



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2022

10712

**ACCOUNTING
PAPER 2**

Stanmorephysics.com

TIME: 2 hours

MARKS: 150

14 pages + 1 formula sheet



INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL workings in order 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	Reconciliation and Age Analysis	35	28
2	Manufacturing	40	32
3	Fixed Assets and Inventory	40	32
4	Cash Budgets and VAT	35	28
TOTAL		150	120

QUESTION 1: RECONCILIATION AND AGE ANALYSIS (35 marks: 28 minutes)**1.1 BANK RECONCILIATION****BUHLE STORES**

The following information relates to Buhle Stores for May 2022.

REQUIRED:

- 1.1.1 Calculate the correct totals in the cash journals on 31 May 2022. (10)
- 1.1.2 Calculate the correct balance of the bank account on 31 May 2022. (5)
- 1.1.3 Prepare the Bank Reconciliation Statement on 31 May 2022. (7)
- 1.1.4 Mr Pooh Paddy is the finance clerk at Buhle Stores. He has been responsible for all finance activities by himself since the inception of the store. He made several mistakes and the owner has not taken any action. As the internal auditor of Buhle Stores you are not happy with the control of cash in this business. (3)
- Explain ONE problem to confirm your concern. Quote figures.
 - Give advice on how the problem can be avoided in future.

INFORMATION:**A** Extract from the Bank Reconciliation Statement on 30 April 2022

Balance as per bank statement	(R36 294)
Outstanding cash deposits:	
Dated 15 April 2022	12 080
Dated 30 April 2022	21 640
Outstanding EFTs:	
431 (dated 29 April 2022)	(13 800)
435 (dated 30 April 2022)	(17 900)
Balance as per bank account	?

B Provisional totals in the cash journals on 30 April 2022 before receiving the bank statement:

- Cash Receipts Journal: R60 334
- Cash Payment Journal: R34 865

- C Entries in the Cash Journals for May 2022 that do not agree with the May Bank Statement.

JOURNAL	DOCUMENT	DATE	DETAILS	AMOUNT
CRJ	Deposit slip 12	29	Sales	R54 370
	Deposit slip 17	30	Debtors' control	26 300

JOURNAL	DOCUMENT	DATE	DETAILS	AMOUNT
CPJ	EFT 21	16	Ivory Ltd	R1 780
	EFT 26	22	Municipality	3 660

- D Items on the Bank Statement dated 31 May 2022 that do not agree with the May Cash Journals.

Date	Details	Debit	Credit
02	Deposit (30/04)		R21 640
03	Direct transfer to JB Stores	13 800	
04	Direct transfer to Atlas Co.	19 700	
15	Debit order (insurance)	1 670	
16	Direct deposit from Ivory Ltd		1 780
17	Deposit (15/04)		10 080
	Debit order (insurance)	1 670	
20	Internet banking fee	176	
25	Interest		315
28	Service fees	475	

NOTE:

- EFT 435 (Atlas Co.): Bank Statement is correct.
- A debit order for insurance was duplicated in error. The bank will correct this in June.
- Mr Pooh Paddy the finance clerk, cannot account for the missing amount. The owner of Buhle Stores decided to write off the amount, but further investigations will be done.

1.2 DEBTORS' AGE ANALYSIS**RAG DOLL TRADERS**

The Age Analysis below is extracted from the records of Rag Doll Traders for the month of April 2022.

REQUIRED:

- 1.2.1 How does the preparation of a Debtors' Age Analysis assist the business in controlling their debtors? (2)
- 1.2.2 Identify TWO problems shown in the Age Analysis below. Quote evidence and figures to support your answer. In each case suggest an internal measure to correct the problem. (6)
- 1.2.3 The owner of Rag Doll Traders is not happy with the control of debtors. Provide a calculation to justify his concern. (2)

INFORMATION:

- Debtors are usually allowed to settle their accounts within 30 days.

Debtor	Credit Limit	Amount Owing	Current	30 Days	60 days	90 days +
S. Dawood	4 000	6 800	2 600	3 000	1 200	
G. Kramer	7 000	7 000	7 000			
J. Boozer	3 000	500	500			
B. Campher	5 000	5 500	0	1 000	2 100	2 400
		19 800	10 100	4 000	3 300	2 400

QUESTION 2: MANUFACTURING**(40 marks; 32 minutes)**

- 2.1 Choose a cost category from COLUMN B that matches a description in COLUMN A. Write only the letter (A – E) next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

COLUMN A	COLUMN B
2.1.1 Bad debt	A Administration cost
2.1.2 Water and electricity (Office)	B Selling and distribution cost
2.1.3 Salary of the factory foreman	C Direct material cost
2.1.4 Raw material used in manufacturing	D Direct labour cost
	E Factory overhead cost

(4 x 1)

(4)

2.2 FACE-IT MANUFACTURERS

The information relates to Face-It Manufacturers, a business that manufactures, among other things, face masks, for the financial year ended 31 March 2022.

