

QUESTION 2

- 2.1 Dean Peterson has a clothing account at Markham clothing store. At Markham a customer can choose either a 6-month or a 12-month revolving (ongoing) payment option.

ANNEXURE A shows Dean's clothing store statement from Markham for a certain period of the year.

Use ANNEXURE A to answer the questions that follow.

ANNEXURE A

QUESTION 2.1

MARKHAM ACCOUNT STATEMENT OF D PETERSON

MARKHAM		ACCOUNT STATEMENT		
		STATEMENT DATE: 15 JAN. 2019		
MR D PETERSON 27 SECOND AVENUE COLRIDGE VRYBURG 8601		 1 CARD, EXCLUSIVE OFFERS OVER 20 RETAIL BRANDS Account customers are automatically TFG REWARDS members.		
DATE	REFERENCE	DESCRIPTION	AMOUNT	
31 DEC.	6 months revolving	Opening balance	101,99	
	HO FNB electronic payment	Payment	101,99 CR	
	Installment 0,00 due	Closing balance	0,00	
17 DEC.	12 months revolving	Opening balance	1 215,36	
	ASJ Zevenwacht Mall	Purchase	3 750,00	
19 DEC.	ASJ Zevenwacht Mall	Purchase	4 000,00	
19 DEC.	ASJ Zevenwacht Mall	Purchase returned	3 750,00 CR	
31 DEC.	HO FNB electronic payment	Payment	698,01 CR	
12 JAN.		My kitchen	26,70	
12 JAN.		Kids only	20,00	
12 JAN.		Interest	92,66	
	Installment 440,00 Due 38,37	Closing balance	4 656,71	
My current credit allocation	What can I spend?	What is my installment?	By how much am I in arrears?	What is my balance?
8 800,00	4 143,29	440,00	0,00	4 656,71
CURRENT	30 DAYS	60 DAYS	90 DAYS	TOTAL DUE (BY 1 ST)
38,37	0,00	0,00	0,00	38,37

[Adapted from a Markham's account]

2.1.1 Write down the total balance owing on Dean's account.

(2)

- 2.1.2 Give the full date on which the current installment is due. (2)
- 2.1.3 State the opening balance of the 12-month revolving account option. (2)
- 2.1.4 Write down the price of the item that was returned. (2)
- 2.1.5 Determine the total amount paid using FNB electronic payments. (3)
- 2.1.6 The selling price of an item includes 15% VAT.
Calculate the price of the item purchased on 19 December 2018, excluding VAT. (3)

2.2 Dean, a 25-year-old male, earns a taxable income of R305 174,44. He started his first job on 1 March 2019.

Tax payable by an individual for the tax year 1 March 2019 to 29 February 2020 is indicated in TABLE 1 below.

**TABLE 1: INCOME TAX RATES FOR INDIVIDUALS
2019/2020 TAX YEAR (1 MARCH 2019 TO 29 FEBRUARY 2020)**

TAX BRACKET	TAXABLE INCOME (R)	TAX RATES (R)
1	0–195 850	18% of taxable income
2	195 851–305 850	35 253 + 26% of taxable income above 195 850
3	305 851–423 300	63 853 + 31% of taxable income above 305 850
4	423 301–555 600	100 263 + 36% of taxable income above 423 300
5	555 601–708 310	147 891 + 39% of taxable income above 555 600
6	708 311–1 500 000	207 448 + 41% of taxable income above 708 310
7	1 500 001 and above	532 041 + 45% of taxable income above 1 500 000

[Adapted from www.treasury.gov.za/Rapport]

NOTE: Dean is not a member of a medical aid.

Use TABLE 1 to answer the questions that follow.

- 2.2.1 Name the government institution responsible for collecting tax return forms. (2)
- 2.2.2 Write down the tax bracket that will be used to calculate Dean's tax payable. (2)
- 2.2.3 Calculate the monthly tax payable by Dean before any rebates are deducted. (5)

- 2.2.4 TABLE 2 below indicates the rebates for the 2018/2019 and 2019/2020 tax years.

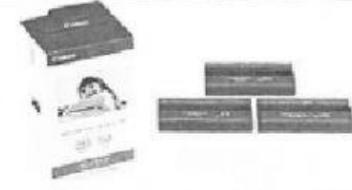
TABLE 2: REBATES FOR 2018/2019 AND 2019/2020 TAX YEARS

TAX REBATES	TAX YEAR 2019/2020	TAX YEAR 2018/2019
Primary (age below 65)	R14 067	R14 220
Secondary (age 65 and above)	R7 713	R7 794
Tertiary (age 75 and older)	R2 574	R2 601

[Adapted from www.treasury.gov.za/Rapport]

- (a) Identify the tax rebate(s) that Dean qualifies for in the 2019/2020 tax year. (2)
- (b) State the number of tax rebates a 75-year-old man will qualify for in any tax year. (2)

- 2.3 Dean's mother, Ella, started her own instant photography business by taking photographs on the beach. She has a camera, but needs to buy a printer, photo paper and ink cartridges for printing.

