



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

ACCOUNTING GRADE 12

SOLUTION

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1.1 Refer to Information A:

	WORKINGS	ANSWER
(i)	838 000 – 420 000	418 000 ✓✓
(ii)	838 000 x 15% = 125 700 ✓✓ 216 000 ✓ x 15% x 5/12 ✓ = 13 500 □ one part correct	139 200 □ one part correct
(iii)	26 250 ✓ – 4 250 ✓	22 000 □ one part correct

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1.2

ASSET DISPOSAL (N12)

2018 Jan	1	Equipment	105 000 ✓ 🌐	201 8 Jan	1	Accumulated Depreciation on Equipment	83 000 □*
		Profit on sale of asset	4 250 ✓			Bank	26 250 🌐
			Equipment (622 000 – 517 000)				
			109 250				109 250
							*balancing figure

- 1 (max -2) Presentation; incorrect or no details provided

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QUESTION 2

NO.	CALCULATIONS	AMOUNT
(i)	R3 200 000 – R2 500 000	R700 000 ✓✓
(ii)	Vehicle 1: R240 000 x 25% = R60 000 ✓ Maximum permitted: R15 000 – R1 = R14 999 ✓✓✓ Vehicle 2: R312 000 x 25% = R78 000 ✓✓ R138 000 – 3 marks	R92 999 ✓ One part correct
(iii)	R900 000 – R224 000	R676 000 ✓✓
(iv)	R9 200 ✓ – 6 820 ✓✓✓ 6400 one mark + 420 two marks	2 380 ✓ One part correct

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QUESTION 3

FIXED ASSETS – GIANTS LTD.

3.1

Vehicles:

One of the two vehicles was sold for R245 000 on 31 December 2017. Calculate the profit or loss made from selling this asset.

Calculation:

500 000 – 220 000

500 000 ✓ – 280 000 ✓✓ (2 or nothing) – 245 000 ✓ = 25 000 □

Or

Asset disposal			
Vehicles	500 000	Acc depr	2 0 000
Profit on AD	*25 000	Bank	245 000
	_____		_____

3.2

Equipment:

(a) Calculate the cost price of equipment purchased.

260 000

155 000 + 105 000 – 200 000 = 60 000 ✓✓

(b) Calculate the depreciation on equipment for the year 30 June 2018. (Do not use the 10% mentioned in no c.)

$$120\,000 \checkmark + 60\,000 \square - 155\,000 \checkmark = 25\,000 \square$$

OR:

$$105\,000 \text{ (2 marks)} - 80\,000 \text{ (one mark)} = 25\,000 \text{ (part mark)}$$

(c) If depreciation is calculated at 10% per year on the cost price, determine the date on which the new equipment was bought.

$$\text{Old: } 200\,000 \times 10\% = 20\,000 \checkmark,$$

Thus R5 000 \checkmark of the R25 000 depreciation remaining for the new equipment

$$\begin{aligned} \text{New: } 60\,000 \times 10\% \times \frac{\text{months}}{12} &= 5\,000 \\ 6\,000 \times \frac{\text{months}}{12} &= 5\,000 \\ \text{months} &= 10 \end{aligned}$$

Bought 10 months ago on 1 September 2017 $\checkmark\checkmark$

(d) Equipment consists of smaller tools used in a workshop.
) The owner is concerned because these tools have to be replaced on a regular basis.

Name TWO control measures that can be put into place to avoid this.

- Tools are packed away in designated slots every evening or weekend \checkmark
- Each workers is responsible for his own set of tools (signs for it \checkmark)
- Regular physical counting of equipment
- Workers are searched before they leave the premises
- Any acceptable answer

QUESTION 4

4.1 FIXED ASSET NOTE TO THE BALANCE SHEET ON 30 JUNE 2018

	Buildings	Vehicles	Equipment
Carrying value – 1 July 2017	3 452 000	413 400	83 200
Cost	3 452 000	872 000	340 000
Accumulated depreciation	0	(458 600)	(256 800)
Movements			
Additions at cost	1 070 800 ✓	0	116 000 ✓
Disposal at carrying value	0	(102 800) ✓	0
Depreciation	0	(99 399) □ One part correct 14 999 ✓✓ + 70 400 ✓ + 14 000 ✓✓	(22 630) □ One part correct 12 480 ✓ + 10 150 ✓✓
Carrying value – 30 June 2018	4 522 800	211 201 □ operation	176 570 □ operation
Cost	4 522 800		
Accumulated depreciation			