REQUIRED:**2.2.1 Calculate:**

- The value of the closing stock of raw materials of fabric using the weighted-average method (4)
- The value of direct/raw materials issued for production (3)
- The correct factory overhead costs (4)

2.2.2 Complete the Production Cost Statement on 31 March 2022. (11)**2.2.3 Face-It Manufacturers plans to retrench workers and replace them with robotic arms. In keeping with good corporate governance, state TWO points they need to consider when taking such a decision. (4)****2.2.4 The business purchases raw materials from an overseas supplier, although there are numerous local suppliers. Give TWO reasons why the business should support local suppliers. (2)**

INFORMATION:**A Stock balances on 31 March:**

	2022	2021
Work-in-process	?	R56 200
Finished goods	R231 000	R120 000

B Raw materials (fabric):

Raw materials, consisting of metres of fabric, are issued by the storeroom to the factory.

Storeroom stock records:

	METRES	TOTAL AMOUNT R
Stock on 1 April 2021	6 000	642 000
Purchases:	21 700	2 405 000
July 2021	7 200	723 000
October 2021	5 800	638 000
January 2022	8 700	1 044 000
Total available for production	27 700	3 047 000
Stock on 31 March 2022	4 100	?

C Figures provided by the bookkeeper on 31 March 2022:

Wages of factory workers (direct labour)	R3 103 600
Factory overhead cost (see Information D below)	R750 200
Administration cost	R655 200
Selling and distribution cost	R413 200

D Factory overhead cost must be adjusted in respect of the following:

The total amount of R21 000 for insurance is included. This amount included insurance for April and May 2022. Only 80% of the insurance amount should be allocated to the factory. The remainder must be split equally between the office and the sales department.

E Details from the Income Statement for the year ended 31 March 2022:

Sales	R9 745 000
Cost of sales	R6 516 000
Gross profit	R3 229 000

2.3 **JM WOODWORK MANUFACTURERS**

JM Woodwork Manufacturers produces and sells wooden tables. The business is owned by Jabu Mokoena.

REQUIRED:

- 2.3.1 Should the business be satisfied with the number of tables that were produced and sold during this financial year? Explain. Quote relevant figures in your answer. (3)
- 2.3.2 Jabu aimed for a profit of R400 000 for this financial year. How many tables must she make to achieve the target of a R400 000 profit? Provide a suitable calculation to support your answer. (5)

INFORMATION:

	TOTAL	PER UNIT
Sales	R950 500	R160
Variable costs	R458 500	R60
Fixed costs	R412 900	
Number of units produced and sold	4 700	
Break-even number of units	4 129	

40



QUESTION 3: FIXED ASSETS AND INVENTORY**(40 marks; 32 minutes)****REQUIRED:**

3.1 Refer to the fixed asset note below.

Calculate the missing amounts (indicated by **a**, **b**, **c** and **d**) in the Fixed/Tangible Asset Note for the year ended 31 March 2022.

(12)**Fixed/Tangible assets:**

	Land and buildings	Vehicles	Equipment
Carrying value at beginning of financial year	2 900 000	500 000	?
Cost	2 900 000	780 000	?
Accumulated depreciation	0	(280 000)	(52 500)
Movements			
Additions at cost	0	0	48 000
Disposals at carrying value	(a)	(c)	0
Depreciation	0	(b)	(55 500)
Carrying value at end of financial year	2 250 000	318 000	(d)
Cost	2 250 000	630 000	258 000
Accumulated depreciation	0	(312 000)	?

Additional information in respect of fixed assets:

- A vehicle was sold at its carrying value on the last day of the financial year. Depreciation is written-off on vehicles at 20% p.a. on the diminishing balance method.
- Land and buildings were sold at cost during the financial year.

3.2 INVENTORY VALUATION AND INTERNAL CONTROL

SE Electronics uses the periodic stock system and the FIFO method to value stock of smartphones. The business is owned by Sam Edgar. He employs Charlene Finn to run the shop for him. The financial year-end is 28 February 2022. Sam has been informed that a new model, the YB 200 smartphone, will be launched on 1 April 2022.

