



KWAZULU-NATAL PROVINCE

EDUCATION

REPUBLIC OF SOUTH AFRICA



**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P2
PREPARATORY EXAMINATION
SEPTEMBER 2022**

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MARKS: 150

TIME: 2 HOURS

**This question paper consists of 12 pages,
a formula sheet and a 9-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 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 in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Reconciliations	30	25
2	Stock Valuation and internal control	35	30
3	Cost Accounting	40	30
4	Cash Budget	45	35
TOTAL		150	120

QUESTION 1**(30 Marks; 25 Minutes)****RECONCILIATIONS AND AGE ANALYSIS****1.1 BANK RECONCILIATION****REQUIRED:**

- 1.1.1 Update the totals of the Cash Receipts Journal and the Cash Payments Journal. Use the table provided in the Answer Book. (7)
- 1.1.2 Prepare the Bank Reconciliation Statement for 30 June 2022. (5)

INFORMATION:**A. Extract from the Bank Reconciliation Statement on 31 May 2022.**

Outstanding deposit : 18 May 2022	R19 000
Outstanding deposit : 30 May 2022	R15 000
Outstanding EFTs: No 119	R22 000
No 120	R18 750

- The outstanding deposit on 30 May 2022 appeared on the June 2022 bank statement, but the deposit on 18 May 2022 appeared as R15 000. An investigation revealed that the bookkeeper never deposited the money. It was decided that the outstanding amount be written off.
 - EFT 119 was on the June bank statement with the correct amount, but EFT 120 was on the statement with the correct amount of R17 800.
- B. The provisional totals in the cash journals before receiving the bank statement was as follows:
CRJ: 112 300 and CPJ: 96 500
- C. **Information on the June bank statement not in the June Cash Journals:**
- Bank charges, R900
 - Debit order for water and electricity, R1 820
 - Direct deposit for monthly rent from the tenant, R5 200.
- D. **Information in the June Cash Journals, not on the June Bank Statement:**
- EFT 142 for R7 500 paid to Shandu Traders on 30 June 2022.
 - Outstanding deposit on 30 June 2022, R31 700.
- E. The Bank statement showed a favourable balance of R43 300
- F. Balance according to the bank account on 30 June 2022 is R?.

1.2 CREDITORS RECONCILIATION

Veli Traders buys goods on credit from Mkhuze Suppliers. The information presented is for June 2022.

REQUIRED:

Reconcile the Creditors Ledger account of Mkhuze Suppliers in the books of Veli Traders with the statement received by completing the table provided in the Answer Book. Insert a + or – next to each amount and calculate the final balance. Commence with the provisional balances as provided in the ANSWER BOOK. (11)

INFORMATION:

A. Creditors Ledger of Veli Traders

Mkhuze Suppliers (CL6)

DATE	DETAILS	FOL	DEBIT	CREDIT	BALANCE
June 1	Balance	b/d			102 600
5	Invoice No. 44	CJ		13 220	115 820
10	EFT No. 281	CPJ	45 000		70 820
	Discount	CPJ	2 250		68 570
18	Debit Note No. 14	CAJ	2 940		65 630
28	Invoice No. 66	CJ		21 360	86 990

B. Statement received from Mkhuze Suppliers

MKHUZE SUPPLIERS: STATEMENT OF ACCOUNT					
Customer: <i>Veli Traders</i>			Statement date: 25 JUNE 2022		
DATE	DETAILS	DEBIT	CREDIT	BALANCE	
May 28	Account rendered				116 490
30	Invoice No. 37	10 110			126 600
June 1	Receipt No. 114		24 000		102 600
5	Invoice No. 44	23 220			125 820
10	Receipt No. 132		45 000		80 820
12	Invoice No. 55	16 920			97 740
12	Invoice No. 56	3 000			100 740
18	Credit Note No. 74	2 940			103 680
22	Invoice No. 77	11 580			115 260
Includes transactions up to 25 th of each month					

