Education

KwaZulu-Natal Department of Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING

PREPARATORY EXAMINATION

SEPTEMBER 2017

MARKS: 300

TIME: 3 HOURS

This question paper consists of 20 pages and an answer booklet of 14 pages.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show all calculations to ONE decimal point.
7. Write neatly and legibly.

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8. Use the information and table below as a guide when answering the question. Try NOT to deviate from it.

Question 1: 40 marks; 25 minutes	
Topic of the question	**This question integrates:**
Reconciliation	**Financial accounting** Concepts, Bank Reconciliation and Creditors Reconciliation **Managing resources** Internal control

QUESTION 2: 40 marks; 25 minutes	
Topic of the question	**This question integrates:**
VAT and Stock valuation	**Managing resources** Inventory valuation: weighted average, FIFO and internal control: problem-solving

QUESTION 3: 80 marks; 45 minutes	
Topic of the question	**This question integrates:**
Audit report and Company Financial Statements.	**Financial accounting** Concepts, Income Statement and Balance Sheet notes

QUESTION 4: 60 marks; 35 minutes	
Topic of the question	**This question integrates:**
Note, Cash Flow Statement and Interpretation.	**Financial accounting** Concepts Cash Flow Statement Calculations and financial indicators Analysis and interpretation

QUESTION 5: 50 marks; 30 minutes	
Topic of the question	**This question integrates:**
Manufacturing	**Managerial accounting** Concepts Direct material cost Factory overheads Production Cost Statement Analysis and interpretation of unit costs and Break-even point **Managing resources** Internal control

QUESTION 6: 30 marks; 20 minutes	
Topic of the question	**This question integrates:**
Cash Budget and internal control	**Managerial accounting** Analysis and interpretation of a cash budget **Managing resources** Internal control and internal audit

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QUESTION 1 CONCEPTS AND RECONCILIATION (40 Marks; 25 Minutes)

1.1 CONCEPTS

Choose a term/concept from the list given to complete the sentences below. Write only the term next to the question number (1.1.1- 1.1.4) in the ANSWER BOOK.

Stale cheque, debit, credit, debit order, Debit cheque, Debit interest income and credit debtors control, Debit debtors control and credit interest income

1.1.1 A favourable balance in the bank account in the general ledger is a .....balance. (1)

1.1.2 The journal entry made for interest charged on the debtors overdue account is recorded as ..... (1)

1.1.3 A..... grants permission to a third party to automatically receive monthly payment from the current banking account of a business. (1)

1.1.4 A cheque that is more than six months old will not be cashed by the bank because it is a..... (1)

1.2 BANK RECONCILIATION

You are presented with information relating to Xolani Book Bazaar for February 2017.

REQUIRED:

1.2.1 Show the entries that must be recorded in the Cash Journals by completing the table provided in the ANSWER BOOK. (8)

1.2.2 Prepare the Bank Reconciliation Statement on 28 February 2017. (9)

1.2.3 As the internal auditor you are not happy with the manner in which cash is being controlled in this business. Identify ONE problem and provide a figure to support your answer. Give advice on how this problem can be avoided in future. (2)

INFORMATION:

A. Information from the Bank Reconciliation Statement on 31 January 2017.

Favourable balance as per Bank Statement		30 000
Outstanding deposit	Dated 30 January 2017	37 500
Outstanding cheques:	No.111 (dated 1 August 2016)	4 700
	No.267 (dated 27 January 2017)	8 000
	No.321 (dated 15 February 2017)	13 000
Favourable balance as per Bank Account in the ledger		41 800

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B. Provisional totals in the Cash Journals on 28 February 2017:

- CRJ R107 200
- CPJ R121 165

C. A comparison of the February 2017 Bank Statement with the Bank Reconciliation Statement on 31 January 2017 revealed the following:

- Only cheque No. 267 and the deposit of R37 500 appeared on the Bank Statement for February 2017.
- Cheque No. 111 was issued to the Planet Fitness Club in payment of the owners membership fees. The club no longer exists.

D. A comparison of the February 2017 Bank Statement with the Cash Journals for February 2017 revealed the following:

- Bank charges of R960 on the Bank Statement were not recorded in the relevant journal.
- A dishonoured cheque for R6 680 appeared on the Bank Statement. This cheque was received from B Zola, a debtor, in settlement of his account of R7 370.
- Interest of R520 credited on the Bank Statement was not recorded in the Journals.
- Cheque No. 421 issued to a creditor appeared correctly on the Bank Statement as R8 940. This was recorded as R9 840 in the Cash Payment Journal.
- A debit order of R1 200 for the monthly insurance appeared twice on the Bank Statement in error, but no entry has been made in the Journals.

E. The February 2017 Cash Receipts Journal reflected the following outstanding deposits:

- R25 000 on 6 February 2017
- R17 000 on 27 February 2017

F. Cheques from the February 2017 Cash Payments Journal not yet presented for payment:

- No. 531 for R6 500 (dated 23 February 2017)
- No. 561 for R8 100 (dated 25 February 2017)

G. The Bank Statement reflected a favourable balance of R9 515 on 28 February 2017.

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1.3 CREDITORS RECONCILIATION

Zulu Stores buys goods on credit from Zwane Suppliers.

REQUIRED:

1.3.1 Use the table provided to indicate the changes that must be made:

- In the creditor's ledger account of Zwane Suppliers in the books of Zulu Stores. (7)
- In the statement of account. (6)

1.3.2 Explain how the creditor's reconciliation statement can assist the business in terms of their internal control. State TWO points. (4)

INFORMATION:

A. The account of Zwane Suppliers in the Creditors Ledger of Zulu Stores had a balance of R38 100 on 31 May 2017. The statement of account received from Zwane Suppliers showed a balance of R40 800 on 25 May 2017.

B. An investigation revealed the following errors and omissions:

(i) Invoice 458, R4 100, appeared only in the Creditors Ledger. It was for goods that Zulu Stores bought from another supplier, Nxumalo Suppliers.

(ii) Invoice 431 for R5 300 was recorded correctly on the statement of account. It appeared as R3 500 in the Creditors Ledger.