REQUIRED:

- 3.2.1 Calculate the value of the closing stock of the XB 300 smartphones on 28 February 2022. (6)
- 3.2.2 Calculate the cost of sales for the year ended 28 February 2022. (5)
- 3.2.3 Calculate how long (in days) it will take to sell the closing stock of 135 smartphones. Comment on your findings and give Sam advice in this regard. (6)
- 3.2.4 **Refer to Information D.**
- Provide a calculation to prove that the information given by the sales assistant about the smartphones is true. Give ONE point of advice. (7)

INFORMATION:**A Stock balances of the XB 300 smartphones:**

DATE	NUMBER OF UNITS	UNIT PRICE (INCLUDING CARRIAGE)	TOTAL
1 March 2021	75	R7 610	R570 750
28 February 2022	135	?	?

B Purchases and returns of the XB 300 smartphones during the year:**Purchases:**

DATE	NUMBER OF UNITS	UNIT PRICE	TOTAL CARRIAGE	TOTAL (INCLUDING CARRIAGE)
1 June 2021	130	R7 200	R14 300	R950 300
21 Aug. 2021	120	R7 000	R13 200	R853 200
15 Dec. 2021	85	R6 600	R9 350	R570 350
TOTAL	335		R36 850	R2 373 850

Returns:

DATE	NUMBER OF UNITS	UNIT PRICE	TOTAL CARRIAGE	TOTAL (INCLUDING CARRIAGE)
10 Sep. 2021	3	R7 000	R330	?
These returns are from the purchases of August 2021.				

C Sales for the year:

260 units for R2 392 000

D Possible theft of smartphones:

Sam has been informed by a sales assistant that he suspects Charlene of giving away smartphones to her family members and friends.

3.3 MANAGEMENT OF INVENTORIES

SE Electronics also sells office equipment and accessories. The following information relates to one type of printer.

Sam significantly reduced the selling price of printers in the 2022 financial year in response to a new competitor who sells the same model at R2 860.

REQUIRED:

Based on the information below, provide TWO separate suggestions to Sam to improve the profit on printers in 2023.

(4)

INFORMATION:

	PRINTERS	
	2022	2021
Orders received from customers	980	650
Number of units available for selling and gross units sold	780	650
Returns by customers	10	10
Selling price	R2 640	R3 740
Cost price	R2 200	R2 200
Mark-up %	20%	70%
Gross profit	R338 800	R985 600
Stock turnover rate	11,8	10,0

QUESTION 4: CASH BUDGETS AND VAT**(35 marks; 28 minutes)**

- 4.1 Indicate amounts only in the appropriate blocks for the Cash Budget and Projected Income Statement for the month ending 31 August 2022.
- 4.1.1 Previous year's dividends paid to shareholders, R15 000.
- 4.1.2 Expected cash sales for August 2022 is R35 000 (cost of sales, R14 000).
- 4.1.3 Bad debts to be written off is R1 400.
- 4.1.4 Directors' fees to be paid is R65 000.
- 4.1.5 Depreciation for the year is R14 400. (9)
- 4.2 The information relates to the budget period of Compu Bytes Ltd ending 31 December 2022.
- 4.2.1 Complete the Debtors' Collection Schedule for October to December 2022. (5)
- 4.2.2 Calculate the missing amounts indicated by (a) to (c) in the cash budget. (11)

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

Months	Sales		Cost of sales	
	Budgeted	Actual	Budgeted	Actual
September	R108 000	R87 000	R72 000	R45 000
October	R123 000	R88 000	R82 000	R60 000
November	R105 000	R76 000	R70 000	
December	R84 000		?	

B Expected Debtors' collection

- 40% of total sales is for cash.
- 20% in the month of the sale is subjected to a 5% discount.
- 70% in the month following the month of the sale
- 8% in the second month following the sale
- 2% is regarded as uncollectable debt in the third month following the month of the sale.

C Purchases and payment of stock

- Compu Bytes uses a mark-up of 50% on cost.
- They maintain a fixed-base stock level by replacing stock on a monthly basis.
- 75% of the total purchases is on credit.
- Creditors are paid in full in the month after purchasing stock, subject to a 5% discount.

**D Loan**

- The loan was reduced by R52 800 on 30 November 2022.
- Interest at 12.5% p.a. is payable every month and is not capitalised.