C. Differences noted:

(i)	Invoice No. 44 was recorded incorrectly in the creditors ledger.
(ii)	The statement did not reflect the discount for early payment on the 10 th . This will be rectified on the next statement.
(iii)	Veli Traders bookkeeper omitted Invoice No. 55 by mistake.
(iv)	It was discovered that Invoice No. 56 on the statement is for the goods ordered by the warehouse manager for personal use. The manager is facing disciplinary action.
(v)	Goods valued at R2 940 were returned on the 18 th . It is shown as a debit entry in the creditor's ledger as well as the statement of account.
(vi)	Invoice No. 77 on the statement was an error made by Mkhuze Suppliers. These goods were not purchased by Veli Traders.
(vii)	The statement was received on 25 June 2022.

1.3 DEBTORS' AGE ANALYSIS**REQUIRED:**

1.3.1 Calculate the percentage of the total debts that have exceeded the credit terms of 30 days.

(3)

1.3.2 The owner, Z. Zool is concerned that the control over debtors has not been satisfactory. She wants you as the internal auditor, to:

Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each (Names or figures).

(4)

INFORMATION:

The credit terms are 31 days.

DEBTORS' AGE ANALYSIS ON 30 JUNE 2022

NAMES	Credit limit	Balance	Current	30 days	60 days	90 days +
	R	R	R	R	R	R
S. Zicaba	10 000	16 140	6 030	1 350	920	7 840
N. Thabethe	13 000	9 550	9 550			
D. Khumalo	9 500	9 120	5 700	3 420		
A. Msomi	12 000	14 190	9 100	2 090	3 000	
		49 000	30 380	6 860	3 920	7 840

QUESTION 2

(35 Marks; 30 Minutes)

STOCK VALUATION AND INTERNAL CONTROL

2.1 HI-TECH WORLD TRADERS

You are provided with information relating to Hi-Tech World Traders for the year ended 28 February 2022. The periodic inventory system and the weighted average stock valuation method are in operation. The business buys and sell decoders. They buy all their stock from one supplier.

REQUIRED:

2.1.1 Calculate the following on 28 February 2022:

- Value of closing stock. (10)
- The stock turnover rate for the year. (5)

2.1.2 Calculate the number of units missing. (4)

2.1.3 The owner wants to change the valuation method of decoders to FIFO.

- Calculate the value of closing stock using the FIFO method. (5)
- What advice would you offer, about his proposal? (2)

INFORMATION:

A. Opening and closing stock

1 March 2021	100 units	R82 280
28 February 2022	130 units	?

B. Purchases during the year (excluding carriage) are as follows:

Date	Units	Cost per unit	Total cost
15 May 2021	250	R900	R225 000
21 October 2021	800	R970	R776 000
12 January 2022	100	R1 400	R140 000
	1 150		R1 141 000

- C. Carriage on purchases during the year was charged at R40 per decoder by the supplier.
- D. Returned 10 defective decoders purchased during January 2022, to the supplier. The supplier granted a full refund including carriage.
- E. A selling price of R1 771 was maintained throughout the year. Sales amounted to R1 962 268.

2.2 PROBLEM SOLVING (MANAGING DELIVERY)

You are the internal auditor of Mevamhlophe Traders. Philani, the owner is concerned that he is spending too much on delivering goods to customers. He has provided you with figures for June 2022.

REQUIRED:

Identify ONE different problem regarding each vehicle/driver. Quote figures. Give Philani ONE point of advice for EACH problem identified.

(9)

INFORMATION:

A. Philani has three delivery vehicles and employs three drivers to transport goods to his customers free of charge within 20km of the business (40km round trip). The drivers are expected to work five days per week. There are four weeks in June.