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MODULE 2: BANK RECONCILIATION STATEMENTS

QUESTION 1

1.1 CONCEPTS

1.1.1	Stale cheque	✓
1.1.2	Debit order	✓
1.1.3	Dishonoured cheque	✓
1.1.4	Bank overdraft	✓

4

1.2 BANK RECONCILIATION

1.2.1 Calculate the correct Bank account balance on 28 February 2018.

16 160 ✓ - 2 710 ✓ - 1 650 ✓ + 450 ✓ ✓ - 24 000 ✓ = (11 750) ✓ one part correct

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1.2.2 The internal auditor is concerned about the management of cash.

- Explain TWO different problems to justify his concern. Quote figures.

Any two valid responses: Problem ✓ ✓ Figures ✓ ✓

Problem 1: Missing/theft of cash, R24 000

Problem 2: Possibility of Rolling of cash, R12 760 received on the 18/2 but still not deposited on the 28/2.

- Give advice (TWO points) on how such problems can be avoided in future.

Any two valid responses: ✓ ✓

- Create a policy of regular, daily depositing
- Request notification from bank for all transactions (sms)
- Separation of duties/one person serves as a check on another

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QUESTION 2 RECONCILIATIONS

2.1 BANK RECONCILIATION

2.1.1 Calculate the correct balance of the Bank Account on February 2018. 28

12 500 ✓ + 34 360 ✓ - 37 480 ✓ + 540 ✓ + 2 700 ✓ - 180 ✓ - 780 ✓
 + 250 ✓ - 1 750 ✓ + 2 500 ✓ - 3 100 ✓

= 9 560 one part correct

Foreign entries: - 1 (max 1)
 Be aware of foreign entries incorrectly duplicated in journals and/or reconciliation.

2.1.2 Prepare the Bank Reconciliation Statement on 28 February 2018.

Bank reconciliation statement on 28 February 2018		
	Debit	Credit
Credit balance according to the bank statement		<input type="checkbox"/> 6 790 Balancing figure, one part correct
Credit outstanding deposits (3 400 ✓ + 2 050 ✓)		5 450
Debit outstanding cheques:		
No. 928	✓ 500	
No. 1010	✓ 780	
No. 1013	✓ 1 400	
Debit balance according to bank account	<input type="checkbox"/> 9 560	
Both columns equal <input type="checkbox"/>	12 240	12 240

Foreign entries: - 1 (max 1)
 Be aware of foreign entries incorrectly duplicated in journals and/or reconciliation.

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2.1.3 Refer to information A. The owner asked the bookkeeper, Ray Duncan, why the deposit of R2 050 was not yet deposited. Ray said that she was very busy at that time and could not deposit the money. She kept it in her drawer and forgot about it. She brought it to the owner and said that she will deposit it as soon as possible.

What control measures can the owner put in place to avoid this situation in the future? Provide TWO measures.

- Separation of duties – deposits must be recorded by one person and deposited by another ✓
- Use a drop safe which is picked up by the bank ✓
- Check outstanding deposits weekly
- Any acceptable answer

2.1.4 Refer to Information D. When the financial statements will be drawn up on 28 February 2018, an adjustment has to be made for cheque no. 1010 where R780 has to be added to Bank and to Trade and other Payables. Explain why this adjustment has to be made and why the R780 has to be added to Trade and other Payables.

- The cheque is post dated for the coming year ✓✓. The cheque will not be paid this year, therefore the entry in the cash payments journal did actually not decrease the bank balance
- It is shown as a Trade and other payable because the business must be aware that this payment must be provided for as the recipient of the cheque can bank the cheque any given time from the date on the cheque. 🌐🌐

MODULE 2: CREDITORS RECONCILIATION STATEMENTS

QUESTION 1:

No.	Creditors' Ledger of Broad Stores	Statement of account received from Ashes Ltd.
Balance	R114 485	R182 150
A.	-9 500	-9 500
B.	+87 000✓✓	
C.		+6 900✓✓
D.		-1 350✓✓
E.		-730✓✓
F.	+2 000✓✓	
G.	-5 350✓ -5 350✓ or 10 700 2marks	
H.		+1 215✓✓
I.		+4 600✓✓
TOTAL	183 285□* operation	183 285□* operation

* Any One part correct, check reasonableness & and Including opening figures

Totals do not have to agree

Sign and amount must be correct to award mark(s)

If no sign accept it as a positive,

Accept brackets as a negative figure

Foreign / superfluous entries -1 each line.

