



## **education**

**Lefapha la Thuto la Bokone Bophirima  
Noord-Wes Onderwys Departement  
North West Education Department  
NORTH WEST PROVINCE**

**ACCOUNTING  
COLLECTABLE MARKS  
MATERIAL**

**GRADE 12**

**ANSWER BOOK**

**QUESTION 1**

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 **AUDIT REPORT**

1.2.1

<b>To whom is the audit report addressed?</b>
---

1

1.2.2

<b>Who has to ensure that the financial statements are prepared and presented at the annual general meeting?</b>
--

1

1.2.3

<b>Fralezi Ltd received a/an (qualified/unqualified/disclaimer of opinion) audit report.</b>
<b>Explain your choice.</b>

2

1.2.4

<b>Explain why the independent auditors referred to pages 11–29 in the report.</b>
--

2

**1.3 FRALEZI LTD  
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

<b>Sales</b>	
<b>Cost of sales</b>	
<b>Gross profit</b>	
<b>Other income</b>	
<b>Operating expenses</b>	
<b>Directors' fees</b>	
<b>Salaries and wages</b>	
<b>Sundry expenses</b>	
<b>Operating profit</b>	
<b>Interest income</b>	
<b>Profit before interest expense</b>	
<b>Interest expense</b>	
<b>Net profit before tax</b>	
<b>Income tax for the year</b>	
<b>Net profit after tax</b>	<b>504 000</b>

<b>TOTAL MARKS</b>
<b>70</b>

<b>60</b>

**QUESTION 2**

2.1

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

2.2.1 **TEMBISO LTD**  
**INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2018**

Sales	
Cost of sales	(4 856 000)
Gross profit	
Other operating income	879 440
Gross income	
Operating expenses	
Salaries and wages	501 200
Operating profit	
Interest income	
Net profit before interest expense	
Interest expense	
Net profit before tax	
Income tax	
Net profit after tax	959 400

28

**2.2.2 ORDINARY SHARE CAPITAL****AUTHORISED SHARE CAPITAL**

1 600 000 ordinary shares

**ISSUED SHARE CAPITAL**

<b>1 480 000</b>	<b>Ordinary shares on 28 February 2018</b>	<b>8 816 000</b>	<b>7</b>

**RETAINED INCOME**

<b>Balance on 1 March 2017</b>	<b>376 600</b>	
<b>Ordinary share dividends</b>		
<b>Balance on 28 February 2018</b>		<b>7</b>

**2.2.3 EQUITY AND LIABILITIES SECTION OF THE BALANCE SHEET**

<b>SHAREHOLDERS' EQUITY</b>		
Ordinary share capital	<b>8 816 000</b>	
Retained income		
<b>NON-CURRENT LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables		
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>16</b>

**2.3 AUDIT REPORT**

**2.3.1**

**Point 1**

<b>Opinion</b>
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1

**Point 2**

<b>IFRS and Companies Act</b>
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2

**Point 3**

<b>Independent</b>
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2

**2.3.2**

**Point 4**

<b>TWO examples of ethical responsibilities:</b>
Example 1:
Example 2:

4

**Point 5**

<b>TWO examples of audit evidence:</b>
Example 1:
Example 2:

4

<b>TOTAL MARKS</b>
75

**QUESTION 3**

3.1 (a) Calculate the carrying value of Land and Buildings on 1 March 2016.

  
2

(b) Calculate the total depreciation on Vehicles on 28 February 2017.

  
6

(c) Calculate the carrying value of Vehicles on 28 February 2017.

  
4

(d) Calculate the carrying value of Equipment sold on 31 December 2016.

  
6

(e) Calculate the total carrying value of Fixed Assets on 28 February 2017.

