



KWAZULU-NATAL PROVINCE

EDUCATION

REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING P2

COMMON TEST

JUNE 2022

Stanmorephysics.com

MARKS: 150

TIME: 2 HOURS

**This question paper consists of 12 pages
a formula sheet and a 10-page Answer Book.**

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 ALL workings to earn 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. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information and table below as a guide when answering the question. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Debtors Reconciliation and Creditors Reconciliation	40	30
2	Inventory Valuation	40	30
3	Cost Accounting	45	40
4	Fixed Assets and Problem Solving	25	20
TOTAL		150	120

QUESTION 1**(40 Marks; 30 Minutes)****DEBTORS RECONCILIATION AND CREDITORS RECONCILIATION****1.1 DEBTORS RECONCILIATION**

You are provided with information relating to Robbie Traders for May 2022.

REQUIRED:

- 1.1.1 Mention **TWO** actions that the bookkeeper must follow when he discovers a difference between the Debtors Control Account and the Debtors List. (2)

1.1.2 **Refer to Information A.**

Show the effect of the errors and omissions to the Debtors Control Account in the General Ledger and to each Debtor's Account in the Debtors Ledger. Indicate + increase and – for decrease. (Complete the tables provided.) (16)

1.2 Refer to Information B. (Debtors' Age Analysis)

- 1.2.1 Explain why you would be concerned about the management of debtors in this business. Quote relevant figures in your answer. (2)
- 1.2.2 Provide **TWO** internal control measures that the business can use to improve the collection of money from debtors. (4)

INFORMATION:**A. Errors and omissions:**

- (i) The total of the Debtors Allowances Journal was under cast by R120.
- (ii) Stock sold on credit to M. Malinga was wrongly entered in the journal as R890 instead of R980 and posted accordingly to the debtors' ledger.
- (iii) Interest of R80 must be charged to the overdue account of D. Zondi
- (iv) Goods sold on credit to P Mshibe for R530 was not recorded by the business.
- (v) Goods sold to M. Tuko for R1 320 was incorrectly posted to the account of M. Malinga. The entry in the journal was correct.
- (vi) A receipt issued to M. Malinga for R650 was correctly recorded in the journal but was posted to the Debtors Ledger Account as R600.

B. On 31 March 2022, the Debtors' Age analysis was as follows:

Credit terms: 30 days less 5% discount.

TOTAL	CURRENT	30-60 DAYS	61-90 DAYS	MORE THAN 90 DAYS
23 200	4 640	6 960	9 280	2 320

1.3 CREDITORS' RECONCILIATION

Masiya Traders buys goods on credit from ZZ Suppliers. The business received a statement for June 2022 from the creditor.

REQUIRED:

- 1.3.1 Reconcile the Creditors Ledger account of ZZ Suppliers in the books of Masiya Traders with the statement received. Commence with the opening balances as provided in the ANSWER BOOK. (12)
- 1.3.2 Name TWO benefits of using electronic funds transfer (EFT) system. (2)
- 1.3.3 State TWO consequences for the business if they do not pay the amount due to creditors on time. (2)

INFORMATION:**A. Creditors' Ledger of Masiya Traders**

ZZ SUPPLIERS (CL7)					
Date			Debit	Credit	Balance
2022	01	Account rendered			35 920
June	05	Invoice 346		11 808	47 728
	07	Debit note 69	816		46 912
	13	EFT 666	22 788		24 124
		Discount	3 532		20 592
	14	Invoice 135		6 929	27 521
	16	EFT- 675	1 000		26 521
	23	Invoice 378		7 188	33 709
	24	Invoice 396		8 829	42 538
	30	Invoice 407		4 526	47 064

B. Statement of account received on 30 June 2022:

ZZ SUPPLIERS					
PO Box 2245, Ekuvukeni township 2920			Tel: 034 759 9902		
Masiya Traders			Date: 25 June 2022		
5 Zwane street			Credit limit :R90 000		
Ekuvukeni A section 947			Payment terms: 60 days		
DATE		DETAILS	DEBIT	CREDIT	BALANCE
2022	01	Balance			35 920
June	05	Invoice 346	10 296		46 216
	07	Credit Note 109	816		47 032
	13	Receipt 410		22 788	24 244
	16	Receipt 440		1 000	23 244
	23	Invoice 378	7 188		30 432
	24	Invoice 396	9 810		40 242
	25	Interest	29		40 271