(iii) Invoice 463, R22 000, was erroneously shown by Zwane Suppliers in the statement of account. An investigation revealed that it was for goods supplied to another business. Zwane Suppliers will rectify this error on the next statement of account.

(iv) Discount of R900 was shown correctly on the statement of account. Zulu Stores had in error overstated this amount by R400 in the Creditors Ledger.

(v) Merchandise returned by Zulu Stores, R1 800, was in error recorded as an invoice on the statement of account.

(vi) Merchandise, R21 000, was purchased on credit from Zwane Suppliers after the closing date of the statement of account. The entry appeared only in the Creditors Ledger.

40

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QUESTION 2 VAT AND STOCK VALUATION (40 marks, 25 minutes)

2.1 VAT

You are provided with information relating to Nkuzi Stores for the VAT period ended 31 July 2017. The standard VAT rate of 14% is applicable.

REQUIRED:

2.1.1 After taking into account the errors and omissions, calculate the VAT amount that is either payable to or receivable from SARS. Indicate whether this amount is receivable or payable. (12)

2.1.2 The internal auditor discovered that the owner, M Ngubane, used the VAT collected from customers to pay expenses of the business. Therefore, he was unable to pay the VAT owed to SARS on the due date.

State ONE point of advice that you would offer M Ngubane concerning this practice. (2)

INFORMATION:

A. Amount due to SARS on 1 July 2017, R89 600.

B. Amount from the Journals on 31 July 2017:

	INCLUDING VAT	VAT AMOUNT	EXCLUDING VAT
Sales	R1 128 600	?	?
Credit purchases of stock	?	R47 040	?
Stock returned by debtors	R104 880	?	92 000
Stock taken by owner	R13 680	?	12 000
Bad debts written off	R79 800	R9 800	?

C. The following errors and omissions were noted:

- VAT on sales was recorded incorrectly. Certain goods with a selling price of R100 000 (excluding VAT) should have been recorded as zero-rated items.
- VAT on discounts granted to debtors were not recorded. The total discount allowed amounted to R38 304. (included VAT)

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2.2 STOCK VALUATION

You are provided with information relating to Tholeni Stores. The business sells one type of leather jackets. The financial year ended on 28 February 2017. The business uses the weighted-average method for stock valuation and the periodic stock system.

REQUIRED:

2.2.1 Calculate the value of the closing stock on 28 February 2017 using the weighted-average method. (9)

2.2.2 Calculate the average stock-holding period (in days) on 28 February 2017. (6)

2.2.3 Comment on the stock-holding period and explain how this would affect the business. Stock-holding period for 2016 was 100 days. (4)

2.2.4 Calculate the value of the closing stock using the FIFO method. (7)

INFORMATION:

A. Stock balances:

Date	Jackets	Total value (including carriage)
1 March 2016	610	R312 900
28 February 2017	420	?

B. Purchases:

Date	Number of jackets	Cost price per jacket	Total purchases	Carriage per jacket	Total cost (including carriage)
15/03/2016	500	R450	R225 000	R20	R235 000
20/08/2016	800	R480	R384 000	R25	R404 000
28/11/2016	700	R620	R434 000	R20	R448 000
05/02/2017	400	R650	R260 000	R25	R270 000
TOTAL	2 400		R1 303 000		R1 375 000

C. Returns:

Twenty (20) jackets from the purchases on 5 February 2017 were returned. The supplier agreed to refund the business the full amount for the cost including the carriage per jacket.

D. Sales for the financial year ended:

28 February2017	28 February 2016
R3 100 000	R1 800 000

40

QUESTION 3 AUDIT REPORT AND COMPANY FINANCIAL STATEMENTS

(80 Marks;45 Minutes)

3.1 AUDIT REPORTS

Match the type of audit report in column A with the audit opinion in column B. Write only the letter (A-C) next to the question number (3.1.1 – 3.1.3) in the Answer Book.

	COLUMN A		COLUMN B	
3.1.1	Qualified audit report	A.	In our opinion, except for the effect of the unauthorized interest free loan to the Chief Operations Officer, the annual financial statement presents fairly, in all material respects, the financial position of Zondi Ltd on 31March 2017.	(1)
3.1.2	Unqualified audit report	B.	We have not been able to obtain sufficient audit evidence to provide for an audit opinion. Accordingly, we cannot express an opinion on the financial statements of Zolly Ltd for the year ended 28 February 2017.	(1)
3.1.3	Disclaimer report	C.	In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Zungu Ltd. as at 30 April 2017.	(1)

3.2 ZOLA LTD

You are provided with information taken from the financial records of Zola Ltd. The financial year ended on 28 February 2017.

REQUIRED:

3.2.1 Complete the Income Statement (Statement of Comprehensive income) for the year ended 28 February 2017. Certain amounts are inserted in the Answer Book. (47)

3.2.2 Prepare the following notes to the Balance Sheet (Statement of Financial Position):

- Fixed/Tangible Assets (19)
- Trade and Other Receivables (11)

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INFORMATION:

Extract of from the Pre- Adjustment Trial Balance on 28 February 2017:

Balance Sheet Accounts	**R**
Ordinary share capital	1 344 000
Retained income (1 March 2016)	700 000
Land and buildings	5 000 000
Vehicles (1 March 2016)	800 000
Equipment (1 March 2016)	760 000
Accumulated depreciation on vehicles (1 March 2016)	536 000
Accumulated depreciation on equipment (1 March 2016)	650 000
Mortgage loan	975 400
Fixed deposit (8,5% p.a.)	520 000
Trading stock	1 534 000
Debtors control	280 200
Provision for bad debts (1 March 2016)	11 000
Creditors control	420 180
SARS: income tax (provisional tax payments)	290 000
Nominal Accounts	
Sales	9 472 000
Cost of sales	?
Debtors allowances	70 000
Salaries and employers contribution	926 687
Directors fees	860 000
Audit fees	79 000
Packing material	13 600
Sundry expenses	292 330
Bad debts	12 100
Rent income	153 120
Bad debts recovered	3 860
Interest on fixed deposit	27 000
Interest on loan	30 030
Interest on current account	9 300
Dividends on ordinary shares (interim dividends)	55 000
Depreciation	83 200
Profit on disposal of asset	20 000

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Adjustments and additional information:

A. A credit note for R45 000 issued to a debtor, on 26 February 2017, was recorded as goods sold on credit. Goods are sold at a profit mark-up of 50% on cost.