  
4

**3.2 BALANCE SHEET OF ODETTE LTD ON 28 FEBRUARY 2017**

<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
<b>CURRENT ASSETS</b>	
<b>Inventory</b>	<b>408 880</b>
<b>Trade and other receivables</b>	
<b>Cash and cash equivalents</b>	
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>SHAREHOLDERS' EQUITY</b>	
<b>Ordinary share capital</b>	
<b>Retained income</b>	<b>520 000</b>
<b>NON-CURRENT LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	



**3.3 AUDIT REPORT**

**As a shareholder, what concerns would you have regarding this audit report? Explain THREE points.**

**Point 1:**

**Point 2:**

**Point 3:**

6

<b>TOTAL MARKS</b>
65

**QUESTION 4****4.1 CONCEPTS**

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

**4.2 PHAMBILI LIMITED**

4.2.1 Prepare the following notes for the financial year ended 28 February 2019.

**(a) Ordinary share capital**


11

**(b) Retained income**

<b>Balance at the beginning of the year</b>	<b>355 500</b>
<b>Ordinary share dividends</b>	
<b>Balance at the end of the year</b>	

11

4.2.2

**Complete the Balance Sheet (Statement of Financial Position) on 28 February 2019. Where notes are not required, show ALL workings.**  
**BALANCE SHEET ON 28 FEBRUARY 2019**

<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
<b>CURRENT ASSETS</b>	<b>1 400 200</b>
Cash and cash equivalents	
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>ORDINARY SHAREHOLDERS' EQUITY</b>	
Ordinary share capital	
<b>NON-CURRENT LIABILITIES</b>	
Loan	
<b>CURRENT LIABILITIES</b>	<b>1 208 000</b>
Trade and other payables	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 920 000 <input checked="" type="checkbox"/></b>

**4.3 AUDITING**

4.3.1 **Explain why the shareholders would be satisfied with this audit report.**

- 

2

4.3.2 **Tello Motloun, the managing director, has informed the auditors that he intends to buy the unissued shares for himself without informing the other shareholders. What advice should the auditors give to Tello? Explain.**

- 

2

4.3.3 **Explain why the auditors found it necessary to stipulate the page numbers in the report.**

- 

2

4.3.4 **Explain TWO major consequences for Mxo and Frank should they be negligent in performing their duties.**

- 

4

**QUESTION 5**

5.1

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

5.2.1 **ORDINARY SHARE CAPITAL:**

**AUTHORISED SHARE CAPITAL**

1 500 000 ordinary shares
---------------------------

**ISSUED SHARE CAPITAL**

900 000	Ordinary shares on 1 July 2015	9 180 000

7

**RETAINED INCOME:**

Balance on 1 July 2015	360 000
Net profit after tax	444 500
Balance on 30 June 2016	

9

5.2.2

Calculate the change in loan for the Cash Flow Statement.

2

Calculate the income tax paid for the Cash Flow Statement.

4

5.2.3

Net change in cash and cash equivalents	

4

5.2.4

Calculate the acid-test ratio on 30 June 2016.

4

Calculate the debt-equity ratio on 30 June 2016.

3

Calculate the % return on average shareholders' equity (ROSHE) for the year ended 30 June 2016.

5

Calculate the net asset value per share (NAV) on 30 June 2016.

3

5.2.5

The liquidity of the company has improved. Quote **THREE** financial indicators to support this statement. Provide figures and trends.

6

5.2.6

Provide calculations to show the change in the dividend pay-out policy.

4

Explain why the directors decided to change the policy. State **ONE** point with figures.

2

5.2.7

(a) Calculate Mary's % shareholding on 1 October 2015 after the repurchase of shares.

4

(b) Explain how Mary has benefitted from the decision to repurchase the shares.

2

(c) The independent auditor discovered that Mary had made the decision to repurchase the shares without informing the board of directors. Why should the independent auditor be concerned about this?

2

5.2.8

The Cash Flow Statement reflected fixed assets purchased to the amount of R4,5 million.