C. Additional Information:

- i. Invoice 346 on 5 June 2022 was correct according to the statement.
- ii. ZZ Suppliers statement showed an error of recording of goods returned on 7 June 2022.
- iii. Masiya Traders qualified for discount with the payment on 13 June 2022. ZZ Suppliers granted only R2 532 as discount. They will show this on their statement next month.
- iv. Invoice 135 for R6 929 was recorded incorrectly in the Creditors' Ledger Account of ZZ Suppliers. This purchase was from PP Suppliers.
- v. A trade discount of 10% was deducted on Invoice 396. ZZ Suppliers did not take this into account. This will be rectified on the next statement.
- vi. The statement shows transactions up to 25 June 2022.

QUESTION 2:**(40 marks; 30 Minutes)****INVENTORY VALUATION, INTERNAL CONTROL**

- 2.1 Choose the description from COLUMN B that best describes the stock valuation method in COLUMN A. Write only the letter (A – D) next to the question number (2.1.1 – 2.1.3) in the ANSWER BOOK.

COLUMN A	COLUMN B
2.1.1 Specific identification	A Oldest stock is sold before latest purchases
2.1.2 First-in-first out (FIFO)	B Total value of goods divided by number of units available for sale to calculate value of closing stock
2.1.3 Weighted average	C Stock is valued based on actual cost prices
	D New stock is sold before any other.

(3)

- 2.2 You are provided with information relating to Umlazi Cricket Shop, a business selling Cricket Batting Pads and Cricket balls. The periodic inventory system is in use. The financial year ended on 28 February 2022.

REQUIRED:

- 2.2.1 Calculate the value of the closing stock for the two stock items.

- Cricket Pads(using the FIFO-method) (4)
- Cricket balls (using the weighted averaged-method) (8)

- 2.2.2 Calculate the following for Cricket Pads:

- Cost of sales (4)
- Gross profit (3)
- Mark up percentage (3)
- Stock holding period in days (4)

- 2.2.3 The owner suspects that there is not sufficient control over the stock. Provide figures from the information to confirm his suspicions. Show calculations to support your answers.

- He suspects that the Cricket Pads they are selling are not very popular amongst clients. (2)
- He suspects that Cricket balls are being stolen. (5)

- 2.2.4 The owner approached you to become a partner in the business. Explain TWO changes you would make to the business should you decide to become a partner. Refer to specific information taken from the question for each of the suggested changes. (4)

INFORMATION:**A. Stock counts for the financial period:**

Date	Cricket Pads			Cricket balls		
	Number of units	Per unit	Total value	Number of units	Per unit	Total value
01 Mar 2021	125	R600	R75 000	350	R15	R5 250
28 Feb 2022	420			660		

B Carriage on purchases, exchange rate and import taxes:

Cricket balls: The balls are imported from England. Prices are shown in British pound (£). The exchange rate was R18,50 to the pound throughout the financial year. Import taxes totaled R12 115 for the financial year. Delivering costs are paid for by the manufacturers.

C Purchases during the financial year:

Date	Cricket Pads			Cricket balls		
	Number of units	Purchase price per unit (carriage included)	Total value in rand	Number of units	Purchase price per unit (Import taxes excluded)	Total value in British pound
15 March 2021	120	R650	R78 000	1 200	£0,60	£720
25 Aug 2021	230	R690	R158 700	2 100	£0,55	£1 155
10 Dec 2021	180	R720	R129 600	1 400	£0,50	£700
15 Jan 2022	70	R750	R52 500	1 500	£0,49	£735
Total	600		R418 800	6 200		£3 310

D Sales during the financial year:

- Cricket Pads: 305 units at R900 each = R274 500
- Cricket balls: 5 700 units at R25 each = R142 500

QUESTION 3: COST ACCOUNTING**(45 marks; 40 minutes)****3.1 THE SHOE FACTORY**

You are provided with information relating to **THE SHOE FACTORY** for the financial year ended 28 February 2022. This is a manufacturing business specialising in the production of hand-made leather shoes. They manufacture the shoes and sell them at a mark-up of 100% on cost.

