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**TOTAL
MARKS**

INTERNATIONAL SECONDARY CERTIFICATE EXAMINATION
NOVEMBER 2023

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 8 pages (i–viii) 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 (23 minutes)	38			
Question 2: Cash Flow Statement (38 minutes)	64			
Question 3: Company Financial Statements (41 minutes)	68			
Question 4: Inventory (18 minutes)	30			
TOTAL	200			

QUESTION 1 MANUFACTURING**(38 marks, 23 minutes)**

Refer to the information relating to Tanatswa Tyres Manufacturers.

1.1 Complete the following notes to the Production Cost Statement as it would appear on 30 September 2023:

1.1.1 Direct material costs.

Opening stock	
Purchases (212 000	
Carriage on purchases (21 200	
Import duties	
Closing stock (25 179	
Raw materials issued to the factory	

(9)

1.1.2 Direct labour costs.

Production wages (423 400	
UIF contribution (

(6)

1.1.3 Cost of finished goods sold/ Finished goods.

Opening stock of finished goods	110 550
Cost of production of finished goods	
Closing stock of finished goods	
Cost of sales	

(4)

1.2 Calculate the factory overhead costs.

Consumable stores (1 749	
Water and electricity (138 840	
Factory sundry expenses	89 910

(6)

1.3 Complete the Production Cost Statement for the year ended 30 September 2023.

	Note	Amount
Direct/Prime costs		
Direct material costs		
Direct labour costs		
Factory overhead costs		
Total manufacturing costs		
Work-in-progress at the beginning of the year		30 000
Work-in-progress at the end of the year (balancing figure)		
Cost of production of finished goods		

(6)

1.4 1.4.1 Calculate the number of units that Tanatswa Tyres Manufacturers need to produce and sell in order to break-even. (Assume that all factory overheads and administration costs are fixed costs, and other costs are variable). Show your calculation and round off to the nearest unit.

(3)

1.4.2 Give a possible reason for the change in the unit cost of direct material and labour.

Direct material	Direct labour
•	•

(2)

1.4.3 How many units were sold during the 2023 financial year?

(2)

QUESTION 2 CASH FLOW STATEMENTS

(64 marks, 38 minutes)

Refer to the information relating to Siyabonga Ltd.

2.1 Complete the following notes to the Statement of Financial Position for the year ended 31 October 2023.

2.1.1 ORDINARY SHARE CAPITAL	
AUTHORISED	
1 000 000 ordinary shares	
ISSUED	
480 000 ordinary shares in issue at the beginning of the financial year	600 000
..... shares repurchased (average price R.....)	
..... ordinary shares in issue at the end of the financial year	1 315 000

(5)

2.1.2 RETAINED INCOME	
Retained income at the beginning of the year	2 786 200
Net profit after tax for the year	
Dividends on ordinary shares	
Retained income at end of year	2 400 700

(6)

Calculation: Buy-back of shares (Average share price)

2.2 Complete the following sections of the Cash Flow Statement for the year ended 31 October 2023. Show supporting calculations in brackets.

	Note	
Cash flows from operating activities		Do not calculate
Cash generation from operations		
Cash flows from investing activities		Do not calculate
Purchases of fixed/tangible assets		
Calculation of fixed/tangible assets bought during the year:		
Cash flows from financing activities		Do not calculate
Repurchase of shares (
Repayment of mortgage bond (

(18)

2.3 Complete the following notes to the Cash Flow Statement for the year ended 31 October 2023:

2.3.1 Reconciliation between profit before taxation and cash generated from operations.

Net profit before taxation	544 000
Adjustments in respect of:	Do not calculate
Interest expense (Interest on mortgage bond)	
Calculation of interest on mortgage bond:	
Operating profit before changes in working capital	
Changes in working capital:	
Increase in inventories (
Decrease in receivables (
Increase in payables (
Cash generated from operations	

(20)

2.3.2 Dividends paid

Amount owing at the end of the previous year	
Dividends paid and recommended	
Amount owing at the end of the current year	
Amount paid	

(3)

2.3.3 Taxation paid

Amount owing at the end of the previous year	
Statement of Comprehensive Income amount	
Amount owing at the end of the current year	
Amount paid	

(4)

2.3.4 Cash and cash equivalents

	2023	2022
Cash and cash equivalents		
Bank overdraft		
	Do not calculate	Do not calculate

(4)

2.4 Your audit firm, Njabulo and Associates, has recently been appointed as the auditors of Siyabonga Ltd. You are the external audit manager for the financial year ending 31 October 2023.

2.4.1 Provide TWO audit procedures you would perform to verify the existence of vehicles in Siyabonga Ltd.

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(4)

QUESTION 3 COMPANY FINANCIAL STATEMENTS (68 marks, 41 minutes)

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

3.1 Complete the extract of the **Statement of Comprehensive Income (Income Statement)** for the year ended 31 October 2023. Ensure that you include any additional information and adjustments.

	Note	
Sales (
Cost of sales		
Gross profit		
Other operating income		
Rent income (714 000		
Commission income		
Gross operating income		
Operating expenses		
Stationery (56 990		
Bad debts (6 535		
Provision for bad debts adjustments		
Telephone (203 620		
Directors fees (1 200 000		
Audit fees (653 500		
Repairs (69 125		
Depreciation		
Salaries and wages		988 800
Operating profit/ (loss)		

(46)

Calculations of rent income (show supporting workings):

Calculation of depreciation (show supporting workings):

Depreciation on vehicles:

Sold (Accident):

Old:

Depreciation on equipment:

Old:

New:

Total depreciation:

Calculation of profit/loss on disposal of asset: You may use the Ledger account to show the workings.

3.2 Complete the following notes to the Financial Statements for the year ended 31 October 2023.

3.2.1 Inventory

Trading stock (335 200	
	Do not calculate

(6)

3.2.2 Trade and other receivables

Net trade debtors	Do not calculate
Trade debtors (122 750	
Provision for bad debts (
SARS: Income Tax	Do not calculate
	Do not calculate

(8)

3.2.3 Trade and other payables

Trade creditors (1 266 700	
	Do not calculate

(8)

QUESTION 4 INVENTORY

(30 marks, 18 minutes)

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

4.1 Calculate the carriage amount charged per item imported and then convert the value into SA Rand.

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(3)

4.2 Calculate the value of closing inventories as of 31 October 2023 according to the **FIFO** method.

(6)

4.3 Calculate the Cost of Sales of the foldable drying racks according to the FIFO method for the financial year. The business makes use of the period inventory system.

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(6)

4.4 4.4.1 Calculate the Gross Profit value of the foldable drying racks for the current financial year.

(3)

4.4.2 Calculate the mark-up % on the cost price achieved by Makanza Traders for the 2023 financial year.

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(2)

4.4.3 Makanza Traders in 2022 with a total Sales value of R700 000 achieved a mark-up of 40%. Comment on the mark-up % that Makanza Traders achieved in the 2023 financial year.

(3)

4.5 Makanza Traders suspects that some of the trading stock might have been stolen. Provide a calculation to either confirm or dispute the allegation.

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(3)

- 4.6 Recommend **TWO** internal controls that Makanza Traders should put in place to minimise the possibility of theft of trading stock in the business. Controls should not include CCTV cameras as the business already has cameras installed.

(4)

30

Total: 200 marks