QUESTION 2: RECONCILIATION AND VAT

2.1

NO	CREDITORS LEDGER ACCOUNT BALANCE	STATEMENT BALANCE
Balance	95 160	143 460
i)		+ 5 400 ✓✓ 26 000 – 20 600
ii)		- 820 ✓
iii)		- 1 240 ✓
iv)	+ 1 520 ✓	
v)	- 4 880 ✓✓ 2 440 + 2 440	
vi)	+ 47 500 ✓	
vii)		- 7 500 ✓
TOTAL	139 300 □*	139 300 □*

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Marks awarded for correct sign with amount. Accept the use of brackets for negative amounts.

*One part correct (does not have to be the same total)

2.2

Refer to Information (vi):
Provide TWO possible actions that can be taken against M. Rice.

TWO possible actions ✓✓ ✓✓ Part marks for short/unclear answers.

- Disciplinary hearing to establish trends or extent of unauthorised transactions.
- Deductions from salary to cover the amount outstanding.
- Legal action for malpractice.
- Demotion; transfer to some other job function.

Explain TWO internal control measures that the business can use to prevent such incidents in future.

TWO points ✓✓ ✓✓

- Division/rotation of duties to discourage such behaviour in future.
- Authorisation for all transactions with suppliers.
- Regular audits / random audits of stock and documents.

4

4

QUESTION 3

3.1.
1

	Creditors' Ledger Account of Styles Suppliers	Statement of account received from Styles Suppliers
Balance before errors/omissions	12 160	41 380
A	(8 700) ✓	(8 700) ✓
B		(950) ✓
C	1 540 ✓	
D		1 800 ✓✓
E	5 930 ✓	
F	9 400 ✓✓	
G		(2 925) ✓✓
H		(10 275) ✓
Balance after errors/omissions	20 330 □ one part correct	20 330 □ one part correct

-1 per line if written in both columns except A. Must earn a mark on that line before you deduct a mark.

14

3.1.2

Refer to information E:

(a) **Suggest TWO possible actions that the business can take against the storeman.**

Any two valid points ✓✓ ✓✓
Award part-marks for unclear/incomplete explanation

- Open a criminal case/Take legal action.
- Deduct the amount from his salary.
- Subject the employee to a disciplinary hearing.
- Suspend the employee pending the outcome of the hearing.
- Dismiss the employee due to his misconduct.

For 1 mark
Fire him/dismiss him/warning/redeploy him/sue him/take legal action

4

(b) Provide THREE internal control measures that the business can use to prevent similar incidents in future.

Any three valid points ✓✓ ✓✓ ✓✓ **Must be 3 separate points;**

Award part-marks for unclear/incomplete explanation

- Division of duties so that each person serves as a check on another/get someone else to authorise these transactions.
- Rotate duties so that employees do not have permanent control over an aspect/function of the business.
- Conduct internal audits/check documents to detect any fraud and errors.
- Physical stock control (to records)/check stock on hand to stock records.
- When goods are received, the receiving officer must check the stock received to the invoice and order form.
- Inform suppliers of the procedure for delivering goods to the business and do not deviate from this.

6

1. DEBTORS' RECONCILIATION

1.1

Provide ONE reason why the balance of the Debtors' Control Account and the total of the Debtors' List should be the same.

One valid reason ✓✓ Award part-marks for unclear/incomplete explanation

- The Debtors' control account is a summary of the Debtors' List.
- The Debtors control account and the list are prepared from the same transactions/source documents and should be the same.
- Debtors' transactions from journals are posted to debtors' accounts in the debtors' ledger and totals are posted to the general ledger.