REQUIRED:

Prepare the following for the year ended 28 February 2022:

- 3.1.1 Note for Direct Materials Cost (7)
- 3.1.2 Note for Factory Overhead Cost (14)
- 3.1.3 Production Cost Statement on 28 February 2022 (12)

INFORMATION:

A. Balances	28 Feb 2022	1 March 2021
Raw materials stock	403 650	R 464 000
Work-in-process stock		44 000
Finished goods stock	57 000	48 000
Consumable stores stock: Factory	10 600	22 400

B. Summary of transactions for the year ended 28 February 2022:

Purchases of raw materials	R 990 000
Carriage on purchase of raw materials	85 000
Purchases of consumable stores for the factory	57 200
Return of consumable stores bought for factory	5 200
Purchases of cleaning materials (administration)	8 800
Production wages	908 000
Salaries: Factory manager	180 000
Administration	320 000
Sales staff	200 000
Insurance [sales and administration department]	17 400
Water and electricity	285 200
Sundry Expenses: Factory	205 000
Administration	65 000

C. Notes and adjustments:

- (i) No entry was made for transport of raw materials, by BB Carriers, to the factory, R5 000.
- (ii) During physical stocktaking of raw materials on 28 February 2022 a calculation error was made. Ten thousand (10 000) articles costing 80c each were taken into account at R8 each on the stock lists. Correct the error.
- (iii) The following information in respect of production wages for the last week of February 2022 appeared in the wages journal:
- | | |
|-----------------------------------------|---------|
| Gross wages | R45 800 |
| Deductions: Unemployment Insurance Fund | 458 |
| Pension Fund | 3 664 |
| PAYE | 9 160 |
- The employer contributes to the UIF and the Pension Fund on a Rand for Rand basis.
- (iv) Sixty percent (60%) of all the water and electricity was used in the factory. An amount of R24 000 was still outstanding on the total account for February 2022.
- (v) Included in the Sundry factory expenses is a deposit paid for the hire of factory equipment R5 000
- (vi) Depreciation:
 Factory Plant: R72 000
 Factory Equipment R 20 000
- (vii) Seventy percent (70%) of the total amount for insurance is for the factory. The remainder is shared between the sales and administration department.
- (viii) A total of 2 462 pairs of shoes were produced at a unit cost of R1 200.

3.2 ZONDI'S MANUFACTURERS

This business manufactures security gates. The financial year end is 31 May 2022.

REQUIRED:

- 3.2.1 Calculate the break-even point for the year ended 31 May 2022. (5)
- 3.2.2 Compare and comment on the break-even point and the production level achieved over the two years. Quote figures. (4)
- 3.2.3 Give TWO reasons for the increase in direct material cost. Suggest ONE way to control this cost. (3)

INFORMATION FOR YEAR ENDED 31 MAY 2022.**A.**

COSTS	2022		2021
	TOTAL AMOUNT	UNIT COST	UNIT COST
Direct materials	75 600	R180	R148
Direct labour	105 840	R252	R244
Selling and distribution	60 900	R145	R136
Factory overheads	67 200	R160	R156
administration	51 600	R123	R127

B. Additional information

	2022	2021
Total sales	R382 200	R475 200
Selling price per unit	R910	R880
Units produced and sold	420 units	540 units
Break-even point	?	435 units



Stanmorephysics.com

QUESTION 4 FIXED ASSETS AND INTERNAL CONTROL (25 Marks; 20 Minutes)**4.1 FIXED ASSETS**

The following information relates to the fixed/tangible assets of PMB limited for the year ended 31 May 2022.

REQUIRED:

- 4.1.1 The management is not satisfied with control and management of fixed assets. Explain THREE internal control measures to be applied to correct the situation. (6)
- 4.1.2 Prepare the Asset disposal Account for the computer sold on 30 September 2021. (10)

INFORMATION:

- A. Information from the financial statements for the year ended 31 May 2022.

FIXED/TANGIBLE ASSETS	EQUIPMENT
Carrying value on 1 June 2019	51 840
Cost	180 000
Accumulated depreciation	(76 320)

- B. The business has three computers; all three computers were purchased on 1 December 2018 for R60 000 each.

A computer was sold for R12 256 cash to ZEB traders on 30 September 2021.

- D. The business provides for depreciation on its fixed assets as follows:
- Vehicles at 15% p.a. on cost
 - Equipment at 20% p.a. on the diminishing balance method.

4.2 BONA TRADERS

Bona Traders sells one type of camera. The owner Sthembiso has three branches situated in Hlathi, Tholeni and Maqanda. The three branches are managed by Sfiso, Nolwazi and Xolani respectively.

