1.1 BANK RECONCILIATION

1.1.1 Calculate the correct bank account balance on 31 May 2024.

	ANSWER	
one mark one mark; I $9\ 050 - 5\ 000\ \checkmark\checkmark\ +$		
CPJ OR 9 050 + (90 1 96	3 920 ☑ one part correct ignore sign	
9 050 900 <u>1 060</u> Bal b/d 3 920	5 000 310 1 780 Bal c/d 3 920 ive presentations for calculations	Inspect whether DR or CR for Recon (1.1.2)

1.1.2

				_
		DEPL	CREDIT	
Balance as per <u>bank statement</u> Do not accept R1 550 & R4 170		DR and CR totals must be the same	21 520 ☑ * Could be Dr	6 ↑
Outstanding deposit			17 500 ✓	
Error on statement		25 000 ✓		
Outstanding EFT No. 819	1	11 880 ✓		
Error on statement	1		1 780√	
Balance as per <u>bank account</u> Do not accept R4 170 & R1 550	_	3 920 ☑# See 1.1.1 Could be Cr		
		40 800	40 800	

1.1.3 Explain TWO important instructions that Scot should give to Kiki to ensure that corruption does not occur with regards to the processing of EFTs.

Any TWO control measures $\checkmark\checkmark$ $\checkmark\checkmark$ part marks for incomplete or unclear response Be alert to other valid answers

- Before processing EFTs, Kiki must check that the bank details and amounts due are correct by referring to appropriate documents and records of service providers / Bank confirmation letter to verify bank details.
- She must monitor the bank transaction records continuously provided on the business electronic statement.
- Regular check of all notifications on banking app to verify movements of cash.
- She must protect all the passwords and codes that are necessary for using the online application and computer system.
- Authorisation by supervisor: She must report daily to her supervisor (or Scot)
 on the daily transactions (especially for suspicious transactions).
- One Time Pin (OTP) must be authorised by the supervisor (or Scot) for processing all EFTs or for certain transactions or payments over a specific amount / Only assigned individuals are allowed to initiate, authorise and reconcile EFTs.
- Set daily limits on the banking app which can be altered by user if necessary.
- She must review and cross-reference banking app messages with the corresponding documents to confirm if payments requests are legitimate.

If an EFT is received e.g.

 If payer notifies business that payment has been made, then Kiki must check to the electronic bank statement before recording the receipt. (POP)

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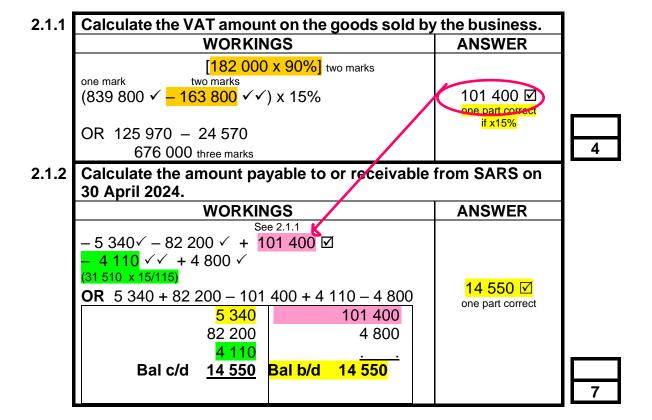
1.2 EXTRACT: LIST OF DEBTORS

DEBTORS	WORKINGS		BALANC E
A. Judy	27 750	<mark>-9000</mark> ✓	18 750 ✓
B. Benior	(400)	+ 9 000 ✓	8 600 ✓
C. Oliver	19 300	one mark one mark $3000 + 3000 (2400 \times 25/75)$ OR $(3200 - 2400) + 6000 \checkmark \checkmark - 800 \checkmark \checkmark$	24 500 ☑* *one part correct
D. Fiery	2 900	Both figures required - 6 390 ✓ √ (or - 7 100 + 710)	(3 490) ☑ *operation