E Delivery costs

- All goods sold are delivered to customers free of charge.
- Speedy Deliveries have been contracted to render this service.
- The delivery costs are budgeted at 10% of sales.

F Extract from the Cash Budget:

	NOVEMBER	DECEMBER
RECEIPTS		
Cash sales	64 800	50 400
Receipts from debtors	46 440	
Rent income	7 500	8 250
PAYMENTS		
Cash purchases of trading stock	18 000	(a)
Payments to creditors	(b)	51 300
Repayment of loan (see information D)	52 800	0
Interest on loan	6 875	(c)
Delivery costs (see information E)	11 500	9 100

G Comparison of the budgeted figures to the actual figures for November

	Budgeted	Actual
Sales	105 000	76 000
Cost of sales	61 000	60 000
Gross profit	44 000	16 000
Delivery costs	11 500	13 200

4.3 Comment on the control of delivery costs and give ONE point of advice. Quote figures or calculations.

(3)

4.4 VAT

Calculate the amount owing to SARS in respect of VAT at the end of February 2022 after taking transactions 1 to 5 into account. Clearly state whether the amount would be added or subtracted by using a (+) or (-) sign.

(7)

Transactions and Information:

1. The VAT Control Account reflected that Macrozone Sports owed SARS an amount of R8 120 on 1 February 2022.
2. The owner took sports equipment for his personal use. The VAT on this transaction amounted to R912.
3. Returned defective goods to the supplier. The debit note reflected an amount of R1 680 (VAT exclusive).
4. R4 200 (VAT exclusive) worth of stock was stolen during a burglary. The insurance paid R2 300 (VAT inclusive) of the claim.
5. Macrozone Sports disposed of a second-hand vehicle at a loss of R6 000 on 28 February 2022. The book value of the vehicle as at date of sale was R74 000. The depreciation on this vehicle had been recorded up to the 28 February 2022. Input VAT was claimed when this vehicle was originally bought.

35

TOTAL: 150**END**

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 & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	

Note:

* 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.



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**ACCOUNTING
PAPER 2**

ANSWER BOOK

14 pages

NAME OF SCHOOL:

NAME OF LEARNER:

QUESTION	TOPIC	MARKS	MARKER/ MODERATOR
1	Reconciliation and Age Analysis	35	
2	Manufacturing	40	
3	Fixed Assets and Inventory	40	
4	Cash Budgets and VAT	35	
TOTAL		150	

QUESTION 1

1.1 BANK RECONCILIATION

1.1.1

Cash Receipts Journal	Cash Payments Journal
60 334	34 865

10

1.1.2 Calculate the correct balance of the Bank account in the ledger on 31 May 2022.

5

1.1.3

Prepare the Bank Reconciliation Statement on 31 May 2022.

	Debit	Credit

7

1.1.4	Problem with figure	Advice


3

1.2 DEBTORS' AGE ANALYSIS

1.2.1 How does the preparation of a Debtors' Age Analysis assist the business in controlling their debtors?

2

1.2.2

	Identification of problem with evidence and figures	Internal control measure to correct the problem
Problem 1		
Problem 2		

- 1.2.3 The owner of Rag Doll Traders is not happy with the control of the debtors. Provide figures to motivate your answer.

2

35

QUESTION 2

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

2.2 FACE-IT MANUFACTURERS

2.2.1

Calculate: Value of the closing stock of raw materials	
Workings	Answer

4

Calculate: Value of direct/raw materials issued for production	
Workings	Answer

3

Calculate: Correct factory overhead costs	
Workings	Answer
750 200	

4

2.2.2 Production Cost Statement for the year ended 31 March 2022.

Direct labour cost	
Prime cost	
Total manufacturing costs	
Work-in-process at beginning of year	56 200
Cost of production of finished goods	

11

2.2.3 Face-It Manufacturers plans to retrench workers and replace them with robotic arms. In keeping with good corporate governance, state TWO points they need to consider when taking such a decision.

4

2.2.4 Give TWO reasons why the business should support local suppliers.

Reason 1:

Reason 2:

2

2.3 JM WOODWORK MANUFACTURERS

- 2.3.1** Should the business be satisfied with the number of tables that were produced and sold during this financial year? Explain. Quote relevant figures in your answer.

3

- 2.3.2** Jabu aimed for a profit of R400 000 for this financial year. How many tables must she make to achieve the target of a R400 000 profit? Provide a suitable calculation to support your answer.