2

1.2

Calculate the correct Debtors' Control Account balance after taking into account the relevant errors and omissions.

$$\begin{array}{r}
 34\,320 - 29\,140 \\
 111\,000 - 5\,180 + 900 + 7\,500 = 114\,220 \\
 \checkmark\checkmark \quad \checkmark \quad \checkmark\checkmark \quad \square \text{ one part correct}
 \end{array}$$

6

1.3

Debtor	Workings	Balance
B Tom	$1\,500$ one mark $1\,500$ one mark $51\,300 + 900 \checkmark + 3\,000 \checkmark\checkmark$	$55\,200 \square$ one part correct
C Dick	$5\,900 - 9\,500$ $55\,120 + 7\,500 \square - 3\,600 \checkmark\checkmark$ same as above	$59\,020 \square$ one part correct

8

2 DELU
SH
LTD.

2.1	<p>Identify the problem with debtor G. Hugo. Quote figures.</p> <p>His total debt is R5 750 (R4 200 + R1 550) and his credit limit is R5 500, ✓ thus G. Hugo is over his credit limit. ✓</p> <p>OR</p> <p>G. Hugo is R250 over his credit limit. ✓ ✓</p>	<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">2</div>
2.2	<p>What should the credit controller do about N. Tshabalala's account in March 2018? Give THREE actions.</p> <ul style="list-style-type: none"> • Contact N. Tshabalala about paying R1 175 and if he does not, hand this amount over to the lawyers. ✓ ✓ • Charge interest on the R1 175 and R1 350. ✓ ✓ • Ensure that no further credit sales are made to N. Tshabalala until the debt is settled. ✓ ✓ 	<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">6</div>
2.3	<p>Explain why debtor, A. Wijn, should be handed over to the attorneys.</p>	
	<p>The debtor, A. Wijn, does not pay in time (>90 days) ✓ ✓</p>	<div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">2</div>

MODULE 3 : INVENTORY VALUATION

QUESTION 1: INVENTORY VALUATION

1.1

1.1.1	Specific identification ✓
1.1.2	First-in-first-out (FIFO) ✓
1.1.3	Weighted average ✓

3

1.2. **CASUAL OUTFITTERS**

1.2.1

Calculate: The amount paid for carriage on 11 June 2018

(835 x 130)

116 065 ✓ – 108 550 ✓✓ = 7 515 □ one part correct

Calculate: The value of the closing stock on 30 June 2018

320 008 four marks (15 x 142)

28 633 ✓ + 293 505 ✓ – 2 130 ✓✓ x 415 ✓ = 60 092 □ one part correct

230 ✓ + 1 995 ✓ – 15 ✓

2 210 three marks

4

9

1.2.2

Explain the effect that this decision will have on the gross profit.

It will reflect an increase in gross profit of R 4 853. ✓ ✓

2

Give ONE valid reason for and ONE valid reason against changing the stock valuation method.

REASON FOR ✓ ✓	Increased profitability creates a better image. Clients will have confidence in the business. Employees will feel a sense of security.
REASON AGAINST ✓ ✓	Comparing results would not be meaningful. Book-entry; create a false impression. Workers may expect (or negotiate) higher pay increases based on profitability.

4

1.2.3

Funiwe is concerned about the control of her stock of jeans. She has sold 1 788 pairs of jeans during the year. Provide a calculation to support her concern.

$(230 + 1\,995 - 15)$
 $2\,210 - 415 - 1\,788 = 7 \text{ missing}$
 one part correct
 one part correct

5

1.2.4

Comment on the stock balance on 30 June 2018. Is this appropriate? Explain. Provide ONE point.

Yes / No ✓ Explanation ✓ ✓

Yes
 Jeans are durable products that has a long shelf life.
 The business would be able to sell the jeans at any time.

No:
 The closing stock is almost double the opening balance. Money is tied up in excess stock.
 The jeans may go out of fashion and people would not want to buy.

3

1.3 PROBLEM SOLVING

1.3.1

What decision did Jay take regarding the selling price of the desks?

Increased the selling price ✓ from R360 to R420 (by R60) ✓ ✓
 Or increased the mark-up percentage from 50% to 75% (by 25%)

3

Explain TWO points on how this decision has affected the business.

