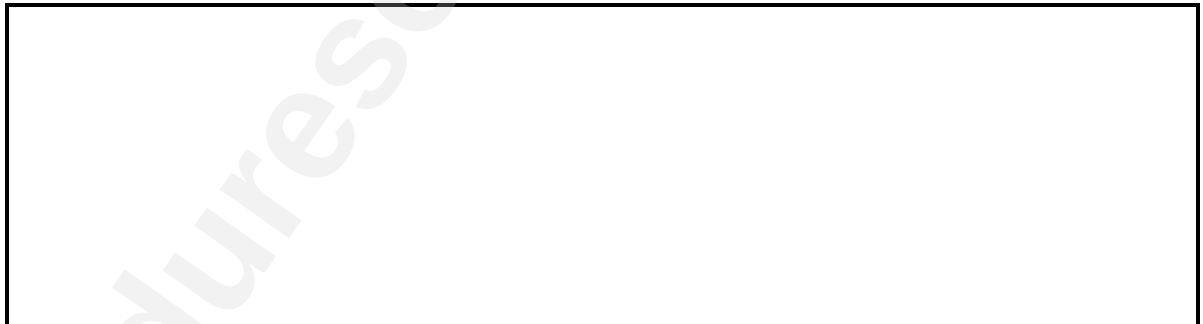
(4)

3.5.2 Additional loan obtained during the year



(4)

3.6 Calculate disposal of equipment at carrying value



(5)

- 3.7 Complete only the Operating and Investing activities of the Cash Flow Statement for the year ended 31 October 2024.

	Note	
Cash flows from operating activities		Do not calculate
Cash generation from operations		10 490 640
Interest paid		(2 999 000)
Dividends paid		
Tax paid		
Cash flows from investing activities		Do not calculate

(6)

66

QUESTION 4 COMPANY FINANCIAL STATEMENTS (61 marks, 37 minutes)

Refer to the information relating to Mia Ltd. Show supporting calculations in brackets.

- 4.1 Complete the extract of the Statement of Comprehensive Income (Income Statement) for the year ended 31 October 2024.

	Note	
Sales (5 460 000		
Cost of sales (4 095 000		
Gross profit		DO NOT CALCULATE
Other operating income		DO NOT CALCULATE
Rent income (252 000		
Bad debts recovered (5 100		
Gross operating income		DO NOT CALCULATE
Operating expenses		DO NOT CALCULATE
Insurance (80 700		
Salaries and wages (390 000		
Packaging materials (78 000		
Bad debts (21 000		
Employers' contributions (54 300		
Operating profit		DO NOT CALCULATE
Interest income		162 000
Profit before interest expense		DO NOT CALCULATE
Interest expense (		
Net profit before tax		DO NOT CALCULATE
Income tax		
Net profit after tax		DO NOT CALCULATE

(45)

Working/calculations space	
Insurance – Accrued expenses	Rent income – Deferred income
Interest on mortgage bond	Depreciation on equipment

- 4.2 Complete Trade and other receivables as a note to the Statement of Financial position.

Net trade debtors	DO NOT CALCULATE
Trade debtors (687 750	
Provision for bad debts (32 978	

(6)

- 4.3 Calculate the value of trading stock on hand as per physical stock count at the end of the financial year 31 October 2024.

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(6)

4.4 Provide **ONE** possible reason for a company to insure their vehicles.

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(2)

4.5 Provide **ONE** possible reason for a company to give trade discounts to customers.

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(2)

61

Total: 200 marks