Sthembiso has obtained the annual figures/amounts from the three branches for the financial period ending 28 February 2022.



REQUIRED:

Identify **ONE** problem in relation to each branch, quoting figures/amounts to support the problem. In each case, offer the owner advice on how to solve the problem.

(9)

Note: All cameras are sold for cash.

INFORMATION			
CAMERAS	HLATHI (SFISO)	THOLENI (NOLWAZI)	MAQANDA (XOLANI)
Cameras available for sale	1 960	1 600	1 160
Cameras sold during the year	1 560	300	1 000
Cameras returned during the year	20	20	0
Stock on 28 February 2022	340	1 280	160
Total cash sales	R18 720 000	R3 600 000	R11 360 000
Cost price per camera	R8 000	R8 000	R8 000
Selling price per camera	R12 000	R12 000	R12 000
Advertising costs per year	R40 000	R40 000	R40 000
Salary of manager per month	R25 000	R25 000	R25 000

25

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income after tax} + \text{Interest on loans}}{\text{Average Shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE <ul style="list-style-type: none"> In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice. 	



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

GRADE 12

**NATIONAL
SENIOR CERTIFICATE**

ACCOUNTING P2

ANSWER BOOK

COMMON TEST - JUNE 2022

Stanmorephysics.com

Name: _____

Grade: _____

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

This answer book consists of 10 pages.

QUESTION 1

1.1 DEBTORS RECONCILIATION

- 1.1.1 Mention TWO actions that the bookkeeper must follow when he/she discovers differences between the Debtors Control Account and the Debtors List.

--	--

2

- 1.1.2 Calculate the correct balance of the Debtors Control Account and the Debtors List by completing the table provided.

• **DEBTORS CONTROL ACCOUNT**

	11 020
(i)	
(ii)	
(iii)	
(iv)	

5

• **DEBTORS LIST: Show the adjustment amount next to each debtor.**

M. Malinga (4 510)	
D. Zondi (3 270)	
P. Mshibe (940)	
M. Tuko (2 230)	

11

1.2 DEBTORS' AGE ANALYSIS

- 1.2.1 Explain why you would be concerned about the management of debtors in this business. Quote relevant figures in your answer.**

2

- 1.2.2 Provide TWO internal control measures that the business can use to improve the collection of money from debtors.**

4

1.3 CREDITORS' RECONCILIATION

- 1.3.1 Reconcile the Creditors Ledger account of ZZ Suppliers in the books of Masiya Traders with the statement received.
Commence with the opening balances as provided in the ANSWER BOOK.

	CREDITORS' LEDGER	STATEMENT OF ACCOUNT
	47 064	40 271
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

12

- 1.3.2 Name TWO benefits of using electronic funds transfer (EFT) system.

<p></p>

2

- 1.3.3 State TWO consequences for the business if they do not pay the amount due to creditors on time.

<p></p>

2

TOTAL MARKS
40

QUESTION 2**2.1**

2.1.1	
2.1.2	
2.1.3	

3

2.2.1 Calculate the value of the closing stock for the two stock items:

- Cricket Pads (using the FIFO-method):

4

- Cricket Balls (using the weighted average method).



8

2.2.2 Calculations the following for Cricket Pads:

- Cost of sale

4

- Gross profit

3

- Mark up percentage

3

- Stock holding period in days

4

- 2.2.3** The owner suspects that there is no sufficient control over the stock. Provide figures from the information to confirm his suspicious. Show calculations to support your answers.

- He suspects that the Cricket Pads being sold are not very popular amongst clients.

--

2

- He suspects that Cricket Balls are being stolen.

--

5

- 2.2.4** Explain TWO changes you would make to the business should you decide to become a partner. Refer to specific information taken from the question for each of the suggested changes.

--

4

TOTAL MARKS

40

QUESTION 3**3.1 THE SHOE FACTORY**

3.1.1	Direct Materials Cost	

7

3.1.2	Factory Overhead Cost	

14

3.1.3	Production Cost Statement on 28 February 2022	
		12

3.2 ZONDI'S MANUFACTURERS**3.2.1 Calculate the break-even point for the year ended 31 May 2022.**

--

5

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

--

4

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

--

3

TOTAL MARKS

45

QUESTION 4**4.1.1**

The management is not satisfied with control and management of fixed assets. Explain THREE internal control measures to be applied to correct the situation.