Major sources of funding with figures (over R1 000 000 each)	Good/Bad decision	Explanation with financial indicators/figure
Source 1:		
Source 2:		

10

TOTAL MARKS
75



**QUESTION 6**

6.1

6.1.1	
6.1.2	
6.1.3	
6.1.4	

4

6.2 **SO-FINE LTD**6.2.1 **ORDINARY SHARE CAPITAL****AUTHORISED SHARE CAPITAL**

1 200 000 ordinary shares
---------------------------

**ISSUED SHARE CAPITAL**

900 000	Ordinary shares on 1 September 2016	
	Ordinary shares on 31 August 2017	5 292 000

7

**RETAINED INCOME**

Balance on 1 September 2016	147 370
Net profit after income tax	438 130
Ordinary share dividends	
Balance on 31 August 2017	

9

**6.2.2 SO-FINE LTD  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations		
Interest paid		
Dividends paid		
Income tax paid		?
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets		?
?		?
Change in investments		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
?		?
?		?
Change in non-current liabilities		
Net change in cash and cash equivalents		?
Cash and cash equivalents – opening balance		?
Cash and cash equivalents – closing balance		?
		<b>19</b>

**6.2.3 Calculate the percentage operating profit on sales.**

**3**

**Calculate the debt-equity ratio.**

**4**

**6.2.4 Calculate the dividends per share (DPS) of a shareholder who owned the same number of shares for the entire financial period.**

**4**

**6.3 CASTRO LTD**

**6.3.1** Comment on the price of R9,10 charged by Castro Ltd for the new shares issued.

3

**6.3.2** Explain how the issue of new shares has affected the financial gearing and risk of Castro Ltd. Quote TWO financial indicators.

6

**6.3.3** If Henry wanted to retain his 60% shareholding in the company, how many shares would he have had to buy?

3

How much would he have had to pay?

2

Henry decided NOT to buy these shares. Apart from the % shareholding, explain TWO reasons why he has made a mistake by not taking up this option.

Reason 1:

Reason 2:

6

**RONKI LTD**

6.3.4

Comment on the liquidity of Ronki Ltd. Quote TWO financial indicators.

6

6.3.5

Comment on the price paid by Ronki Ltd for the repurchase (buy-back) of shares.

3

6.3.6

Explain THREE ways in which Henry has benefited from the repurchase of the shares by Ronki Ltd.

Point 1:

Point 2:

Point 3:

6

TOTAL MARKS
85

**QUESTION 7****7.1 CALCULATION OF FINANCIAL INDICATORS FOR 2018**

7.1.1

**Calculate: % operating expenses on sales**

Workings	Answer

2

7.1.2

**Calculate: Acid-test ratio**

Workings	Answer

4

7.1.3

**Calculate: % return on shareholders' equity**

Workings	Answer

4

7.2

**FIGURES FOR 2018 CASH FLOW STATEMENT**

7.2.1

**Calculate: Change in investments**

Workings	Answer

2

7.2.2

**Calculate: Income tax paid**

Workings	Answer

4

7.2.3

**Calculate: Fixed assets sold (at carrying value)**

Workings	Answer

5

**7.3 EXPLANATIONS ON CASH FLOW STATEMENT**

**7.3.1 Explain why the directors are satisfied with the improvement in cash and cash equivalents since 1 July 2016. Quote figures.**

3

**7.3.2 Identify THREE decisions that the directors made to pay for land and buildings.**

<b>Decision 1 (with figures)</b>	
<b>Decision 2 (with figures)</b>	
<b>Decision 3 (with figures)</b>	

6

**Explain how these decisions affected the capital employed in the 2018 financial year. Quote figures.**

**Explain how these decisions affected the financial gearing in the 2018 financial year. Quote TWO indicators and their figures.**

6

**7.3.3 From the Cash Flow Statement identify ONE decision made by the directors in 2017 that they did NOT make in 2018, besides the points mentioned above. Give a possible reason for the decision in 2017.**