B. Information from the accounting records for June 2022.

	Vehicle 1	Vehicle 2	Vehicle 3
Name of driver	Cebile	Nozipho	Phumzile
Date of purchase	1 July 2021	1 June 2018	1 April 2010
Carrying value	R270 000	R102 000	R1
Salary of driver per month	R8 000	R5 000	R5 000
Number of deliveries made	48	80	120
Kilometers travelled	1 296	4 640	3 500
Average number of kilometers per trip	27	58	29
Petrol costs (R21,31 per litre)	R1 257.29	R4 453.79	R5 327.50

35

QUESTION 3**COST ACCOUNTING****(40 marks, 30 minutes)****3.1 CONCEPTS**

Choose an example in COLUMN B to match the concept in COLUMN A. Write only the letter (A – D) next to the number (3.1.1 – 3.1.3) in the ANSWER BOOK. The business produces school desks.

COLUMN A		COLUMN B	
3.1.1	Direct material	A	Polish purchased to use on the completed school desks.
3.1.2	Indirect material	B	Salary of factory carpenter.
3.1.3	Indirect labour	C	Wood purchased to produce school desks.
		D	Salary of the factory foreman.

3 x 1 (3)

3.2 BUHLEBENDALO BAGS

Buhlebendalo Bags manufactures handbags. They sell their bags at a mark-up of 100% on cost. The information given was taken from their financial records on 31 July 2022, the end of the financial year.

REQUIRED:

3.2.1 Complete the Factory overhead cost note for the year ended 31 July 2022. (13)

3.2.2 Prepare the Production Cost Statement for the year ended 31 July 2022 (show calculations in brackets where no notes/calculations are required) (13)

INFORMATION:

A The following balances were appeared in the books:

	31 July 2022	1 August 2021
Raw material	224 600	R275 900
Work in progress	?	R310 200
Finished products	R490 000	R320 000
Indirect materials	R64 000	R25 000

B. Direct material

- Raw materials purchased, R1 650 000.
- Raw material issued to production process (department) amounted to R1 842 300

C Direct labour

- The monthly basic wages of the factory workers is R80 000. During November, they earned an additional R25 000 in overtime.
- In December, all workers received a bonus equal to one month's basic wages.
- The employer's contribution to the UIF amounts to 1% of the basic wage bill.

D. The following adjustments relate to Factory overhead cost:

- **Indirect materials:**

The bookkeeper incorrectly recorded the indirect material issued to the factory as 90%, which amounted to R160 200 instead of 80%.

- **Indirect labour:**

There were two factory foremen at the start of the accounting period. Factory foremen have been paid a salary of R360 000 in the first half of the accounting period.

Due to a reduction in production level (demand) the manager decided to reduce the monthly salaries of both factory foremen by 5 % as from 1 May 2022.

On 1 July 2022, one foreman resigned from work. Foremen earned the same monthly salary.

- **Factory rent:**

The rent expense reflected in the trial balance on 31 July 2022 was R124 200. The rent increase annually by 10% p.a. on 1 January. The rent for August 2022 has already been paid.

- **Water and electricity**

The account for the financial year was R120 000, this includes water and electricity for the manager's house (personal use) of R12 000. The business account must be divided between the factory, office and sales department in the ratio 4:1:1.

- **Maintenance on factory equipment**

Maintenance on factory equipment amounts to R250 per hour. A total of 480 maintenance hours were recorded.

- Depreciation on factory equipment amounted to R206 000.

E A total of 4 438 handbags were manufactured during the financial year and sold at R1 800 per bag.

3.3 SINETHEZEKILE WATER BOTTLE MANUFACTURERS

Sinethezekile Water Bottle Manufacturers produces and sells water bottles.
The business is owned by Anele Mchunu.