TWO points ✓ ✓ ✓ ✓ figures ✓ ✓

- The gross profit increased from R36 720 to R45 000 (by R8 280).
- The number of units sold decreased by 80 units (from 330 to 250).
- The stock turnover rate dropped from 7,4 time to 5,4 times.

6

1.3.2

Jay decided to buy his chairs from a cheaper supplier. Provide TWO points on why you feel that this was NOT a good decision.

TWO points ✓ ✓ ✓ ✓ figures ✓ ✓

- Not able to keep up to orders received by 120 units (500 – 380).
- Returns were very high; possible poor quality (56 units; 0 last year).
- Gross profit dropped from R21 600 to R11 664 (by R9 936).

6

Q5:	45	
TOTAL MARKS		

QUESTION 2

2.1

CONCEPTS	
2.1.1	False ✓
2.1.2	True ✓
2.1.3	True ✓
2.1.4	True ✓

4

2.2.1

Calculate the value of closing stock for soccer boots.

$$\frac{249\ 000 \checkmark + 324\ 000 \checkmark + 1\ 900 \checkmark - 14\ 400 \checkmark \checkmark}{830 \checkmark + 2\ 200 \checkmark - 80 \checkmark} \quad 80 \times 180$$

560 500 (4 marks)
2 950 (3 marks) = R190

(7 marks)
190 x 405 ✓ = R76 950 □ operation one part correct and multiplied by figure of closing stock

10

Calculate the value of closing stock for sneakers.

$$100 \times R400 = R40\ 000 \checkmark$$

$$\frac{150 \checkmark}{250} \times R355 = R53\ 250 \quad \square \text{ one part correct}$$

$$R93\ 250 \quad \square \text{ one part correct}$$

4

2.2.2

Calculate: cost of sales for sneakers

$$234\ 000 \checkmark + 781\ 000 \checkmark - 93\ 250 \square = 921\ 750 \square \text{ one part correct}$$

see 2.2.1

4

Calculate: the gross profit for sneakers

$$R1\ 028\ 000 \checkmark \checkmark - 921\ 750 \square = R106\ 250 \square \text{ one part correct}$$

2 570 x 400 see 2.2.2

4

2.2.3

Calculate: missing pairs of shoes

$$(830 + 2\ 200 - 80) \square \checkmark - 405 \checkmark - 2\ 500 \checkmark = 45 \square \text{ one part correct}$$

see 2.2.1

5

2.3

Identify ONE different problem in relation to each year. Quote relevant figures to support your answer. In each case, offer Brian advice on how to solve the problem.

	PROBLEM Problem identified ✓ Figure ✓	ADVICE ✓
Year 1	10 television sets were stolen/missing	<ul style="list-style-type: none"> • Improve security – install CCTV cameras; train security staff; monitor exit points; • Regular stock counts and compare it with the records; • Staff rotation so that they do not work too long at the same place; • Division of duties to make sure that one person is not doing everything in the business.
Year 2	Only 25% of the stock was sold Mark-up percentage of 100% was too high	<ul style="list-style-type: none"> • Maintain/Improve sales promotion like in year 1; • Decrease the mark-up to 50%/(maintain the mark-up percentage of 50% as in year 1).
Year 3	There's no closing stock/ the closing stock is 0 Missing cash of R124 500	<ul style="list-style-type: none"> • Order more stock; • Division of duties; • Improve internal control.

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TOTAL MARKS
40

QUESTION 3

3.1	Explain the difference between the specific identification method and weighted average method of valuing stock.	
	Specific identification method – Each item is assigned a specific cost – the original purchase price – recorded in a register (or computer data base). Retrieved when item is sold. 🌲🌲	
	Weighted average method – The average price is calculated taking into account opening stock, purchases, returns and carriage on purchase, divided by the total number of units in relation to the above. Therefore, final closing stock will be calculated on the average cost of the goods. 🌐🌐	4

3.2	Provide a calculation to show the number of cooler boxes missing.	
	$3\ 900 \text{ 🌐} - (520 + 4\ 300 - 850 - 20) \text{ 🌐🌐}$ $= 50 \text{ 🌐}$ <p>50 cooler boxes were missing.</p>	4