TOTAL MARKS 30

12

QUESTION 2



INVENTORY VALUATION

2.2 Calculate the expected cost price of one LITCHI phone in Rands per unit.

WORKINGS

[5 488 two marks]
[(\$280 x R17,50) ✓ x 1,12 ✓] + (R303 600 ✓ ÷ 300 ✓)
4 900 one mark +588 one mark +1 012 two marks

OR [(\$280 x 17,50 x 300) (1 470 000 x 12%)]
(1 470 000+ 176 400 + R303 600)
300

2.3 Calculate the total value of the closing stock of the CLEO and BRUMA phones on 29 February 2024, using the specific identification method.

MODEL	WORKINGS	ANSWER
CLEO	(270 + 2 265 - 2 180) $355 \checkmark \checkmark \times R8 000$	2 840 000 If x 8 000
BRUMA	920 x R2 500	2 300 000 🗸
	5 140 000 ⊡*	

2.4 Calculate the average stock turnover rate for the CLEO shone for 2024. **WORKINGS ANSWER** 2 160 000 +18 120 000 - 2 840 000 24 416 000 x 100/140 OR 6 976 000 x 100/40 **OR** 2 180 x 8 000 OR 24 416 000 - 6 976 000 two marks 7 times 🗹 17 440 000 🗸 one part correct; $\frac{1}{2}\sqrt{(2\ 160\ 000\sqrt{+2\ 840\ 000})}$ see 2.3) Accept 6,9 times if units are used: 2 180 $\sqrt{2}$ (270 + 355) 312,5

2.5 The directors took decisions to adjust the mark-up % on CLEO and BRUMA phones for the 2024 financial year. Explain how these decisions impacted on the gross profit and cash flow of the company as well as on the stock turnover rate of each model over the past two years. Quote figures and trends.

CLEO BRUMA Explanation ✓ \checkmark Figures ✓ Explanation ✓✓ Figures ✓ ✓ Accept any TWO different points Accept any TWO different points Do not accept mark-up Do not accept mark-up Explanation on Gross profit increased Gross profit increased gross profit & (from R5 900 000 to (from R2 540 000) to cash flow R6 976 000 / by 18,2% / R3 027 500 / by R487 500 by R1 076 000. / 19% despite the higher Units sold increased mark-up % Units sold dropped from from 1 475 to 2 180 / by Difference 705 / <mark>47,8%</mark> 2 450 to 1 730 / 810 units / 33% Sales revenue increased by R6 716 Sales decreased by 000 / from R267 500 / from R17 700 000 to R24 416 R7 620 000 to R7 352 500 000 / by 37,9% / by 3,5% contributing to better cash flow. STR decreased / slower STR increased / improved (from 10,2) to 3,1 times. On average 144 BRUMA (from 4,4) to 7 times see 2.4 phones sold p.m. (declined Customers prefer a better Explanation on from 212 in previous year) quality phone / On stock-turnover High closing stock of 920 / average 182 CLEO rates overestimated demand and phones. are sold p.m. overstocked for 4 months (increased from 123 in previous year) Appropriate stock on hand 355 units or 2,5 months

2.6 If the directors go ahead with the LITCHI phones and order a lot more in the future and sell it at a mark-up of 40% on cost, how could this impact on the sales of the CLEO and BRUMA phones? Explain, quoting figures to support your opinion.

Any valid explanation $\checkmark\checkmark$ part marks for incomplete or unclear answer Figure/s or calculations $\checkmark\checkmark$ Be alert to other valid explanations

- This would place the selling price between the Cleo (R11 200) and the Bruma (R4 250); which could negatively affect the sales of both models (Cleo may drop due to a cheaper alternative; Bruma sales may drop due to a less expensive quality phone)
- The directors should be aware that they might lose out on the high gross profit earned on the Cleo models (R3 200) against (R2 600) [6 500 see 2.2 x 40%] on the Litchi.

[The expected selling price would be R6 500 x 1,40 = R9 100] see 2.2

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