REQUIRED:

- 3.3.1 Calculate the break-even point for year ended 31 July 2022. (4)
- 3.3.2 Explain whether the business should be satisfied with the level of production achieved. Quote figures. (3)
- 3.3.3 Except for a general increase in wages, give TWO other reasons for the increase in direct labour costs per unit. In each case, provide a practical solution to address this. (4)

INFORMATION:

The following information was taken from the books:

	31 JULY 2022	31 JULY 2021
Direct material cost per unit	R10	R13
Direct labour cost per unit	R12	R9
Variable cost per unit	R25	
Total fixed costs	R 210 000	
Sales for the year (All units produced were sold)	R 480 000	
Number of bottles produced and sold	12 000 units	12 500 units

QUESTION 4**CASH BUDGETS****(45 marks, 35 minutes)**

You are provided with an incomplete Cash Budget of Nongoma Traders. The business is owned by Madoda Zulu.

REQUIRED:

- 4.1 Complete the Debtors' Collection Schedule for November 2022. (7)
- 4.2 Calculate the amount of bad debts that will be written off in November 2022. (3)
- 4.3 Calculate the missing figures indicated by (i) – (iv) on the Cash Budget. (11)
- 4.4 The rent will increase on 1 November 2022. Calculate the percentage increase. (4)
- 4.5 Interest on loan is paid on the last day of each month and is not capitalised. Calculate the loan balance on 1 October 2022. (4)
- 4.6 Comment on the Fixed Deposit budgeted for November 2022 and provide a possible application (use) of these funds. Quote figures. (3)
- 4.7 Madoda decided that the business will purchase a delivery vehicle on 1 October 2022. State TWO benefits of the decision. (4)
- 4.8 Madoda extracted the following actual and budgeted figures for September 2022:

	BUDGETED	ACTUAL
Total sales	792 000	633 600
Advertising	63 360	63 360
Delivery expenses	55 440	48 000
Telephone	6 100	8 540

Comment with figures and provide a possible reason in each case for the following:

- Effectiveness of the advertising
- Control over delivery expenses and telephone

(9)

INFORMATION:**A. Actual and budgeted sales and cost of sales:**

MONTH	TOTAL SALES	COST OF SALES
August 2022	924 000	616 000
September 2022	792 000	528 000
October 2022	744 000	496 000
November 2022	876 000	584 000
NOTE: 60% of the total sales are for cash.		

B. The Debtors' Collection Schedule for October and November 2022

MONTH	CREDIT SALES	OCTOBER	NOVEMBER
August 2022	369 600	66 528	
September 2022	316 800	221 760	?
October 2022	297 600	29 760	?
November 2022	350 400		?
		318 048	?

- C. Debtors currently pay according to the following trend:
- 10% paid in the month of sale
 - 70% paid in the first month following the month of sale
 - 18% paid in the second month following the month of sale
 - The balance is written off in the third month following the month of sale.
- D. The business maintains a fixed stock level. Goods sold in a month are replaced in the same month.
- E. 60% of the total purchases are on credit. Creditors are paid in the month following the month of purchase to take advantage of a 5% discount.
- F. **Extract of the Cash Budget for the two months ending 30 November 2022:**

	OCTOBER	NOVEMBER
RECEIPTS		
Cash sales	(i)	525 600
Collection from debtors	318 048	?
Rent income	11 000	12 320
Fixed deposit (including interest)		88 000
Total Receipts	?	?
PAYMENTS		
Cash purchases of trading stock	198 400	(ii)
Payments to creditors (for stock)	(iii)	282 720
Telephone	6 820	8 400
Advertising	59 520	70 080
Loan instalment		40 000
Interest on loan (15% p.a)	3 750	3 250
Deposit on delivery vehicle	78 000	
Drawings	?	?
Instalment on delivery vehicle (12 equal instalments)		26 400
Other operating expenses	68 150	102 524
Delivery expenses	52 080	61 390
Total Payments	?	?
CASH SURPLUS/ DEFICIT	(49 600)	77 200
BANK BALANCE AT BEGINNING OF MONTH	22 400	?
BANK BALANCE AT END OF MONTH	(27 200)	(iv)

45

TOTAL MARKS: 150

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
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ACCOUNTING P2
ANSWER BOOK
SEPTEMBER 2022
PREPARATORY EXAMINATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

Name: _____ Grade: _____

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE PROVINCE
1				
2				
3				
4				
TOTAL				

N.B. This answer book consists of 9 pages.