B. A debtor, B Zulu, who owes R1 200, has been declared insolvent. His estate paid 40 cents in the Rand. This amount was received and recorded. Write off the balance.

C. Adjust the Provision for Bad Debts to 5% of good book debts.

D. Stock counts on 28 February 2017 revealed the following on hand:

Trading stock	R1 620 000
Packing material	R1 200

E. External auditors are owed a further R6 000 for the financial year ended 28 February 2017.

F. Advertising is included as part of sundry expenses account. An amount of R15 000 has been paid for the period 1 January 2017 to 31 March 2017.

G. Rent income was received for 13 months to 31 March 2017. On 1 January 2017 the rent decreased by 8%.

H. Outstanding interest on fixed deposit must be taken into account. A further fixed deposit of R60 000 was invested on 1 August 2016. This was properly recorded. Interest on fixed deposit is not capitalised.

I. Land and buildings were purchased during the financial year for R3 000 000. This was properly recorded.

J. Depreciation on vehicles amounted to R83 200. A vehicle costing R500 000 was sold for R120 000 cash on 28 February 2017.The business made a profit of R20 000 on the sale of the vehicle. This transaction was recorded.

K. Depreciation on equipment is calculated at 15% p.a on the cost price. This equipment is very old. New equipment was purchased on credit on 1 February 2017 for R110 000. This transaction was not recorded.

L. The income tax for the year is calculated at 30 % of the net profit.

80

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QUESTION 4 NOTE, CASH FLOW STATEMENT AND INTERPRETATION

(60 Marks; 35 Minutes)

4.1 Choose a term in COLUMN B that matches the description in COLUMN A. Write only the letter (A-E) next to the question number (4.1.1- 4.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
4.1.1	The extent to which a company is financed by loan.	A	Liquidity
4.1.2	An increase in inventory indicates an ..... of cash.	B	Solvency
4.1.3	An increase in creditors indicates an ..... of cash.	C	Gearing
4.1.4	Ability of the business to pay off all its debts.	D	Outflow
4.1.5	Ability of the business to pay off its short-term debts.	E	Inflow

(5)

4.2 LEMBEDE LTD

You are provided with information relating to Lembede Ltd for the financial year ended 30 June 2017.

REQUIRED:

4.2.1 Prepare the Ordinary Share Capital note to the Balance Sheet. (8)

4.2.2 Fill in the missing amounts on the Cash Flow Statement. Show all workings in brackets. (23)

4.2.3 Calculate the Current ratio for 2017. (3)

4.2.4 Comment on the following financial indicators. Quote figures.

- % gross profit on the cost of sales. (2)
- % operating expenses on sales. (2)

Note: The intended mark-up is 50% on cost.

In each case, provide a reason for change.

4.2.5 From 2016 to 2017 the directors made a deliberate decision to change the policy on the distribution of profit in the form of dividends. Explain this change. Quote figures/calculations to support your answer. (4)

4.2.6 Shareholders are satisfied with the issue price of the new shares. Quote TWO financial indicators with figures to support this statement. (4)

4.2.7 One of the directors feel that the loan should be paid as soon as possible. Do you agree? Explain. Quote TWO financial indicators with figures to support your answer. (5)

4.2.8 The shareholders should be satisfied with the return on their investment and the companies' earnings. Explain TWO financial indicators with figures to support this opinion. (4)

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INFORMATION:

A. SHARE CAPITAL:

- 1 000 000 ordinary shares were in issue on 30 June 2016, the end of the previous financial year.
- 400 000 ordinary shares were issued on 1 July 2016.
- 120 000 ordinary shares were repurchased on 31 December 2016 from the estate of a shareholder who had died. The shares were repurchased at R2,60 above the average issue price.

B. Extract from Income Statement for the year ended 30 June 2017:

	R
Depreciation	112 000
Interest expense	144 000
Income tax	268 800
Net profit after tax	627 200

C. Extract from Balance Sheet on 30 June 2017:

	2017	**2016**
	R	**R**
Fixed assets (carrying value)	4 013 200	2 875 200
Fixed deposit	200 000	800 000
Current assets	**1 015 000**	**456 000**
Inventories	564 000	288 000
Trade and other receivables	152 000	160 000
SARS: income tax	94 000	-
Cash and cash equivalents	205 000	8 000
Shareholders' equity	**?**	**?**
Ordinary share capital	7 936 000	5 000 000
Retained income	?	?
Non-current liabilities	**520 000**	**1 600 000**
Current liabilities	**468 000**	**1 316 000**
Trade and other payables	340 000	180 000
Shareholders for dividends	128 000	250 000
SARS: income tax	-	36 000
Bank overdraft	-	850 000

D. Dividends

- An interim dividend of 20 cents per share was paid on 30 November 2016.
- A final dividend of 10 cents per share was recommended on 30 June 2017. Shares repurchased on 30 June 2017 also qualify for final dividends.

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E. Fixed assets

- Certain fixed assets with a carrying value of R200 000 were sold during the year.
- Fixed assets were also purchased during the financial year.

F. The following financial indicators were calculated:

INDICATORS	30 June 2017	30 June 2016
% gross profit on cost of sales	42%	39%
% operating expenses on sales	19%	25%
Return on shareholders' equity	18%	10.6%
Return on capital employed	24%	14%
Debt/equity ratio	0.06 : 1	0.28 : 1
Earnings per share	49 cents	45 cents
Dividends per share	30 cents	45 cents
Net Asset Value per share	695 cents	572 cents
Current ratio	?	0.6 : 1
Acid-test ratio	0.9 : 1	0.2 : 1
Rate of stock turnover	5 times	3 times
Interest rate on loan	16%	12%
Interest rate on investment	6%	5%
Market value per share on JSE	810 cents	720 cents

60

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QUESTION 5 MANUFACTURING (50 Marks;30 Minutes)

5.1 CONCEPTS

Choose the cost category for examples below. Write only the cost category next to the question number (5.1.1- 5.1.4) in the ANSWER BOOK.