3.3	Calculate the following in respect of cooler boxes:	
	The value of the closing stock of cooler boxes. $850 \text{ 🌐} \times R67 \text{ 🌐🌐} = R56\ 950 \text{ 🌐}$	4
	Cost of sales of cooler boxes. $290\ 400$ $(31\ 200 \text{ 🌐} + 291\ 400 \text{ 🌐} - 1\ 000 \text{ 🌐}) - 56\ 950 \text{ 🌐} \text{ see closing stock above}$ $= R264\ 650 \text{ 🌐}$	5
	Gross profit on cooler boxes. $387\ 000 \text{ 🌐} - 264\ 650 \text{ 🌐} = R122\ 350 \text{ 🌐}$	3

3.4.1	Calculate the Stock Holding Period in days. Use Closing Stock in your calculation.
$\frac{56\,950}{264\,650} \times \frac{365}{1} = 78,5 \text{ days}$ <p style="text-align: center;"> see closing stock in 5.3X see COS in 5.3 </p>	

4

3.4.2	Comment on your findings in response to the manager's feelings.
<p>Stock holding period decreased / improved from 125 days to 78,5 days or Stock Turnover rate increased / improved from 2.9 to 5.7 times</p> <p>One mark for incomplete answer</p> <p>Stock is selling faster</p> <p><i>Any other suitable answer can be accepted</i></p>	

3.5	Calculate the value of the closing stock of tents.
$\begin{array}{r} 14 \times R1\,400 = R\,19\,600 \\ 7 \times R1\,680 = R\,11\,760 \\ 7 \times R1\,540 = R\,10\,780 \\ \hline R\,42\,140 \end{array}$	

7

3.6	If the mark-up percentage is 25% on cost price, calculate the total sales of tents for the period.
$\begin{array}{r} 14 \times 1\,260 \times 1,25 = R\,22\,050 \\ 28 \times 1\,400 \times 1,25 = R\,49\,000 \\ 28 \times 1\,680 \times 1,25 = R\,58\,800 \\ 35 \times 1\,540 \times 1,25 = R\,67\,375 \\ \hline R\,197\,225 \end{array}$ <p style="text-align: center;">(operation, one part correct)</p> <p>OR: $(17\,640 + 39\,200 + 47\,040 + 53\,900) \times 1,25$ $= R\,197\,225$ (One part correct)</p>	

QUESTION 4 : INVENTORY VALUATION

4.1

Differentiate between the First In First Out method and the Weighted Average method. Provide ONE reason why the Weighted Average method would be better suited for his product.

Difference: With FIFO items are priced and kept separate ✓
 With weighted average an average price is calculated with each purchase ✓

Reason: The crates are small items ✓ which does not differ greatly in price

4.2

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

10 units x R0
 240 units x R14,60 = R3 504 🌐
 30 units x R14,50 = R 435 🌐🌐
 280 R3 939 one part correct

4.3

Calculate the value of closing stock by using the weighted average method.

✓ ✓60 x 14,50 ✓

$$\frac{5\ 880 + (8\ 742 - 870) + (4\ 350 + 3\ 504)}{370 + (300 - 60) + (620 + 240) + 10}$$

$$= \frac{21\ 606}{1\ 480}$$

$$= 14,60 \square \times 280 \checkmark = R4\ 088 \square$$

4.4

The owner suspects that some of the stock was stolen, but there is no proof.

(a) Calculate the number of units that cannot be accounted for.

$$(370 + 1\ 110 - 1\ 190)$$

$$290 \checkmark \checkmark - 280 \checkmark = 10 \checkmark$$

(b) Provide any TWO internal control measures that can be implemented in order to prevent this loss in the future.

Part marks for incomplete answers 🌐🌐 🌐🌐

- Check all stock receipts against the invoice confirming the transaction
- Limit the access to the stock room
- The person collecting the stock from the storeroom should not be the person who handles the sale
- Any acceptable internal control measure of stock

4.5

The owner wants to charge an additional fee of R4,00 per crate for delivering the crates to his customers. Do you agree with his decision? Motivate your answer by providing ONE point.

Comparison of the competitor's price and the new price after increase🌐🌐 with figures 🌐

- R4,00 per crate would increase his sales price to R22, which would then be higher than his competitor's price. . (part marks for an incomplete answer)