QUESTION 1**1.1.1 Update the journals:**

CASH RECEIPTS JOURNAL
112 300

CASH PAYMENTS JOURNAL
96 500

7

1.1.2 Bank Reconciliation Statement for June 2022

	DEBIT	CREDIT

5

1.2 CREDITORS RECONCILIATION

NO.	CREDITOR'S LEDGER ACCOUNT BALANCE	STATEMENT BALANCE
Balance	86 990	115 260
i)		
ii)		
iii)		
iv)		
v)		
vi)		
vii)		
TOTAL		

11

- 1.3.1 Calculate the percentage of total debts that have exceeded the credit terms of 30 days.

--

3

- 1.3.2 Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each (Names or figures).

PROBLEM		DEBTOR AND FIGURE	

4

TOTAL MARKS
30

QUESTION 2

2.1.1 Calculate the value of closing stock on 28 February 2022 using weighted.

10

Calculate the stock turnover rate for the year ended 2022

5

2.1.2 Calculate the number of units missing.

4

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

5

What advice would you offer, about his proposal

2



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2.2 MANAGEMENT OF FIXED ASSETS

Identify ONE different problem regarding each vehicle/driver. Quote figures.
Give Philani ONE point of advice for EACH problem identified.

Problem		Advice
Vehicle 1 (Cebile)		
Vehicle 2 (Nozipho)		
Vehicle 3 (Phumzile)		

9

TOTAL MARKS
35

QUESTION 3

- 3.1** Choose an example in COLUMN B to match the concept in COLUMN A. Write only the letter (A – D) next to the number (3.1.1 – 3.1.3)

3.1.1	
3.1.2	
3.1.3	

3

- 3.2.1** Complete the Factory overhead cost note for the year ended 31 July 2022.

13

- 3.2.2** Production cost statement for the year ended 31 July 2022

Direct material cost	
Prime cost	
Factory overhead cost	
Total cost of production	
Work in process – beginning	310 200
Total cost of production of complete products	

13

3.3.1 Calculate the break-even point for the year ended 31 July 2022.



4

3.3.2 Explain whether the business should be satisfied or not with the level of production achieved. Quote figures.

3

3.3.3 Except for a general increase in wages, give TWO other reasons for the increase in direct labour costs per unit. In each case, provide a practical solution to address this.

Possible reason	Solution

4

TOTAL MARKS

40

QUESTION 4

4.1 Complete the Debtors' Collection Schedule for November 2022.

Month	Credit Sales	October	November
August	369 600	66 528	
September	316 800	221 760	
October	297 600	29 760	
November	350 400		
Cash from debtors		318 048	

7

4.2 Calculate the amount of bad debts that will be written off in November.

3

4.3 Calculate the missing figures indicated by (i) – (iv) on the Cash Budget.

	Calculation	Answer
(i)		
(ii)		
(iii)		
(iv)		

11

4.4 The rent will increase on 1 November 2022. Calculate the percentage increase.

4

- 4.5 Interest on loan is paid on the last day of each month and is not capitalised. Calculate the loan balance on 1 October 2022.

4

- 4.6 Comment on the Fixed Deposit budgeted for November 2022 and provide a possible application (use) of these funds. Quote figures.

3

- 4.7 Madoda decided that the business will purchase a delivery vehicle on 1 October 2022. State TWO benefits of the decision.

4

- 4.8 Comment with figures and provide a possible reason in each case for the following:

	Comment on control (with figures)	Possible reason
Advertising		
Delivery expenses		
Telephone		

9

TOTAL MARKS
45



KWAZULU-NATAL PROVINCE

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ACCOUNTING P2
MARKING GUIDELINE
SEPTEMBER 2022
PREPARATORY EXAMINATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

MARKS: 150

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 marking guideline consists of 9 pages.