<b>Decision (with figures)</b>	<b>Possible reason</b>

3

**7.4 DIVIDENDS, RETURNS AND SHAREHOLDING****7.4.1 Calculate: Total interim dividends paid for the 2018 financial year**

Workings	Answer

**Calculate: Interim dividends per share for the 2018 financial year**

Workings	Answer

6

**7.4.2 Calculate total dividends earned by DuduMkhize for the 2018 financial year.**

Workings	Answer

5

**7.4.3 Calculate the minimum number of additional shares that Dudu should have bought.**

Workings	Answer

3

7.5.1

**Explain why it was necessary to purchase properties in other provinces instead of in KZN.**

2

**Explain whether the decision to purchase these properties had the desired effect on sales. Quote figures.**

3

**Explain another strategy they used to solve the problem of low sales. Quote figures.**

3

7.5.2

**Give advice on what Ben Palo should say about the following topics:**

**Advice on what to say on earnings per share:**

3

**Advice on what to say on % return earned:**

3

**Advice on what to say on share price on the JSE:**

3

<b>TOTAL MARKS</b>
70



# ***INVENTORIES***

## **QUESTION 1**

### **1.1 INVENTORY VALUATION**

**1.1.1 Explain the FIFO valuation method.**

**Explain the specific identification valuation method.**

<b>4</b>

**1.1.2 Calculate the cost price per laptop on hand on 1 October 2015.**

<b>2</b>

**1.1.3 Calculate the value of the closing stock on 30 September 2016.**

<b>9</b>

**1.2 MANAGEMENT OF INVENTORIES****1.2.1**

What decision did Kyle take regarding the selling price of the desks?  
Provide figures.

2

How has this decision affected the business? State TWO points.  
Provide figures.

4

**1.2.2**

Was it a good idea for Kyle to change to a cheaper supplier of chairs?

YES/NO: \_\_\_\_\_

Explain TWO points. Provide figures.

5

**1.2.3**

Based on the information given, provide TWO separate suggestions to Kyle to improve the profit on printers in 2017.

Suggestion 1 (with figures):

Suggestion 2 (with figures):

4

<b>TOTAL MARKS</b>
30

**QUESTION 2****2.1 CONCEPTS**

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

**2.2 HOT-WHEELS (PTY) LTD****Motorbikes:**

**2.2.1 Calculate the value of the closing stock on 30 September 2017 using the specific identification method.**

7

**2.2.2 Mike requires your advice on the three different models of motorbikes in which he is trading. Explain TWO points of advice.**

**Point 1:****Point 2:**

4

**Helmets:**

2.2.3

Calculate the value of the closing stock on 30 September 2017 using the weighted-average method.

9

2.2.4

Is the weighted-average method appropriate to value the helmets? Explain ONE point.

3

2.2.5

Mike suspects that helmets are being stolen from the shop despite security cameras being installed. Provide a calculation to verify his suspicion.

5

What can Mike do to improve the internal control of stock? State THREE points.

Point 1:

Point 2:

Point 3:

3

35

**QUESTION 3**

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 **PACKER'S SUITCASE SHOP**

3.2.1

**Calculate the value of the closing stock on 30 June 2018 using the first-in-first-out method.**

Workings	Answer

5

3.2.2

**Charles suspects that suitcases have been stolen. Provide a calculation to support his concern.**

Workings	Answer

5

3.2.3

**Charles is concerned about the volume of stock on hand.**

**Calculate for how long his closing stock is expected to last.**

Workings	Answer

6

**ONE problem with keeping too much stock on hand:**

**ONE problem with keeping insufficient stock on hand:**

4

**3.3 MINDEW LIMITED**

**3.3.1**

	<b>WORKINGS</b>	<b>ANSWER</b>
<b>(i)</b>		
<b>(ii)</b>		
<b>(iii)</b>		
<b>(iv)</b>		
<b>(v)</b>		

<b>17</b>

**3.3.2**

**Explain how the internal auditor should check that movable fixed assets were not stolen.**

<b>2</b>

**3.3.3**

**As an independent auditor, what advice would you give? Provide ONE point.**

<b>2</b>

<b>TOTAL MARKS</b>
<b>45</b>

# **MANUFACTURING**

## QUESTION 1

1.1

1.1.1			
1.1.2			
1.1.3			
1.1.4			4

1.2.1

	<b>Calculate direct labour cost.</b>	
		8
	<b>Calculate direct material cost.</b>	
		6

1.2.2

**Production Cost Statement for the year ended 29 February 2016:**

<b>Prime cost</b>		
<b>Cost of production of finished goods</b>		8

1.2.3 Calculate the break-even point for 2016.

--	--

	5

Explain whether the owner should be concerned or not. Provide figures.