5

40

QUESTION 3: FIXED ASSETS AND INVENTORY

- 3.1 Calculate the missing amounts (indicated by a, b, c and d) in the Fixed/Tangible Asset Note for the year ended 31 March 2022.

	Workings	Amount
a		
b		
c		
d		

12

3.2 **INVENTORY VALUATION AND INTERNAL CONTROL**

- 3.2.1 Calculate the value of the closing stock of the XB 300 smartphones on 28 February 2022.

6

- 3.2.2 Calculate the Cost of sales for the year ended 28 February 2022.

5

- 3.2.3 Calculate how long (in days) it will take to sell the closing stock of 135 smartphones. Comment on your findings and give advice to Sam in this regard.

Calculation:

Comment:

6

- 3.2.4 Provide a calculation to prove that the information given by the sales assistant about smartphones is true. Give ONE point of advice.

Calculation:

Give ONE point of advice.

7

3.3

Based on the information given, provide TWO separate suggestions to Sam to improve the profit on printers in 2023.

Suggestion 1 (with figures):



Suggestion 2 (with figures):

4

40

QUESTION 4

CASH BUDGETS AND VAT

- 4.1 Indicate amounts in the appropriate blocks for the Cash Budget and Projected Income Statement for the month ending 31 August 2022.

	Cash budget		Projected Income Statement	
No.	Receipts	Payments	Income	Expenditure
4.1.1				
4.1.2				
4.1.3				
4.1.4				
4.1.5				

9

- 4.2 Information relating to budget period of Compu Bytes Ltd ending 31 December 2022.

- 4.2.1 Complete the Debtors' Collection Schedule for October to December 2022.

Months	Credit Sales	December
September	64 800	
October	73 800	5 904
November	63 000	
December		
Total		

5

4.2.2 AMOUNTS FOR CASH BUDGET

No.	CALCULATIONS	AMOUNT
(a)	Cash purchases of trading stock for December	
(b)	Payments to creditors for December	
(c)	Interest on loan for October	

11

4.3 Comment on the control of delivery costs and give ONE point of advice. Quote figures or calculations.

DETAILS	COMMENT	ADVICE
Delivery costs		

3

4.4 Calculate the amount owing to SARS in respect of VAT at the end of February 2022 after taking transactions 1–5 into account. Clearly state whether the amount would be added or subtracted by using a (+) or (-) sign.

NO.	VAT AMOUNT OWING TO SARS
1.	R 8 120
2.	
3.	
4.	
5.	

7

35

TOTAL: 150

END



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2022

MARKING GUIDELINES

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13 pages

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced 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 the answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: If figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. 'Operation' means 'check operation'. 'One part correct' means operation and one part correct.
Note: Check operation must be +, –, x, ÷, or per memo.
10. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. **Codes:** f = foreign item; p = placement/presentation.

QUESTION 1

BANK RECONCILIATION

1.1.1

Cash Receipts Journal	Cash Payments Journal
60 334	34 865
(1 780 + 1 780) 3 560 ✓✓	(19 700 – 17 900) 1 800 ✓✓
Stanmorephys 315 ✓	1 670 ✓
	(12 080 – 10 080) 2 000 ✓✓
	651 ✓✓
	(176 one mark + 475 one mark)
64 209	40 986

10

1.1.2 Calculate the correct balance of the Bank account in the ledger on 31 May 2022.

$$-34\,274 \checkmark\checkmark + 64\,209 \checkmark - 40\,986 \checkmark = -11\,051 \checkmark \text{ one part correct}$$

See CRJ See CPJ

Accept ledger account
Check the net effect

5

1.1.3 Prepare the Bank Reconciliation Statement on 31 May 2022.

	Debit	Credit
Balance as per bank statement Balancing figure	R89 731 <input checked="" type="checkbox"/> Could be DR/CR Do not accept R36 294	
Outstanding deposit R80 670 two marks		54 370 ✓
		26 300 ✓
Outstanding EFT	3 660 ✓	
Correction of error by the bank		1 670 ✓
Balance as per bank account See 1.1.2		11 051 <input checked="" type="checkbox"/> Do not accept R34 274
Totals must be the same to award a part mark	93 391 <input checked="" type="checkbox"/> *	93 391

7

1.1.4 Explain ONE problem to confirm the auditors concern and give an advice on how the problem can be avoided. Quote figures.