QUESTION 1

1.1.1 Update the journals:

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
112 300	96 500
950 ✓✓	4 000 ✓✓
5 200 ✓	900 ✓
	1 820 ✓
118450	103220

7

1.1.2 Bank Reconciliation Statement for June 2022

	DEBIT	CREDIT
Credit balance as per bank statement		43 300 ✓
Credit outstanding deposit		31 700 ✓
Debit outstanding EFT		
No 142	7 500 ✓	
Debit balance as per bank account	67500 ✓	
Different format can be used	75 000	✓ 75 000

5

5

1.2 CREDITORS RECONCILIATION

NO.	CREDITOR'S LEDGER ACCOUNT BALANCE	STATEMENT BALANCE
Balance	86 990	115 260
i)	+10 000 ✓✓ 23 220 – 13 220	
ii)		-2 250 ✓
iii)	+16 920 ✓	
iv)	+3 000 ✓	
v)		-5 880 ✓✓ 2 940 + 2 940
vi)		-11 580 ✓✓
vii)		+21 360 ✓
TOTAL	116 910 ✓	Both figures 116 910

11

11

Award mark/s for the amount and correct sign (accept brackets, negative sign plus sign and no sign assume as positive (+))

1.3.1 Calculate the percentage of total debts that has exceeded the credit terms of 30 days.

$$\frac{11\,760}{49\,000} \times 100 = 24\% \quad \text{OR} \quad 100\% - 76\% = 24\%$$

OR

$$\frac{18\,620}{49\,000} \times 100 = 38\% \quad \text{OR} \quad 100\% - 62\% = 38\%$$

3

3

1.3.2 Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each (Names or figures).

Any TWO Problem Debtor and figure

PROBLEM	DEBTOR AND FIGURE
Exceeding credit limit	S. Zicaba exceeds by R6 140 A. Msomi exceeds by R4 190.
Owing for more than 30 days	D Khumalo owes 3420 or A. Msomi owes R5090 or S. Zicaba owes R8760 (all for more than 30 days).

4

4

TOTAL MARKS

30

30

QUESTION 2

2.1.1 Calculate the value of closing stock on 28 February 2022 using weighted.

$$\frac{82\,280 \checkmark + 1\,141\,000 \checkmark + 46\,000 \checkmark \checkmark - 14\,400 \checkmark \checkmark}{100 \checkmark + 1\,150 \checkmark - 10 \checkmark}$$

$$\frac{1\,254\,880}{1\,240}$$

award 6 marks
award 3 marks

Award nine marks for R1 012

$$= R1\,012 \times 130$$

Operation (must be $\times 130$)

R 131 560 ☒ closing stock using weighted average method

10

10

Calculate the stock turnover rate for the year ended 28 February 2022

$$\frac{1\,254\,880 - 131\,560}{1\,123\,320 \checkmark}$$

See 2.1.2 above

$$\frac{1}{2} \checkmark (82\,280 \checkmark + 131\,560 \checkmark)$$

see the answer above

$$= 10.5 \text{ or } 11 \text{ Times} \checkmark$$

Operation one part correct

5

5

2.1.2 Calculate the number of units missing.

$$(100 + 1\,150 - 10) \checkmark - 130 \checkmark - 1108 \checkmark = 2 \checkmark \text{ units missing}$$

Operation one part correct

1 240 See 2.1.2

4

4

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

Award two marks for 5 200 if the carriage is separated from purchases ($130 \times 40 = 5\,200$)

$$(90 \checkmark \times 1\,440 \checkmark) + (40 \checkmark \times 1\,010 \checkmark) = R170\,000 \checkmark$$

check operation

$$129\,600 \quad 40\,400$$

award two marks

award two marks

5

5

What advice would you offer, about his proposal

Any valid point $\checkmark \checkmark$

The business must stay consistent from one year to the next in order to compare results.