Selling and distribution cost; direct labour cost; administration cost; factory overhead cost; direct material cost.

5.1.1 Electricity paid for factory buildings.

5.1.2 Salaries paid to the sales personnel

5.1.3 Cost of raw materials used in the production process

5.1.4 Sundry expenses paid for the office. (4)

5.2 ZANDILE MANUFACTURERS

You are provided with information relating to Zandile Manufacturers for the year ended 28 February 2017. The business produces one type of air conditioner.

REQUIRED:

5.2.1 Calculate the Direct Material Cost (6)

5.2.2 Calculate the Factory Overhead Cost (17)

5.2.3 Prepare the Production Cost Statement for the year ended 28 February 2017. (13)

INFORMATION:

A. The following balances appeared among others in the books of the business:

	28 February 2017	1 March 2016
Raw material stock	R86 000	R180 000
Work-in-process stock	?	R150 000
Finished good stock	R170 000	R500 000
Indirect material: factory	R18 000	R25 000
Administration cost	R13 000	-

B. Summary of transactions:

Raw material purchased	R400 000
Raw materials returned to suppliers	R7 000
Carriage on raw materials paid	R5 000
Total salaries and wages paid	R350 000
Water and electricity paid	R98 000
Factory indirect materials purchased	R35 000
Sundry expenses paid	R85 600
Rent expenses paid	R56 500

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C. The salaries and wages amount is distributed as following:

- 50% to employees who work directly on the production process
- 20% to indirect labour
- 15% to administrative staff
- 15% to sales and distribution staff

The employer contributes 8% to the pension fund and 1% to the UIF on behalf of each employee.

D. Water and electricity

- The water and electricity bill is shared among the factory, administration and sales section in the ratio 4:3:1.

E. Indirect materials:

- Indirect materials costing R9 000 were transferred from the factory to the administration office.

F. Rent expenses

- Rent amount for February 2017, R 5 500 will only be paid in March 2017.
- Rent is allocated according to floor area as follows:
  Factory 1 200m², administration 100m² and selling and distribution 300m²

G. Cost of sales was correctly calculated at R1 200 000.

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5.3 Mamma's Bakery

The following information was extracted from the books of Mamma's Bakery for the year ended on 28 February 2017. The bakery is owned by Alwande Mbatha.

REQUIRED:

5.3.1 Calculate the Break-even point for 2017. (4)

5.3.2 Explain why the owner should be concerned about the break-even point. Provide TWO points. (4)

5.3.3 Provide one reason for the decrease in the Direct Material Cost. (2)

INFORMATION:

Fixed and variable cost	2017		2016
	Total	Per unit	Per unit
Variable costs: Direct Materials	R91 500	R7.50	R8.00
: Direct Labour	R73 200	R6.00	R5.70
: Selling & Distribution	R42 700	R3.50	R3.40
	R207 400	R17.00	R17.10
Fixed costs : Factory overheads	R63 440	R5.20	R4.70
: Administration	R34 160	R2.80	R2.50
	R97 600	R8.00	R7.20
Break-even point		?	7 795
Units produced		12 200	11 800
Selling price (per unit)		R25	R25

50

QUESTION 6 CASH BUDGET AND INTERNAL CONTROL (30 Marks; 18 Minutes)

You are provided with information relating to Brockie Traders. The business is owned by Jeremy Brockie.

6.1 CASH BUDGET

REQUIRED:

6.1.1 Prepare a Debtors Collection Schedule for November 2017. (7)

6.1.2 Calculate:

- the payment to creditors for November 2017. (3)
- the loan amount for October 2017. (4)
- the amount for advertising in September 2017. (3)

6.1.3 The following budgeted and actual figures for August 2017 were identified. Jeremy is concerned about the significant difference. Provide him with a possible reason for each item. Give ONE point of advice in each case.

	Budgeted	Actual
Fuel	R9 200	R20 000
Rent income	R10 000	R3 000

(4)

INFORMATION:

A. Sales and Cost of sales

- Credit sales amounts to 70% of total sales.
- The business uses a mark-up of 60% on cost.
- Stock is replaced monthly.
- 40% of goods are bought on credit and the rest for cash.
- Creditors are paid in the month following the purchase of stock.

B. Collection from debtors

Debtors pay according to the following trend:

- 35% of debtors pay their accounts in the month of sale to receive a 5% discount.
- 40% pay in the month after sale. (30 days)
- 20% pay two months after sale. (60 days)
- 5% of accounts are written off.

C. Advertising

Advertising has increased by 9% from 1 October 2017.

D. Loan

The interest rate on the loan is 16% p.a. interest on loan is not capitalized as this was a loan provided by the owner's wife.

E.

	Sept. 2017	Oct. 2017	Nov. 2017
RECEIPT			
Cash sales	390 000	270 000	264 000
Collection from debtors	762 575	717 475	?
Rent income	9000	9 000	9 000
Loan		**?**	
PAYMENTS			
Cash purchases	487 500	337 500	318 750
Payments to creditors	180 000	325 000	**?**
Salaries and wages	278 000	294 680	294 680
Advertising	**?**	7 630	7 630
Training of employees	25 000	-	-
Interest on loan	-	3 000	3 000

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6.2 MANAGEMENT OF FIXED ASSETS

You are the internal auditor for Showe Traders. The owner is concerned that he is spending too much on delivering goods to customers. He has provided you with figures for June 2017.

REQUIRED:

Identify ONE different problem regarding each vehicle/driver. Quote figures. Give John ONE point of advice for EACH problem identified. (9)

INFORMATION:

A. John has three delivery vehicles and employs three drivers to transport goods to his customers free of charge. The drivers are expected to work five days per week. There are four weeks in June.

B. Some customers live close by while others live further away. None of the customers live more than 20 km from the shop (i.e. maximum 40 km round trip).