Problem ✓	Figure(s) ✓	Advice ✓
<ul style="list-style-type: none"> • Shortfall in cash deposit, R2 000/R12 080 received and documented but only R10 080 was deposited/Delay in cash deposit (15 April – 17 May 2022) • EFT incorrectly recorded as payment of R1 780. 		<ul style="list-style-type: none"> • Use security company to collect deposits on daily or regular basis • Divide duties: person receiving the money must not be the one depositing it / count in, count – out cash procedure (count cash at the beginning and end of shifts). • Senior personnel should check (monitor) internet banking transactions regularly (daily) /deposit slips that reflects daily deposits. • Encourage debtors to make direct deposit/EFTs. <p>Do not accept “install cameras”</p>

3

DEBTORS' AGE ANALYSIS

1.2.1 How does the preparation of a Debtors' Age Analysis assist the business in controlling their debtors?

Expected responses: ✓✓

- To identify debtors who do not comply with credit terms/assist the business to avoid selling on credit to defaulters/.
- Business can identify debtors who are slow payers.
- It can identify debtors against whom legal action needs to be taken/To identify debtors to be handed over to debt collectors.
- It can assist in insuring debts are collected timeously.
- To understand on average, how quickly your debtors are paying the business.
- To identify debtors who should be charged interest and those who should be given discount.
- To identify debtors whose credit limit should be increased

2

1.2.2

	Identification of problem with evidence and figures Problem ✓ Figure(s) ✓	Internal control measures to correct the problem Advice ✓
Problem 1	Certain debtors are <u>exceeding their credit limits</u> : - S. Dawood by R2 800/ 70% and - B. Campher by R500/ 10%	- Do not sell to debtors who exceed their credit limits. - Ensure debtors have credit available before selling to them.
Problem 2	Certain debtors are <u>exceeding their credit terms</u> i.e. taking longer than 30 days to pay: - S. Dawood with R1 200/ 30% / 30 days - B. Campher with R4 500/ 90% / 60 days B Campher is a <u>slow payer</u> - 90 days	- Send reminders/statement of account to debtors - Charge interest on overdue accounts. - Offer early settlement discounts. - Consider legal action. - Sent letters of demand.

6

1.2.3

The owner of Rag Doll Traders is not happy with the control of the debtors. Provide calculations to verify his concern.

Total amount of debtors exceeding credit term must be compared the total amount owed.

$$\frac{5\,700}{19\,800} \times \frac{100}{1} = 28,8\% \quad \checkmark\checkmark \text{ accept } 29\% \text{ of the outstanding debtors are overdue}$$

(16,7% + 12,1%)

OR

Only 71,2% (71%) of the debtors are complying two marks

2

35

QUESTION 2

2.1 CONCEPTS

2.1.1	B	(Selling and distribution)	✓
2.1.2	A	(Administration cost)	✓
2.1.3	E	(Factory overhead cost)	✓
2.1.4	C	(Direct material cost)	✓

4

2.2 FACE-IT MANUFACTURERS

*one part correct

2.2.1

Calculate: Value of the closing stock of raw materials	
Workings	Answer
$\begin{array}{r} 3\,047\,000 \checkmark \\ 27\,700 \checkmark \\ \hline 110 \text{ two marks} \end{array}$	$451\,000 \checkmark^*$ <p>must multiply by 4 100 to earn a mark</p>

4

Calculate: Value of direct/raw materials issued for production	
Workings	Answer
$\begin{array}{l} 3\,047\,000 \checkmark - 451\,000 \checkmark \\ (642\,000 + 2\,405\,000) \text{ one mark} \end{array}$ <p>see above</p> <p>OR $(27\,700 - 4\,100) \times 110$ (see above) 23 600 one mark one method mark</p> <p>Accept other alternative methods e.g. ledger</p>	$2\,596\,000 \checkmark^*$

3

Calculate: Correct factory overhead costs	
Workings	Answer
$\begin{array}{l} -6\,600 \text{ three marks} \\ 750\,200 + (18\,000 \checkmark \times 80/100 \checkmark) - 21\,000 \checkmark \\ -3\,600 \text{ two marks} - 3\,000 \text{ one mark} \end{array}$	$743\,600 \checkmark^*$ <p>(If final answer is R756 800 award a maximum of two marks)</p>

4

2.2.2 **Production Cost Statement for the year ended 31 March 2022.**

*one part correct

#Incorrect placement of DMC and FOHC: -1(max) presentation

Will also lose method marks on Prime cost subtotal; the figures will get method mark even if incorrectly placed.