Canon Selphy CP100 photo printer	Canon photo paper + 3 print cartridges
 <p>Price = R1 125</p>	

[Adapted from www.takealot.com and www.amazon.com]

TABLE 3 shows Ella's income and expenses for producing and selling up to 200 photographs.

TABLE 3: INCOME AND EXPENSES OF ELLA'S PHOTOGRAPHY BUSINESS

NUMBER OF PHOTOGRAPHS	0	25	50	80	100	125	150	170	200
Income (rand)	0	500	1 000	1 600	2 000	2 500	3 000	...	4 000
Expenses (rand)	1 125	1 250	1 375	A	1 625	1 750	1 875	1 975	2 125

[Adapted from www.computermania.co.za]

Use TABLE 3 above to answer the questions that follow.

- 2.3.1 Determine the selling price of ONE photograph. (2)

- 2.3.2 Write down the formula that could be used to calculate the total income received. (2)

- 2.3.3 The total expenses can be calculated using the following formula:

$$\text{Expenses (in rand)} = 1\,125 + \text{number of photographs} \times 5$$

- (a) Write down the variable cost for taking ONE photograph. (2)

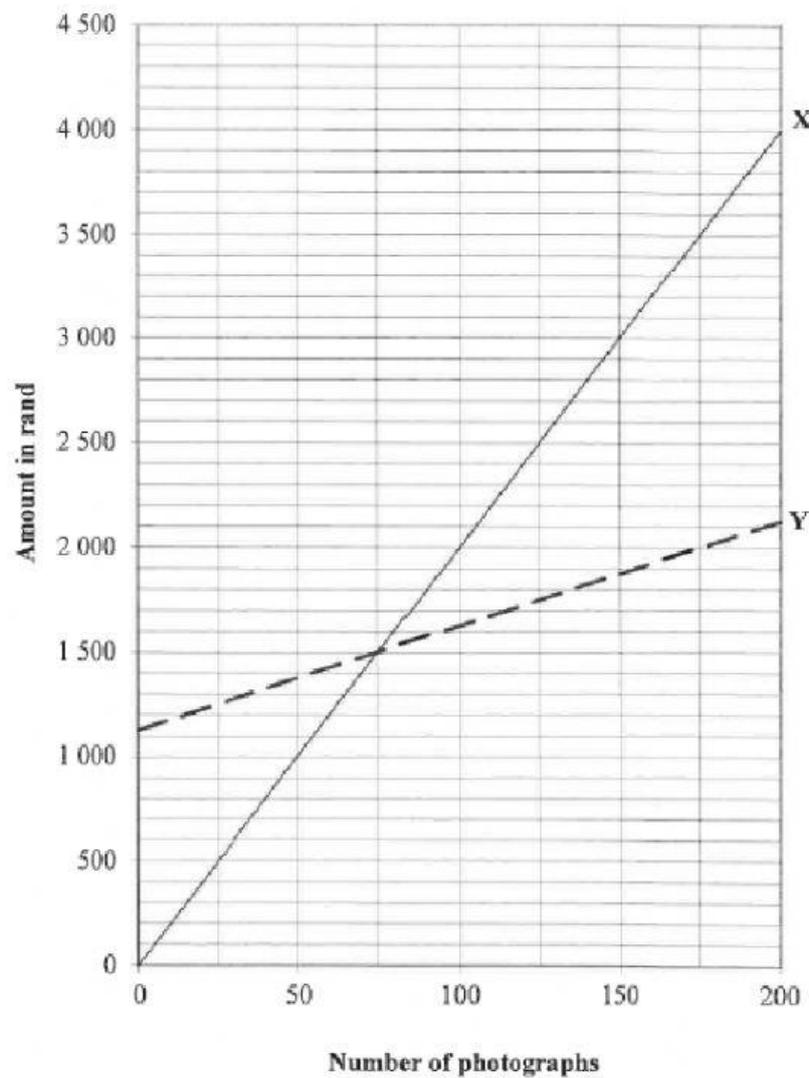
- (b) Calculate missing value A. (3)

2.3.4 ANNEXURE B shows two graphs, X and Y, which can be used to represent the business.

Use ANNEXURE B to answer the following questions.

ANNEXURE B

QUESTION 2.3.4



(a) Give a suitable heading for the graphs that were drawn. (2)

(b) State which graph (**X** or **Y**) represents the income received by the business. (2)

(c) Determine how many photographs must be sold to break even. (2)
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