--	--

	3

1.2.4 The owner is not satisfied with the internal control of the raw material (fabric).

	STOREROOM: Raw material stolen	FACTORY: Raw material wasted
<b>CALCULATION:</b> metres of fabric		
<b>STRATEGY</b>		

	11



**QUESTION 2****2.1 GEVEN MANUFACTURERS****2.1.1****PRODUCTION COST STATEMENT  
FOR THE YEAR ENDED 28 FEBRUARY 2017**

Direct material cost	
Direct labour cost	
Prime cost	
Factory overhead cost	
<b>Total cost of production</b>	

14

**2.1.2****ABRIDGED INCOME STATEMENT  
FOR YEAR ENDED 28 FEBRUARY 2017**

Sales	
Cost of sales	
Gross profit	
Administration cost	
Selling and distribution cost	
Net profit	

14



**2.2.2 Shoes:**

Calculate the % increase in the selling price of shoes.

3

Jan decided to improve the quality of the shoes and to export them. Explain how the direct material costs and the selling and distribution costs were affected by this decision. Provide figures.

4

Jan was concerned that the increase in price would have a negative impact on the business. Explain whether his concern was justified. State TWO points.

Point 1:

Point 2:

4

<b>TOTAL MARKS</b>
55

**QUESTION 3**

3.1

<b>3.1.1</b>	
<b>3.1.2</b>	
<b>3.1.3</b>	

<b>3</b>

3.2 **KRIGE SHIRTS**

3.2.1

<p><b>Calculate direct labour cost.</b></p>          
---

<b>9</b>

3.2.2 **PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 JULY 2018**

<b>Direct material cost</b>	<b>528 300</b>
<b>Prime cost</b>	
<b>Total production cost</b>	
<b>Work-in-progress (1 August 2017)</b>	
<b>Cost of production of finished goods</b>	

<b>12</b>

**3.3 GEMMA'S MANUFACTURERS**

**3.3.1 Calculate the break-even point for the year ended 31 August 2018.**

--

5

**3.3.2 Compare and comment on the break-even point and the production level achieved over the last two years. Quote figures.**

--

6

**3.3.3 Give TWO reasons for the increase in direct material cost. Suggest ONE way to control this cost.**

**REASONS:**

**SUGGESTION:**

--

5

<b>TOTAL MARKS</b>
40

## **RECONCILIATIONS AND VAT**

### QUESTION 1

- 1.1.1 Simply Traders have the telephone numbers of all their debtors. What other information should they obtain before allowing customers to open accounts? State TWO points with a reason in EACH case.

	Information to be obtained	Reason
Point 1		
Point 2		

4

- 1.1.2 Calculate the correct closing balance of the Debtors' Control Account on 31 October 2016.

6

Calculate the correct amounts owing by debtors.

	Calculations	Balance
J Ramsay (D2)	37 500	
W Smith (D3)	19 500	
C Prince (D5)	3 900	

12

1.1.3

Calculate the percentage of debtors complying with the credit terms.

4

Explain TWO measures to improve the collection from debtors.

4

1.2

Calculate the amount receivable from or payable to SARS for VAT on 31 August 2016.

Receivable/Payable:

10

TOTAL MARKS
40





2.2.3

**Explain the problem relating to deposits. Quote evidence.**

**Explain TWO strategies to prevent this in future.**

**Strategy 1:**

**Strategy 2:**

4

<b>TOTAL MARKS</b>
30

**QUESTION 3****3.1 VAT****3.1.1**

	<b>WORKINGS</b>	<b>ANSWER</b>
<b>(a)</b>		
<b>(b)</b>		
<b>(c)</b>		
<b>(d)</b>		

10
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**3.1.2**

You are the internal auditor. The sole owner, Samson, used a business cheque to buy a new car for R460 000 including VAT. This car is kept at home for his wife's use. Samson says the vehicle must be recorded as a business asset and R60 000 must be recorded as a VAT input in the business' books.

Explain what you would say to Samson. Provide TWO points.