Direct materials cost ✓	see DMC in 2.2.1	2 596 000	☑#
Direct labour cost		3 103 600	✓
Prime cost	Must be DMC + DLC	5 699 600	☑
Factory overhead cost ✓	see FOHC in 2.2.1	743 600	☑#
Total manufacturing costs	Operation one part correct, DMC+DLC+FOHC	6 443 200	☑
Work-in-process at beginning of year		256 200	
		6 699 400	
Work-in-process at end of year	Balancing figure; do not accept 231 000 or 120 000 or 56 200	(72 400)	
Cost of production of finished goods	(6 516 000 ✓ + 231 000 ✓ - 120 000 ✓)	6 627 000	☑*

11

2.2.3 **Face-It Manufacturers plan to retrench workers and replace them with robotic arms. In keeping with good corporate governance, state TWO points they need to consider when taking such a decision.**

Any TWO relevant reasons ✓✓ ✓✓

Award part-marks for partially correct answer

- This will result in high unemployment in the country.
- Triple bottom line (They should not only consider their profit)/ Retrenching workers will add to poverty/Increased crime within the community.
- Maintenance and installation of robotic arms is costly
- Robotic arms will need constant power and expertise to set them up
- Robots will need a high upfront investment/ Financial budget of the business will increase

4

2.2.4 **Give TWO reasons why the business should support local suppliers.**

Any TWO relevant reasons ✓ ✓

- No import charges will be paid.
- Prices more stable/prices not influenced by fluctuations in exchange rates.
- Creates more employment opportunities to people from the country/Enhances GDP of the country/Helps small or new businesses/Improves standard of living.
- No delays in the case of emergency orders or returns/More convenient to transport goods.
- Money stays in the country/Improves exchange rate.
- Less crime if employment increases.
- Goodwill of the community.

2

2.3 **JM WOODWORK MANUFACTURERS**

2.3.1 **Should the business be satisfied with the number of tables that were produced and sold during this financial year? Explain. Quote relevant figures in your answer.**

Explanation comparing units produced to BEP ✓✓ Figure(s) ✓

The business produced and sold 4 700 units. This is 571 units more than the break-even point of 4 129 units.

3

2.3.2 **Jabu aimed for a profit of R400 000 for this financial year. How many tables must she make to achieve the target of R400 000 profit? Provide a suitable calculation to support your answer.**

one mark one mark

$$\begin{array}{r} 412\,900 + 400\,000 \\ \hline 812\,900 \end{array}$$
 ✓✓
 $(160 - 60)$ ✓✓
 100 two marks



= 8 129 units ☒ one part correct

OR

one mark one mark

$$\begin{array}{r} 400\,000 \\ 100 \end{array} + 4\,129 = 8\,129 \text{ units}$$
 two marks one part mark

5

40

QUESTION 3: FIXED ASSETS AND INVENTORY

3.1

Calculate the missing amounts (indicated by a, b, c and d) in the Fixed/Tangible Asset Note for the year ended 31 March 2022.

*one part correct

	Workings	Amount	
a	2 900 000 – 2 250 000	650 000	✓✓
b	500 000 x 20%	100 000	✓✓
c	500 000 ✓ – 100 000 see (b) ✓ – 318 000 ✓ OR 150 000 one mark – 68 000 two marks	82 000	✓*
d	157 500 ✓ + 48 000 ✓ – 55 500 ✓ OR 258 000 one mark – 108 000 two marks	150 000	✓*

12

3.2 INVENTORY VALUATION AND INTERNAL CONTROL

3.2.1

Calculate the value of the closing stock of the XB 300 smartphones on 28 February 2022.

(135–85)

$$50 \text{ ✓} \times (7\,000 + 110) \text{ ✓✓} = 355\,500 \text{ ✓}$$

$$\frac{85}{135} \times (6\,600 + 110) = \frac{570\,350}{925\,850} \text{ ✓}$$

one part correct

6

3.2.2

Calculate the Cost of sales for the year ended 28 February 2022.**see 3.2.1**

$$570\,750 \text{ ✓} + 2\,373\,850 \text{ ✓} - 21\,330 \text{ ✓} - 925\,850 \text{ ✓} = \text{R}1\,997\,420 \text{ ✓}$$

one part correct

5

3.2.3

Calculate how long (in days) it will take to sell the closing stock of 135 smartphones. Comment on your findings and give advice to Sam in this regard.

$$\frac{135 \checkmark}{260 \checkmark} \times 365 \checkmark = 189,5 \text{ or } 190 \text{ days } \checkmark \text{ one part correct}$$

Comment ✓	Advice ✓
It will take 6 months to sell the closing stock.	Sam should consider dropping the price of the XB 330 phone to get rid of stock faster (Since new models will be introduced in April 2022).
Stock turnover is too slow/too much stock on hand and the stock may go out of demand since a new model will be introduced in April.	Consider having a sale on the XB 300 model.