Wants a more realistic closing stock figure

Not ethically correct to manipulate profit by changing policies


Not acceptable practice if SARS is not informed prior/Prior application to SARS

2

2

2.2 MANAGEMENT OF FIXED ASSETS

Identify ONE different problem regarding each vehicle/driver. Quote figures. Give Philani ONE point of advice for EACH problem identified.

Problem ✓ ✓ ✓	Advice ✓ ✓ ✓
Figures ✓ ✓ ✓	Any relevant advice
Vehicle 1 (Cebile) Cebile travelled 1 296 km while others were 4 640 and 3 500 km. OR she is the highest paid driver, R8 000 where other drivers earn R5 000	Investigate causes of less travelling/ the reason for her absence.
 Vehicle 2 (Nozipho) Nozipho is travelling too many kilometres (4 640 km for 80 trips = 58 km per trip) which is higher than the maximum of 40 km per customer. OR She is travelling more km than Phumzile (4 640 compared to 3 500 km) but doing fewer trips (80 compared to 120).	Possible disciplinary action against Nozipho for unauthorized use of vehicle. OR Improve internal control over the use of the vehicles.
Vehicle 3 (Phumzile) Phumzile is doing the most number of trips (120) or most average number of trips per day (6) but his vehicle is the oldest, the carrying value is R1 OR Most expensive to run with the petrol cost of R5 327.50	Consider replacing this vehicle as it is expensive to maintain. Purchase a new vehicle as a replacement for the old vehicle.

9

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TOTAL MARKS

35

35

QUESTION 3

3.1 Choose an example in COLUMN B to match the concept in COLUMN A. Write only the letter (A – D) next to the number (3.1.1 – 3.1.3)

3.1.1	C ✓
3.1.2	A ✓
3.1.3	D ✓



3
3

3.2.1 Complete the Factory overhead cost note for the year ended 31 July 2022.

Indirect materials (160 200 x 80/90) OR (160 200 – 160 200 + 142 400)	Two or nothing	142 400 ✓✓
Indirect labour (360 000 + 322 500 ✓✓)	One part correct	682 500 ✓
Factory rent (124 200 – 9 900 ✓✓)	One part correct	114 300 ✓
Water and electricity (120 000 – 12 000) ⁴ / ₆	Two or nothing	72 000 ✓✓
Maintenance (R250 x 480 hours)	Two or nothing	120 000 ✓✓
Depreciation		206 000 ✓
		1337200

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3.2.2 Production cost statement for the year ended 31 July 2022

Direct material cost		1 842 300 ✓
Direct labour cost 960 000	1% x 960 000	1 074 600 ✓
(80 000 x 12) ✓ + 25 000 ✓ + 9 600 ✓ + 80 000 ✓	One part correct	
Prime cost	DMC + DLC	2 916 900 ✓
Factory overhead cost	See 3.2.1	1 337 200 ✓
Total cost of production	Check operation	4 254 100 ✓
Work in process – beginning		310 200
		4 564 300 ✓
Work in process – end	Check operation	(570 100) ✓
Total cost of production of complete products (4 438 x R900)		3 994 200 ✓✓

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3.3.1 Calculate the break-even point for the year ended 31 July 2022.

$$\frac{210\,000}{15} = 14\,000 \text{ units}$$

40 – 25

Operation one part correct

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3.3.2 Explain whether the business should be satisfied or not with the level of production achieved. Quote figures.

Not satisfied, they are producing 2 000 units less than what is required to break even (12 000).
They have made a loss (Comparing production to BEP).

3

3

3.3.3 Except for a general increase in wages, give TWO other reasons for the increase in direct labour costs per unit. In each case, provide a practical solution to address this.