C. Information from the accounting records for June 2017.

	Vehicle 1	**Vehicle 2**	**Vehicle 3**
Name of driver	Sibusiso	Jabulani	Xolani
Date of purchase	1 July 2015	1 June 2013	1 April 2008
Carrying value	R270 000	R102 000	R1
Number of days driver worked	12	20	20
Salary of driver per month	R8 000	R5 000	R5 000
Number of deliveries made	48	80	120
Average number of trips per day	4	4	6
Kilometers travelled	1 300	4 600	3 000
Average number of kilometers per trip	27	58	25
Petrol (litre) used	59	209	214
Kilometers per liter	22	22	14
Petrol costs (R11,31 per litre)	R667	R2 364	R2 420
Petrol costs per km	R0,51	R0,51	R0,81

30

TOTAL: 300

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Education

KwaZulu-Natal Department of Education
REPUBLIC OF SOUTH AFRICA

ACCOUNTING

ANSWER BOOK

SEPTEMBER 2017

PREPARATORY EXAMINATION

NATIONAL SENIOR CERTIFICATE

GRADE 12

Name:_____ Grade:_____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE PROVINCE
1				
2				
3				
4				
5				
6				
TOTAL				

N.B. This answer book consists of 14 pages

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2.1

CRJ
107 200

CPJ
121 165

8

1.2.2

Bank reconciliation statement on 28 February 2017.		

9

1.2.3

As the internal auditor you are not happy with the manner in which cash is being controlled in this business. Identify ONE problem and provide a figure to support your answer. Give advice on how this problem can be avoided in future.

Problem	Advice

2

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1.3.1

	Creditors ledger	Creditors reconciliation statement
	38 100	**40 800**
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

13

1.3.2 **Explain how the creditor's reconciliation statement can assist the business in terms of their internal control measures. State TWO points.**

4

TOTAL MARKS
40

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QUESTION 2

2.1.1 **After taking into account the errors and omissions, calculate the VAT amount that is either payable to or receivable from SARS. Indicate whether this amount is receivable or payable.**

Receivable/Payable:_____

12

2.1.2 **The internal auditor discovered that the owner, M Ngubane, used the VAT collected from customers to pay expenses of the business. Therefore, he was unable to pay the VAT owed to SARS on the due date.**

State ONE point of advice that you would offer M Ngubane concerning this practice.

2

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2.2.1 Calculate the value of the closing stock on 28 February 2017 using the weighted-average method.

9

2.2.2 Calculate the average stock-holding period (in days) on 28 February 2017.

6

2.2.3 Comment on the stock-holding period and explain how this would affect the business

Comment

How this would affect the business.

4

2.2.4 Calculate the value of the closing stock by using the FIFO method.

7

TOTAL MARKS
40

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QUESTION 3

3.1

3.1.1	
3.1.2	
3.1.3	

3

3.2.1 Next page

3.2.2 Tangible asset

	Land and buildings	Vehicles	equipment
Carrying value at the beginning			
Cost price at the beginning	2 000 000	800 000	
Accumulated depreciation at the beginning	(0)	(536 000)	(650 000)
Movements			
Additions		(0)	
Cost price at the end	5 000 000		
Accumulated depreciation at the end	(0)		

19

Trade and Other Receivable

11

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3.2.1 ZOLA LTD
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017

Sales	
Cost of sales	
Operating income	
Rent income (153 120	
Gross income	
Other operating expenses	
Salaries and employers contribution	**926 687**
Directors fees	**860 000**
Audit fees (79 000	
Packing material (13 600	
Sundry expenses (292 330	
Operating profit	
Net profit before tax	

47

TOTAL MARKS
80

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QUESTION 4

4.1

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

4.2.1 Ordinary Share Capital note

Authorised shares		
1 900 000 shares		
Issued shares		
1 000 000	Shares at the beginning @ R 5	5 000 000

8

4.2.2 Cash Flow Statement on 30 June 2017.

Cash flow from operating activities	
Cash generated by operations	1 225 800
Interest paid	(144 000)
Cash flow from investing activities	
Proceeds on sale of fixed assets	200 000
Decreased in fixed deposit	600 000
Cash flow from financing activities	
Repayment of loan	(1 080 000)
Cash and Cash Equivalents at the end of the year	205 000

23

opyright reserved

4.2.3 **Calculate the Current ratio for 2017.**

3

4.2.4 **Comment on the following financial indicators:**

	Comment with figures	Reason for change
% gross profit on the cost of sales.		
% operating expenses on sales.		

4

4.2.5 **From 2016 to 2017 the directors made a deliberate decision to change the policy on the distribution of profit in the form of dividends. Explain this change. Quote figures/calculations to support your answer.**

4

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4.2.6 Shareholders are satisfied with the issue price of the new shares. Quote TWO financial indicators with figures to support this statement.

4

4.2.7 One of the directors feel that the loan should be paid as soon as possible. Do you agree? Explain. Quote TWO financial indicators with figures to support your answer.

5

4.2.8 The shareholders should be satisfied with the return on their investment and the companies' earnings. Explain TWO financial indicators with figures to support this opinion.

4

TOTAL MARKS
60

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QUESTION 5

5.1

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

5.2.1 Calculate the Direct Material Cost

6

5.2.2 Calculate the Factory Overhead Cost

Depreciation	**32 000**
Sundry expenses	**49 800**

17

5.2.3 **Production cost statement**

Prime Cost	
Production Cost	
Production Cost of finished goods	

13

5.3.1 **Calculate the Break-even point for 2017.**

4

5.3.2 **Explain why the owner should be concerned about the break-even point. Provide TWO points.**

4

5.3.3 **Provide one reason for the decrease in the Direct Material Cost.**

2

TOTAL MARKS
50

QUESTION 6

6.1.1 **Prepare a Debtors Collection Schedule for November 2017.**

Month	Credit sales	September	October	November
August	1246 000	498 400	249 200	
September	910 000	302 575	364 000	182 000
October	630 000		209 475	
November				
TOTAL		**800 975**	**822 675**	

7

6.1.2

The payment to creditors for November 2017.