6

3.2.4

Provide a calculation to prove that the information given by the sales assistant about smartphones is true. Give ONE point of advice.

332 two marks

$$75 \checkmark + 335 \checkmark - 3 \checkmark - 260 \checkmark = 147 - 135 \checkmark = 12 \checkmark \text{ one part correct}$$

Any ONE valid point ✓

- Do regular stock counts.
- Division of duties/Rotation of duties.
- Reduce stock to acceptable levels.

7

3.3

Based on the information given, provide TWO separate suggestions to Sam to improve the profit on printers in 2023.

Suggestion 1 (with figures): ✓✓

- Sam should increase the price above R2 640, but below R2 860.

OR

- Sam should increase MU % above 20% but below 70%.

Suggestion 2 (with figures): ✓✓

- Sam must plan purchase of printers to meet the demand of 980 units (i.e. 200 more than current sales).

OR

- Sam must maintain stock turnover rate of 11,8 times to satisfy the full demand of 980 units.

4

40



QUESTION 4

CASH BUDGETS AND VAT

4.1

Indicate amounts in the appropriate blocks for the Cash Budget and Projected Income Statement for the month ending 31 August 2022.

	Cash budget		Projected Income Statement	
NO.	Receipts	Payments	Income	Expenditure
4.1.1		15 000 ✓		
4.1.2	35 000 ✓		21 000 ✓ OR 35 000 ✓	14 000 ✓
4.1.3				1 400 ✓
4.1.4		65 000 ✓		65 000 ✓
4.1.5				1 200 ✓✓ 14 400/12
foreign entries -1 (max -2)				

9

4.2.1

Complete the Debtors' Collection Schedule for October to December 2022.

Months	Credit Sales	December
September	64 800	*Superfluous entry lose mark on total
October	73 800	5 904
November	63 000	44 100 ✓
December	50 400 ✓	9 576 ✓✓ 50 400 x 20% x 95/100
Total		59 580 ✓*

5

4.2.2

AMOUNTS FOR CASH BUDGET		
No.	CALCULATIONS	AMOUNT
(a)	Cash purchases of trading stock for December $(84\,000 \times 100/150) \checkmark \times 25\%$ 56 000 one mark	14 000 <input checked="" type="checkbox"/> one part correct
(b)	Payments to creditors for November 82 000 $\checkmark \times 75\%$ $\checkmark \times 95\%$ OR $(123\,000 \times 100/150)$ one mark	58 425 <input checked="" type="checkbox"/> one part correct
(c)	Interest on loan for December $6\,875 \checkmark - (12.5\% \checkmark \times 52\,800 \checkmark / 12 \checkmark)$ 6 600 two marks 4 400 two marks 550 three marks THE one mark one mark one mark one mark $(660\,000 - 52\,800) \times 12.5\% / 12$ 607 200 two marks	6 325 <input checked="" type="checkbox"/> One part correct

11

4.3

Comment on the control of delivery costs and give one point of advice. Quote figures or calculations		
Details	COMMENT \checkmark figure \checkmark	ADVICE \checkmark
Delivery costs	Sales were less than budgeted so delivery expenses should decrease to R8 284/R8 360/R8 322. (11% or 10,95% of sales)/ The actual amount is R1 700 more than budgeted.	<ul style="list-style-type: none"> Investigate possible fraud Charge customers for deliveries. Change to another delivery firm.

3

4.4 VAT

Calculate the amount owing to SARS in respect of VAT at the end of February 2022 after taking transactions 1 – 5 into account. Clearly state whether the amount would be added or subtracted by using a (+) or (-) sign.

Accept VAT control account

*R8 120 must be added to award a part mark

NO.	VAT AMOUNT OWING TO SARS
1.	R8 120
2.	+ R912✓
3.	+ R252✓
4.	-R330✓ <input checked="" type="checkbox"/> 300 - 630
5.	+ R10 200✓ <input checked="" type="checkbox"/> 11 100 – 900 one part correct
	R19 154 <input checked="" type="checkbox"/> *

7

35

TOTAL: 150