<b>Point 1</b>	
<b>Point 2</b>	

4
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**3.2.1 CREDITORS' RECONCILIATION**

	<b>CREDITORS' LEDGER: ACCOUNT OF MARITI SUPPLIERS</b>	<b>STATEMENT OF ACCOUNT</b>
<b>Balance</b>	<b>147 820</b>	<b>145 060</b>
<b>(a)</b>		
<b>(b)</b>		
<b>(c)</b>		
<b>(d)</b>		
<b>(e)</b>		
<b>(f)</b>		

13
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**3.2.2 The internal auditor insists that direct payments (EFTs) must be used to pay suppliers.**

**Explain ONE reason to support his decision.**

2

**Explain ONE internal procedure to ensure control over this system.**

2

**3.2.3 Besides dismissing Vernon, provide ONE suggestion for action to be taken against him.**

**Provide ONE suggestion to prevent this problem in future.**

4

<b>TOTAL MARKS</b>
35

## **BUDGETS**

### QUESTION 1

1.1.1 TWO items recorded incorrectly in the Cash Budget:

2

1.1.2 TWO items in the Cash Budget that would NOT appear in a Projected Income Statement:

2

1.2 **DEBTORS' COLLECTION SCHEDULE**

MONTHS	CREDIT SALES	SEPTEMBER	OCTOBER
July	120 000	8 400	
August	151 200	60 480	
September	172 800	86 400	
October			
		155 280	

9

1.3 **AMOUNTS FOR THE CASH BUDGET**

WORKINGS		AMOUNT
(a)	Cash sales for September	
(b)	Payments to creditors for October	
(c)	Directors' fees for October	
(d)	Interest on loan for October	

18

1.4.1

The directors changed the method of payment to the salespersons.

Explain how this has benefitted the salespersons. Quote figures.

Explain how this has benefitted the business. Quote figures.

4

1.4.2

The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations.

5

TOTAL MARKS
40

**QUESTION 2**

2.1

**Explain the main purpose of a Cash Budget.****Explain the main purpose of a Projected Income Statement.**

2

2.2.1

**Larry expects debtors to settle accounts by the end of the month following the sales transaction month.****Use the November figures to calculate the % of debtors that are expected to comply with the credit terms.****Use the November figures to calculate the % of bad debts expected.**

9

2.2.2

**Larry does not believe that his debtors' control clerk, Shirley, deserves a bonus on 31 October 2017.****Provide evidence to support his opinion.****Offer Larry advice to improve debtors' collections (TWO points).****Point 1:****Point 2:**

4

2.3.1

**Calculate the fixed % of sales used by Larry to budget for delivery expenses.**

**Calculate the amount of the loan to be repaid on 31 December 2017.**

<b>6</b>

2.3.2

**Refer to variances in Information D. Explain why Larry would feel that all these variances are problems for his business.**

<b>COMMENT ON VARIANCES</b>	
<b>Sales</b>	
<b>Advertising</b>	
<b>Packing materials</b>	
<b>Delivery expenses</b>	

<b>9</b>

<b>TOTAL MARKS</b>
<b>30</b>

**QUESTION 3****3.1 Debtors' Collection Schedule for October 2018**

MONTHS	CREDIT SALES	SEP. 2018	OCT. 2018
July	369 600	81 312	
August	384 400	211 420	
September	403 200	76 608	
October	420 000		
		<b>369 340</b>	

7

**3.2 Calculate:****(i) Cash sales for September**

Workings	Answer

**(ii) Rent income for October**

Workings	Answer

**(iii) Payments to creditors in October**

Workings	Answer

9

**3.3 Calculate the % increase in salaries of sales assistants for October 2018.**

Workings	Answer

3

**Explain whether the sales assistants should be satisfied with this increase.**

2



**3.4 Refer to Information E.**

**3.4.1 Explain the effect of the new competitor on any TWO items in the budget for September. Provide figures.**

--	--

4

**3.4.2 Identify TWO changes Donald implemented in October in response to the new competitor. Quote figures. Give ONE reason for EACH change.**

Item (with figures)	Possible reason

6

**3.4.3 Explain why Donald feels that his decisions were successful. Provide TWO points (with figures).**

Point 1	
Point 2	

4

<b>TOTAL MARKS</b>
35