6

4.1.2**Asset Disposal**

10

4,2

Identify ONE problem in relation to each branch, quoting figures/amounts to support the problem. In each case, offer the owner advice on how to solve the problem.

Branch	Comment and figures	Advice
HLATHI (SIFISO)		
THOLENI (NOLWAZI)		
MAQANDA (XOLANI)		

9

TOTAL MARKS

25



KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA



ACCOUNTING
MARKING GUIDELINE
JUNE 2022
PAPER TWO

**NATIONAL
SENIOR CERTIFICATE**

MARKS: 150

GRADE 12

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. Note: if figures are stipulated in memo for components of workings, these do not carry the method for final 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'. Note: check operation must be +, -, x, ÷, or per candidates operation.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a ☒. Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f=foreign item; p=placement.

This memorandum consists of 10 pages

QUESTION 1

1.1 DEBTORS RECONCILIATION

1.1.1 Mention TWO actions that the bookkeeper must follow when he/she discovers differences between the Debtors Control Account and the Debtors List.

Any TWO valid actions ✓ ✓

- Reconciling debtors' list with debtors' control account.
- Identify if the error affects the control account or the DL or both.
- Identify if one, two or more accounts are affected.
- Make GJ entries to correct posting errors (wrong debtors / amounts over or under cast / wrong general ledger accounts)
- For single entry errors (amounts), make the necessary correction and adjust the balances.

2

2

1.1.2 Calculate the correct balance of the Debtors Control Account and the Debtors List by completing the table provided.

DEBTORS CONTROL ACCOUNT

	11 020
(i)	-120 ✓
(ii)	+90 ✓
(iii)	+80 ✓
(iv)	+530 ✓
	11 600 ✓ One part correct

5

5

DEBTORS LIST: Show the adjustment amount next to each debtor.

M. Malinga (4 510 + 90 ✓ – 1 320 ✓ – 50 ✓)	3 230 ✓ One part correct
D. Zondi (3 270 + 80 ✓)	3 350 ✓
P. Mshibe (940 + 530 ✓)	1 470 ✓
M. Tuko (2 230 + 1 320 ✓)	3 550 ✓
One part correct	11 600 ✓

11

1.2 DEBTORS' AGE ANALYSIS

1.2.1 Explain why you would be concerned about the management of debtors in this business. Quote relevant figures in your answer.

Any valid explanation with figures. ✓✓

- 11 600/23 200 = 50% of debtors are more than 60 days overdue.
- Only 20% (4 640/23 200) of debtors are current.
- 10% (2 320/23 200) of debtors are likely to be written off as irrecoverable.
- Debtors are not taking advantage of the 5% discount for early payments.
- Collection policy needs to be more vigilant (Collect more within 30 days).

2

2

1.2.2 Provide TWO internal control measures that the business can use to improve the collection of money from debtors.

Any TWO valid explanations. ✓✓ ✓✓

- Shared responsibilities in preparing documents (statements, receipts, invoices) and depositing of money.
- If the organisation is big, could assign a set number of debtors per employee. Could result in personalised service and constant monitoring.
- A separate screening department (follow-up and approval of credit).
- Computerised messages to inform debtors not up to date with payments.
- Send SMS and reminders.
- Charge interest on late payments (overdue accounts)
- Give more discounts for early payments/remind them of discounts

For 1 mark each:

- Division of duties

4

4



1.3 CREDITORS' RECONCILIATION

- 1.3.1 Reconcile the Creditors Ledger account of ZZ Suppliers in the books of Masiya Traders with the statement received. Commence with the opening balances as provided in the ANSWER BOOK.**

	CREDITORS' LEDGER	STATEMENT OF ACCOUNT
	47 064	40 271
(i)	11 808 – 10 296 (1 512) ✓✓	
(ii)		One 816 + 816 (1 632) ✓✓
(iii)	1 000 ✓	(2 532) ✓
(iv)	(6 929) ✓	
(v)		(981) ✓
(vi)	29 ✓	4 526 ✓
	One part correct 9 652 ✓	One part correct 39 652 ✓

12

12

- 1.3.2 Name TWO benefits of using electronic funds transfer (EFT) system.**

Any TWO suitable valid responses ✓ ✓

- Cheaper than debit orders
- Less fraud and theft.
- Payments can be made at any time
- Funds available quicker