3

The loan amount for October 2017

4

The amount for advertising in September 2017

3

6.1.3

EXPLANATION	ADVICE
FUEL:	
RENT INCOME:	

4

6.2

MANAGEMENT OF FIXED ASSETS		
Identify ONE different problem regarding each vehicle/driver. Quote figures to support your answers. Give John ONE point of advice for EACH problem identified.		
	Problem	**Advice**
Vehicle 1 (Sibusiso)		
Vehicle 2 (Jabulani)		
Vehicle 3 (Xolani)		

9

TOTAL MARKS
30

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Education

KwaZulu-Natal Department of Education
REPUBLIC OF SOUTH AFRICA

ACCOUNTING

MEMORANDUM

SEPTEMBER 2017

NATIONAL SENIOR CERTIFICATE

GRADE 12

MARKS: 300

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item. No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as the final figure, award one mark. Not the method mark for the answer.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in a certain question.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
10. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f=foreign item; p=placement.

This memorandum consists of 14 pages

QUESTION 1

1.1

1.1.1	Debit ✓	
1.1.2	Debit debtors control and credit interest income. ✓	
1.1.3	Debit order ✓	
1.1.4	Stale cheque ✓	
		4

1.2.1

CRJ		CPJ
107 200		121 165
4 700✓		960✓
520✓		6 680✓
900✓	or 8840 CRJ	1 200✓
	8940 CPJ	
	Both one mark	
113 320☑	Operation	130 005☑
Or 122 260		Or 138 945
		8

1.2.2

Bank reconciliation statement on 28 February 2017.

Credit balance as per bank statement	9 515		9 515✓
Credit outstanding deposit	25 000		25 000✓
Credit outstanding deposit	17 000		17 000✓
Credit amount wrongly debited	1 200		1 200✓
Debit outstanding cheques			
No. 321	(13 000)	13 000✓	
531	(6 500)	6 500✓	
561	(8 100)	8 100✓	
Debit balance as per bank account	25 115	25 115☑	Balancing figure
Operation for both totals ☑		52 715	52 715
Two method marks for balancing figure			9

1.2.3

As the internal auditor you are not happy with the manner in which cash is being controlled in this business. Identify ONE problem and provide a figure to support your answer. Give advice on how this problem can be avoided in future.

Problem	Advice	
Outstanding deposit of R25 000 On 6 February 2017. ✓	Create a policy for regular or daily depositing. ✓ Accept any relevant answer related to the deposit of R25 000	2

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1.3.1

	Creditors ledger	Creditors reconciliation statement
	38 100	**40 800**
(i)	- 4 100✓✓	
(ii)	+ 1 800✓✓	
(iii)		- 22 000✓✓
(iv)	+ 400✓✓	
(v)		-1 800✓ - 1 800✓ or – (3 600)
(vi)		+ 21 000✓✓
	Operation for both totals ☑	
	36 200	36 200

13

1.3.2 **Explain how the creditor's reconciliation statement can assist the business in terms of their internal control measures. State TWO points.**

Any TWO relevant answers ✓✓ ✓✓

- It will assist the business in detecting errors/omissions in their books.
- It will show errors/omissions in the statement received.
- Detect fraudulent activities and take action against it.

4

TOTAL MARKS
40

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QUESTION 2

2.1.1 **After taking into account the errors and omissions, calculate the VAT amount that is either payable to or receivable from SARS. Indicate whether this amount is receivable or payable.**

89 600 ✓+ 138 600✓ – 47 040✓ – 12 880✓ – 9 800✓ + 1 680✓
– 14 000 ✓✓– 4 704✓✓ = 141 456☑ **Payable to SARS**✓
Operation one part correct

OR

– 89 600 – 138 600 + 47 040+ 12 880+ 9 800 – 1 680
+14 000 + 4 704 = 141 456 **Payable to SARS**
Operation one part correct

OR

VAT Control

	47 040	89 600
	12 880	138 600
	9 800	1680
	14 000	
	4 704	
Payable to SARS	**141 456**	
	229 880	229 880

12

Accept alternative arrangement for calculations.
Mark one line only
Cannot mix signs

2.1.2 **The internal auditor discovered that the owner, M Ngubane, used the VAT collected from customers to pay expenses of the business. Therefore, he was unable to pay the VAT owed to SARS on the due date.**

State ONE point of advice that you would offer M Ngubane concerning this practice.

Any relevant answer ✓✓

- Ngubane must keep accurate records of VAT and make timeous submissions to SARS.
- The business is an agent of SARS- money collected on behalf of SARS should not be used to defray other operational expenses.

2

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2.2.1 **Calculate the value of the closing stock on 28 February 2017 using the weighted-average method.**

R312 900✓ + R1 375 000✓ – R13 500✓✓
610✓ + 2 400 ✓ - 20 ✓

1 674 400 (4 marks)
2 990 (3 marks)
(7 marks)

R560 X 420✓ = R235 200☑ closing stock Operation one part correct

9

2.2.2 **Calculate the average stock-holding period (in days) on 28 February 2017.**

See 2.2.1

½ ✓ (312 900✓ + 235 200☑) x 365
1 439 200✓ ☑ 1
See 2.2.1 (1 674 400 – 235 200)

274 050 (3 marks) x 365
1 439 200 1

69,5 days☑
Operation one part correct

6

2.2.3 **Comment on the stock-holding period and explain how this would affect the business.**

Comment
Any relevant answer ✓✓
Improved from 100 days (2016) to 69.5 days. Jackets are seasonal wear and 69.5 days is a relatively good period.

How this would affect the business.
Any relevant answer✓✓
Increase in sales volume thereby increasing profits made by the business.