Possible reason	Solution
<ul style="list-style-type: none"> Working slower/ Lazy workers De-motivated Lack of management. Load Shedding Lack of proper skills 	<ul style="list-style-type: none"> Monitor normal working hours Ensure workers meet set targets during normal time. Provide a back-up in the form of generator or solar system Provide training
More overtime to get the higher pay.	<ul style="list-style-type: none"> Monitor workers to ensure that they work efficiently during normal hours. Claim overtime when necessary.
Any valid reason	

4

4

TOTAL MARKS

40

40

QUESTION 4

4.1 Complete the Debtors' Collection Schedule for November 2022.

Month	Credit Sales	October	November
August	369 600	66 528	
September	316 800	221 760	57 024 ✓✓
October	297 600	29 760	208 320 ✓✓
November	350 400		35 040 ✓✓
Cash from debtors		318 048	One part correct 300 384 ✓

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7

4.2 Calculate the amount of bad debts that will be written off in November.

$$369\,600 \times 2\% = 7\,392 \quad \text{One part correct}$$

3
3

4.3 Calculate the missing figures indicated by (i) – (v) on the Cash Budget.

	Calculation	Answer
(i)	R 744 000 x 60% OR 297 600 x 60/40	446 400 ✓✓ Two marks or nothing
(ii)	R 584 000 x 40%	233 600 ✓✓ Two marks or nothing
(iii)	R 528 000 x 60% = 316 800 ✓✓ x 95% ✓ OR R 528 000 x 60% = 316 800 – (316 800 x 5%) Two marks One mark	300 960 ✓ One part correct
(iv)	77 200 ✓ – 27 200 ✓	50 000 ✓

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11

4.4 The rent will increase on 1 November 2022. Calculate the percentage increase.

$$\frac{12\,320 - 11\,000}{11\,000} \times 100 = 12\% \quad \text{One part correct}$$

4
4



4.5 Interest on loan is paid on the last day of each month and is not capitalised. Calculate the loan balance on 1 October 2022.

$$3\,750 \checkmark \times 100/15 \checkmark \times 12/1 \checkmark = 300\,000 \checkmark \text{ One part correct}$$

4

4

4.6 Comment on the Fixed Deposit budgeted for November 2022 and provide a possible application (use) of these funds. Quote figures.

Any Comment ✓

- Fixed deposit of R88 000 is expected to mature.
- R88 000 is expected to be received.

Any Option with a figure ✓✓

- Reinvest the whole amount in order to receive interest to offset that of loan (7% to offset 15%)/Invest in rented units to improve income to more than R12 320.
- Use R88 000 to pay off Loan to 212 000 i.e. (300 000 – 88 000).

3

3

4.7 Madoda decided that the business will purchase a delivery vehicle on 1 October 2022. State TWO benefits of the decision.

Any Two benefits ✓✓ ✓✓

- The business will own more asset (increase in value of assets)
- Deliveries can be made at the convenience of the business/ is under the control of the business
- Can be used to generate other income by outsourcing the vehicle/ rent it out

4

4

4.8 Comment with figures and provide a possible reason in each case for the following:

	Comment on control (with figures) ✓✓	Possible reason ✓
Advertising	Although the same amount (nil change) as budgeted was used, actual sales was less than budgeted by 25% or by R158 400 or R792 000 – R633 600; advertising was therefore not effective.	<ul style="list-style-type: none"> • Wrong strategy of advertising was used. • Wrong target market
Delivery expenses	Delivery expense is lower than budgeted by R7 440 (55 440 – 48 000) or by 15.5%; while sales were less by 25% or by R158 400, delivery expenses therefore not well controlled. OR Budgeted for 7% of sales, the actual was 7.6% of sale (0.6% higher; delivery expenses therefore not well controlled.	<ul style="list-style-type: none"> • Vehicle was used for personal trips • Vehicle is old and it is expensive to maintain.
Telephone	Telephone is higher than budgeted by R2 440 (8 540 – 6 100) or by 40% telephone expenses therefore not well controlled.	<ul style="list-style-type: none"> • Telephone is abused by workers • Lack of supervision

9

9

TOTAL MARKS

45

45