2

2

- 1.3.3 State TWO consequences for the business if they do not pay the amount due to creditors on time.**

Any TWO suitable valid responses ✓ ✓

- Business can be charged interest
- Credit rating of the business can be affected
- The business can be blacklisted

2

2

TOTAL MARKS

40

40

QUESTION 2

2.1

2.1.1	C✓
2.1.2	A✓
2.1.3	B✓

3
3

2.2.1 Calculate the value of the closing stock for the two stock items:

- Cricket Pads (using the FIFO-method):**
- $(70 \times R750) \checkmark + (180 \times R720) \checkmark + (170 \times R690) \checkmark$
 $= R299\,400 \checkmark$ **One part correct**
 OR
 $52\,500 + 129\,600 + 117\,300$
 $= R299\,400$ **one method mark**
- Cricket Balls (using the weighted average method).**
- $$\frac{5\,250 \checkmark + 61\,235 \checkmark \checkmark + 12\,115 \checkmark}{350 \checkmark + 6\,200 \checkmark} \times 660 \checkmark$$

$$\frac{76\,600}{6\,550} \times 660$$

$$12 \times 660$$
 $= R7\,920 \checkmark$ **one part correct**

4
4

8
8

2.2.2 Calculations the following for Cricket Pads:

- Cost of sale**
- $75\,000 \checkmark + 418\,800 \checkmark - 299\,400 \checkmark$
 $= 194\,400 \checkmark$ **one part correct**
- Gross profit**
- $274\,500 \checkmark - 194\,400 \checkmark = 80\,100 \checkmark$ **One part correct**
- Mark up percentage**
- $80\,100 \checkmark / 194\,400 \checkmark \times 100/1$
 $= 41.2\% \checkmark$ **One part correct**
- Stock holding period in days**
- $\frac{75\,000 + 299\,400}{194\,400 \checkmark} \times \frac{365}{1}$ **See COS**
 $= 351.5 \text{ days} \checkmark$ **One part correct** **Accept 351/352 days**

4
4

3
3

3
3

4
4

- 2.2.3 The owner suspects that there is no sufficient control over the stock. Provide figures from the information to confirm his suspicions. Show calculations to support your answers.**

- **He suspects that the Cricket Pads being sold are not very popular amongst clients.**

Any relevant comment with figures ✓✓

- The stock holding period is 351.5 days/ Only 305/725 stock sold.
- New brands of Cricket Pads will make stock on hand of 420 irrelevant.
- The business is purchasing 600 units of additional stock with the older stock of 125 still unsold.

2

2

- **He suspects that Cricket Balls are being stolen.**

Balls missing

350 ✓ + 6 200 ✓ – 5 700 ✓ – 660 ✓ = 190 ✓ One part correct

5

5

- 2.2.4 Explain TWO changes you would make to the business should you decide to become a partner. Refer to specific information taken from the question for each of the suggested changes.**

Any TWO valid changes ✓✓ ✓✓

- Implement stricter control measures to cut down on theft.
- Prevent pile up of Cricket Pads.
- Advertise more and do better marketing to increase sales.
- See if Cricket balls can't be purchased locally in order to prevent import tax and the influence of increasing exchange rates.
- Consider importing Cricket Pads as it seems that clients do not like the local products.

4

4

TOTAL MARKS
40
40

QUESTION 3**3.1 THE SHOE FACTORY****3.1.1 Direct Materials Cost**

Opening stock		464 000 ✓
Net purchases		990 000 ✓
Carriage on purchases (85 000 + 5 000)	Two or nothing	90 000 ✓✓
		1 544 000
Less: Closing stock (403 650 – 72 000)	Two or nothing	(331 650) ✓✓
Direct material cost	One part correct	1 212 350 ✓

7

7

3.1.2 Factory Overhead Cost

Indirect salary: Factory manager		180 000 ✓
Indirect material / Consumable stores (22 400 + 57 200 ✓ – 5 200 ✓ – 10 600 ✓)		63 800 ✓ One part correct
Water and electricity (285 200 + 24 000) X 60%	Two or nothing	185 520 ✓✓
Factory insurance ((17 400 x 70 / 30)	Two or nothing	40 600 ✓✓
Sundry factory expenses (205 000 – 5 000)	Two or nothing	200 000 ✓✓
Depreciation on factory plant (72 000 + 20 000)	Two or nothing	92 000 ✓✓
	One part correct	761 920 ✓