4

2.2.4 **Calculate the value of the closing stock by using the FIFO method.**

380✓ x R675 ✓ = R256 500✓
40✓ x R640✓ = R25 600✓
= R282 100☑
Operation one part correct

7

TOTAL MARKS
40

QUESTION 3

3.1

3.1.1	A✓
3.1.2	C✓
3.1.3	B✓

3

3.2.1 **Next page**

3.2.2 **Tangible asset**

	Land and buildings	Vehicles	Equipment
Carrying value at the beginning	2 000 000✓	264 000✓	110 000✓
Cost price at the beginning	**2 000 000**	**800 000**	760 000✓
Accumulated depreciation at the beginning	-	**(536 000)**	**(650 000)**
Movement			
Additions	3 000 000✓	-	110 000✓
Disposal at carrying value	-	(100 000) ✓✓	-
Depreciation	-	(83 200) ✓	(111 374) ☑
			See 3.2.1
Carrying value at the end	5 000 000✓	80 800☑ Operation one part correct	108 626☑ Operation one part correct
Cost price at the end	**5 000 000**	300 000✓✓	870 000✓
Accumulated depreciation at the end	(0)	(219 200) ✓✓	(761 374) ✓

19

Trade and Other Receivables

Trade debtors (280 200✓ – 90 000✓ - 720✓) one part correct	189 480☑
Less provision for bad debts (11 000 – 1 526) 5% of the above	(9 474) ✓☑
Net trade debtors	180 006
Prepaid expense	5 000✓
Accrued income (12 100 +2 975) See interest income one part correct	15 075☑
SARS- Income tax (290 000 – 282 000)	8 000✓✓
Operation one part correct	208 081☑

11

3.2.1 Income Statement for the year ended 28 February 2017

	Sales (9 472 000✓ – 70 000✓ – 45 000✓ – 45 000✓) – 90 000 two marks		9 312 000✓
	Cost of sales	If sales x 100/150	(6 208 000) ☑
7	Gross profit	Operation	3 104 000☑
	Other operating income	Operation	193 466☑
	Rent income (**153 120** - 11 040✓✓)		142 080✓
	Profit on sale of asset		20 000✓
	Bad debts recovered		3 860✓
	Provision for bad debts adjustment (11 000✓ – 9 474✓)		1 526☑ One part correct
	Trading stock surplus (1 620 000✓- 60 000✓- 1 534 000✓) OR (-1620 000 + 60 000 + 1 534 000)		26 000☑ One part correct
13	**Gross income**		3 297 466
	Other operating expenses	Operation	(2 378 811) ☑
	Salaries and employers contribution		**926 687**
	Directors fees		**860 000**
	Audit fees (79 000 + 6 000✓)		85 000✓
	Packing material (13 600 – 1 200✓)		12 400✓
	Sundry expenses (292 330 – 5 000✓)		287 330✓
	Bad debts (12 100✓ + 720✓)		12 820✓
15	Depreciation (83 200✓ + 109 999✓✓ + 1 375✓) 111 374 three marks		194 574☑ One part correct
	Operating profit	Operation	918 655☑
	Interest income (27 000✓+ 12 100✓✓+ 2 975✓ + 9 300✓) 39 100 two marks		51 375☑ One part correct
	Operating profit before interest expense	Operation	970 030☑
	Interest expenses		(30 030) ✓
	Net profit before taxation	Operation	940 000☑
	Taxation (940 000 x30/100)		(282 000) ✓
12	Net profit after taxation	Operation	658 000☑

47

Foreign items –1 (max –2) Award marks for workings if item misplaced; -1 for placement; max -2

TOTAL MARKS
80

QUESTION 4

4.1

4.1.1	C✓
4.1.2	D✓
4.1.3	E✓
4.1.4	B✓
4.1.5	A✓

5

4.2.1 Ordinary Share Capital note

Authorised shares			
1 900 000 shares			
Issued shares			
1 000 000	**shares @ R5**		**R5 000 000**
400 000✓	shares @ R9.20	Balancing figure	R3 680 000☑
(120 000) ✓	shares bought back @ R6.20✓✓	Ignore brackets	(R744 000)✓
1 280 000☑	shares @ R6.20	Operation one part correct	R7 936 000✓

8

4.2.2 Cash Flow Statement on 30 June 2017.

Cash flow from operating activities	Operation	153 000☑
Cash generated by operations		**1 225 800**
Interest paid		**(144 000)**
Dividends paid (250 000✓+ 280 000✓✓) or (250 000 + 408 000 – 128 000) or (-250 000 – 408 000 + 128 000)		(530 000) ☑ One part correct out flow
Tax paid (36 000✓ + 268 800✓ + 94 000✓) or (-36 000 – 268 800 – 94 000)		(398 800) ☑ One part correct out flow
Cash flow from investing activities	Operation	(650 000) ☑
Purchases of fixed assets (4 013 200✓ + 200 000✓ + 112 000✓ – 2 875 200✓) or (2 875 200 – 4 013 200 – 200 000 – 112 0000)	Operation	(1 450 000)☑
Proceeds on sale of fixed assets		**200 000**
Decreased in fixed deposit		**600 000**
Cash flow from financing activities	Operation	1 544 000☑
Proceeds on shares issued	See 4.2.1	3 680 000☑
Buy back of shares (120 000✓ x 8,80✓)		(1 056 000) ✓
Repayment of loan		**(1 080 000)**
Net change in cash and cash equivalent	Operation	1 047 000☑
Cash and cash equivalent at the beginning (-850 000 + 8 000)		(842 000) ✓✓
Cash and cash equivalent at the end		**205 000**

-1 if no bracket for (842 000)

23

4.2.3 **Calculate the Current ratio for 2017.**

1 015 000✓ : 468 000✓
2.2 : 1☑ operation one part correct

3

4.2.4 **Comment on the following financial indicators:**

	Comment with figures ✓✓	Reason for change ✓✓
% gross profit on the cost of sales.	Increased from 39% to 42%. 42% is less than the mark-up of 50%	• Advertising used to increase sales. • Improved marketing strategies. • Purchased from cheaper suppliers. • Trade discount allowed to customers.
% operating expenses on sales.	Improved/decreased from 25% to 19%	• Kept within budget • Avoided wastage • Increase sales • Cut down expenses

4

4.2.5 **From 2016 to 2017 the directors made a deliberate decision to change the policy on the distribution of profit in the form of dividends. Explain this change. Quote figures/calculations to support your answer.**

Response for figures/calculation ✓✓ ✓✓

- They paid out (45÷45 x100)100% all their earnings in 2016 compared to (30÷49 x 100) 61% of their earnings in 2017.
- The business is retaining funds for future expansions/development/to improve NAV.

Response for ✓ ✓

The DPS decreased from 45 cents to 30 cents by 15cents and the EPS improved from 45 cents to 49 cents by 4 cents.