14

14

3.1.3

Production Cost Statement on 28 February 2022

Direct Materials Cost	See 3.1.1	1 212 350 ✓
Direct Labour Cost (908 000 + 45 800 ✓ + 458 ✓ + 3 664 ✓)		957 922 ✓ One part correct
Prime Cost	Operation	2 170 272 ✓
Factory Overhead Cost	See 3.1.2	761 920 ✓
Total Cost of Production	Operation	2 932 192 ✓
Work-in Process at the beginning of the year		44 000 ✓
		2 976 192
Work-in Process at the end of the year	One part correct	(21 792) ✓
Cost of Production of Finished Good (R1 200 x 2 462)		2 954 400 ✓✓

12**12**

Stanmorephysics.com

3.2 ZONDI'S MANUFACTURERS

3.2.1 Calculate the break-even point for the year ended 31 May 2022.

118 800 two marks

$$\begin{array}{r} 67\,200 \checkmark + 51\,600 \checkmark \\ \hline 910 \checkmark - 577 \checkmark \end{array}$$

 (180 + 252 + 145) one mark
 -180 - 252 - 145 one mark
 333 two marks
 = 356,7 OR 357 ☒ units One part correct Accept 356

5

5

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

Comparison of the BEP with the level of production of 2022 ☒☒

Business produced 63 units (15%) more than the BEP (420 – 357) see 3.2.1 OR:
 The business made a profit on only 63 units (420 – 357) compared to 105 units last year (540 – 435)

Comparison of 2021 and 2022 BEP or production ☒☒

BEP decreased from 435 units in 2021 to 357 units in 2022 (78 units; 17,9%).
 The business produced 120 units (22,2%) less than last year (540 – 420).

4

4

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

Any two valid reasons. ☒ ☒

- Inflationary increases / transport costs / increase in fuel price / scarcity.
- Wastage due to poor workmanship.
- Theft of material (in the factory) due to poor internal controls.
- Change in exchange rate (if raw materials imported)
- Changed suppliers (more expensive) / Better quality raw materials

Any ONE valid suggestion ☒ Suggestion may be marked independently of reason

- Look for cheaper suppliers without compromising quality.
- Negotiate transport and delivery discounts.
- Take advantage of bulk discounts.
- Recycle waste material / use off-cuts
- Train and supervise workers to minimise wastage.
- Control stock regularly to identify shortages.
- Buy stock as required to avoid stock piling and possible theft.

3

3

TOTAL MARKS

45

45



QUESTION 4

4.1.1

The management is not satisfied with control and management of fixed assets. Explain THREE internal control measures to be applied to correct the situation.

Any THREE explanations:

- ✓✓ ✓✓ ✓✓
- There must be efficient control over storage and use of fixed assets.
- Asset registers must be updated regularly.
- Records must be kept for all fixed assets.
- Fixed assets must be procured with proper authorisation.
- Physical counting and inspection of assets.
- Rotation of employees involved in fixed asset management and control.
- Division of duties in fixed asset management and control.

6

6

4.1.2

Asset Disposal

2021 Sept	30	Equipment ✓	60 000 ✓	2021 Sept	30	Accumulated depreciation on Equipment (25 440 ✓ + 2 304 ✓)	27 744 ✓ One part correct
						Bank ✓	12 256 ✓
						Loss on sale of an asset ✓	20 000 ✓ Operation
			60 000			Operation Both totals ✓	60 000

10

10

4.2

Identify ONE problem in relation to each branch, quoting figures/amounts to support the problem. In each case, offer the owner advice on how to solve the problem.

Branch	Comment and figures ✓✓ ✓✓ ✓✓	Advice ✓ ✓ ✓
HLATHI (SIFISO)	Theft occurring. There are 40 cameras missing (380 – 340) Value of shortage of R320 000 (8 000 x 40)	Improve internal control Do regular physical stock takings and stock checks
THOLENI (NOLWAZI)	Too much stock on hand. Only 300 out of 1 600 have been sold. Stock will become obsolete / out of date, 1 280 left over	Restrict amount of stock on hand as this could lead to theft or out of date stock. Instead of paying Nolwazi a set monthly income he should pay her on commission based on sales.
MAQANDA (XOLANI)	R640 000 cash was stolen	Improve internal control/Use EFT to reduce cash handling/ Division of duties

9

9

TOTAL MARKS

25

25