4

4.2.6 **Shareholders are satisfied with the issue price of the new shares. Quote TWO financial indicators with figures to support this statement.**

Financial indicators and figures ✓ ✓
Valid comment ✓ ✓

- New shares have been sold at 920 see 4.2.1 cents above the NAV of 695 cents (2017)
- New shares have been sold at 920 see 4.2.1 cents above the market value per share of 810 cents

4

4.2.7 **One of the directors feel that the loan should be paid as soon as possible. Do you agree? Explain. Quote TWO financial indicators with figures to support your answer.**

No✓

Financial indicators and figures ✓ ✓
Explanation ✓ ✓

Debt equity ratio is 0,06 : 1 which means the business is in position to borrow more monies. This indicates low risk.

The return on total capital employed (ROTCE) for 2017 is 24% which is greater than the interest rate of 16%. This indicates positive gearing.

5

4.2.8 **The shareholders should be satisfied with the return on their investment and the companies' earnings. Explain TWO financial indicators with figures to support this opinion.**

Explanation with figures: ✓✓ ✓✓

Return on shareholders' equity improved from 10,6% to 18%. 18% is higher than return on alternative investment of 6% by 12%.

Earnings per share improved from 45 cents to 49 cents see 4.2.3 per share

4

TOTAL MARKS
60

QUESTION 5

5.1

5.1.1	Factory over head cost✓	
5.1.2	Selling and distribution cost ✓	
5.1.3	Direct material cost ✓	
5.1.4	Administration cost✓	4

5.2.1

Calculate the Direct Material Cost	
Opening stock	**180 000**
Purchases (400 000✓ – 7 000✓)	393 000✓
Carriage on purchases	5 000✓
Less closing stock	(86 000) ✓
operation one part correct	492 000☑

6

5.2.2

Calculate the Factory Overhead Cost	
Depreciation	**32 000**
Sundry expenses(85 600 – 2 600) x 60/100	**49 800**
Indirect material (25 000✓ + 35 000✓ – 9 000✓– 18 000✓)	33 000☑ One part correct
Indirect labour (350 000✓ x 20/100✓) + 5 600 ✓+ 700✓ (70 000 twomarks) (6 300 two marks)	76 300☑ One part correct
Rent expenses (56 500✓ + 5 500✓) 1 200/1 600✓	46 500☑ One part correct
Water and electricity (98 000) 4/8	49 000✓✓
operation one part correct	286 600☑

17

5.2.3

Production cost statement for the year ended 28 February 2017.		
Direct material	see 5.2.1	492 000☑
Direct labour (175 000✓ + 15 750✓)		190 750✓
Prime cost	operation	682 750☑
Factory overheads	see 5.2.2	286 600☑
Production cost	operation	969 350☑
Work-in-process at the beginning		150 000✓
		1 119 350
Work-in-process at the end	(1 119 350 – 870 000)	(249 350) ☑
Production cost of finished goods (1 200 000✓ + 170 000✓ – 500 000✓) operation one part correct		870 000☑

13

5.3.1 **Calculate the Break-even point for 2017.**

97 600✓
25✓– 17✓ (8 two marks)

12 200 units ☑ operation one part correct

4

5.3.2 **Explain why the owner should be concerned about the break-even point. Provide TWO points.**

Number of units produced is 12 200 same as the break-even point of 12 200. Which means the business is making no profit or loss. ✓✓

Although the number of units produced increased from R11 800 to 12 200 still no profits were realized because fixed costs also increased ✓✓

4

5.3.3 **Provide one reason for the decrease in the Direct Material Cost.**

Any valid explanation ✓✓

- There was less wastage of raw material in producing the product.
- More efficiency when producing the product.
- Sourcing out cheaper suppliers.
- Buying in bulk to negotiate discounts.

2

TOTAL MARKS
50

QUESTION 6

6.1.1 Prepare a Debtors Collection Schedule for November 2017.

Month and credit sales		September	October	November
August	1246 000	498 400	249 200	
September	910 000	302 575	364 000	182 000
October	630 000		209 475	252 000✓✓
November	616 000✓✓			204 820✓☑*
TOTAL		800 975	822 675	638 820☑

Operation one part correct
*If 35% of credit sales less 5% discount

7

6.1.2 The payment to creditors for November 2017.

337 500✓ x 40/60✓ = 225 000☑ Operation one part correct

Or

900 000 X 100/160 X 40% = 225 000

3

The loan amount for October 2017

3 000✓ x 12✓ x100/16✓ = 225 000☑ Operation one part correct

4

The amount for advertising in September 2017

7 630✓ x 100/109✓ = 7 000☑ Operation one part correct

3

6.1.3

EXPLANATION ✓ ✓	ADVICE ✓ ✓
FUEL: Over spent / poor control of vehicles / possible unforeseen increase in petrol prices/fuel wastage	Such increases in fuel prices must be anticipated and considered in budgeting / look at trends /minimise wastage / monitor drivers by using logbooks and tracking devices for distances.
RENT INCOME: Poor collection strategy used by the business Possible that the tenant has left and the premises have been left unoccupied.	Ensure that tenants have to place certain number of months' notice before leaving. Appoint a collector.

4

6.2 MANAGEMENT OF FIXED ASSETS

Identify ONE different problem regarding each vehicle/driver. Quote figures. Give John ONE point of advice for EACH problem identified.

Problem ✓ ✓ ✓ Figures ✓ ✓ ✓		Advice ✓ ✓ ✓ Any relevant advice
Vehicle 1 (Sibusiso)	Sibusiso was absent for 8 days./ He is the highest paid driver, R8 000 where other drivers earn R5 000	Investigate the reason for his absence.
Vehicle 2 (Jabulani)	Jabulani is travelling too many kilometres (4 600 km for 80 trips = 58 km per trip) which is higher than the maximum of 40 km per customer./He is travelling more km than Xolani (4 200 compared to 2 800 km) but doing fewer trips (70 compared to 110).	Possible disciplinary action against Jabulani for unauthorized use of vehicle./Improve internal control over the use of the vehicles.
Vehicle 3 (Xolani)	Xolani is doing the most number of trips (120) but his vehicle is the oldest and the most expensive to run (R0,81 per km).	Consider replacing this vehicle as it is expensive to maintain. Purchase a new vehicle to replace this old vehicle.

9

TOTAL MARKS
30