



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2023

10712

ACCOUNTING
(PAPER 2)

TIME: 2 hours

MARKS: 150

15 pages + 1 formula sheet and a 12-page answer book

ACCOUNTING P2



10712E

Stanmorephysics

X10



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. 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	VAT and Bank Reconciliation	35	25
2	Cost Accounting	40	35
3	Cash Budget	40	35
4	Inventory Valuation and Internal Control	35	25
TOTAL		150	120



QUESTION 1: VAT AND BANK RECONCILIATION**(35 marks; 25 minutes)****1.1 VALUE ADDED TAX (VAT)**

The following entries relate to RAIMI Stores for the VAT period ended 31 August 2023. A standard rate of 15% on VAT is applicable.

REQUIRED:

1.1.1 Calculate the amounts denoted by **(a)** – **(c)** in the table below. (8)

1.1.2 Dan Sols regularly buys electrical equipment from RAIMI Stores. The owner, Saad offered Dan a special price of R40 000 (VAT inclusive) on his purchases instead of the normal price of R46 000 on condition that Dan paid cash without any documentation.

Advise Dan what he should do. Provide ONE point. (2)

INFORMATION:**A. Transactions on 31 August 2023:**

	VAT exclusive	VAT payable	VAT inclusive
Goods returned by debtors	16 800	2 520	(a)
Purchases of trading stock		(b)	379 500
Total sales	821 000	(c)	

NOTE: Total sales include zero-rated goods that should have been sold for R10 200. The bookkeeper has included VAT of R1 530 on these goods. This must be corrected.



1.2 BANK RECONCILIATION AND INTERNAL CONTROL

The following information relates to Zay Traders for June 2023.

NOTE: The official bank statement, used for reconciliation, is sent by e-mail to the business on the 25th of each month.

REQUIRED:

- 1.2.1 Show the entries that must be recorded in the Cash Journals by completing the table provided in the ANSWER BOOK. (11)
- 1.2.2 Calculate the Bank Account balance on 30 June 2023. (4)
- 1.2.3 Prepare the Bank Reconciliation Statement on 30 June 2023. (8)
- 1.2.4 The auditor identified problems relating to deposits. Explain and quote ONE piece of evidence. (2)

INFORMATION:**A. Extract from the Bank Reconciliation Statement on 31 May 2023:**

Outstanding deposits:	9 June 2023	22 420
	30 June 2023	65 164
Outstanding EFT:	No. 118	8 234
Outstanding EFT:	No. 121	14 350
Favourable bank balance as per the Bank Account in the Ledger		65 000


- NOTE:**
- The outstanding deposit on 30 June 2023 appeared on the June Bank Statement, but the deposit on 9 June appeared as R12 420.
 - EFT 121 appears on the June Bank Statement with the correct amount of R13 450.
 - All other entries appeared correctly on the June Bank Statement.

B. Before inspecting the June Bank Statement, the provisional totals in the June Cash Journals were:

- Cash Receipts Journal, R610 400
- Cash Payments Journal, R568 300



C. Information on the June Bank Statement from Perfect Bank which did not appear in the June Cash Journals:

- 
- Transaction fees of R890
 - Interest on credit balance R108
 - A debit order to the City Council for R25 100 for water, electricity and utilities
 - A deposit of R42 200 from Growth Bank, being a fixed deposit, that matured together with the interest
 - EFT 182 for R3 121 in favour of Ace Garage Dealers was recorded in the correct journal. Perfect Bank however, reflected it twice on the June Bank Statement. The bank informed us that they will rectify it on the next Bank Statement.
 - Debtor, I. Pay, sent Zay Traders proof of a direct deposit into the business bank account of R7 860, on 26 June 2023, being a payment on her account. The bookkeeper entered this in the CPJ.
 - ATM withdrawal by Zay, the owner, for personal use, R6 000

CI. The following entries were in the Cash Journals for June 2023 only:

- A deposit of R10 000 (dated 29 June 2023)
- EFT No. 188, R6 780
- EFT No. 189, R2 468

CII. Bank Statement balance 30 June 2023, ...?



QUESTION 2: COST ACCOUNTING**(40 marks; 35 minutes)****2.1 CONCEPTS**

Choose the correct word(s) from those within brackets. Write only the word(s) next to the question numbers (2.1.1 to 2.1.3) in the ANSWER BOOK.

2.1.1 Prime cost is made up of direct labour and (direct material/factory overheads).

2.1.2 Advertising is part of the (administration/selling and distribution) cost.

2.1.3 (Variable/Fixed) cost changes when the quantity of goods produced, changes.

(3 x 1) (3)**2.2 JC ELECTRONICS**

You are provided with information relating to JC Electronics for the year ended 28 February 2023. The business manufactures LED torches.

REQUIRED:

2.2.1 Prepare the following notes to the Production Cost Statement:

- Direct labour cost (4)
- Factory overhead cost (12)

2.2.2 Prepare the Production Cost Statement. (4)

INFORMATION:**A. Stock balances:**

	28 February 2023	1 March 2022
Raw materials stock		
Work-in-process stock	?	R260 000
Indirect (factory) materials on hand	R11 400	
Accumulated depreciation on factory equipment	R412 500	R242 500

B. Direct labour cost:

The bookkeeper calculated the direct labour cost as R1 132 030.

However, he made the following errors which must still be adjusted.

- The salesperson's commission of R8 575 was captured as direct labour.
- He captured 225 hours of overtime for production staff using the office staff overtime rate.

Summary of rates per department:

	Production staff (R)	Office staff (R)	Sales staff (R)
Normal time	210		155
Overtime	320	295	

C. Figures provided by the bookkeeper on 28 February 2023:

Water and electricity	R110 500
Rent expense	R133 100

D. Factory overheads cost:

The bookkeeper calculated the factory overheads cost as R356 310.

However, the following adjustments must still be taken into account:

- 10% of the water and electricity was used by the office. The factory used the rest.
- Rent was paid until 31 January 2023. Rent is divided among the different sections according to floor space. The floor space of the premises is 1 500 square metres.

	Factory	Offices	Sales
Floor space	?	450 m ²	450 m ²

- An amount of R8 400 for insurance was accurately transferred to the Administration Cost Account. Insurance is allocated in the ratio of 3 : 2 : 1 among the factory, administration and sales sections.
- Only 80% of indirect material was used.
- Depreciation on factory equipment was correctly updated on the Fixed Assets Register, but not recorded on the Overheads Note. No assets were disposed off.

E. Total manufacturing cost:

R3 971 120 (after taking into account all adjustments and errors)

F. Production:

23 750 torches were produced during the year at a unit cost of R172.


2.3 BESWANA MANUFACTURERS

You are provided with information relating to Beswana Manufacturers which produces different products: Beswana handbags and Beswana cellphone bags.

REQUIRED:

- 2.3.1 Refer to the accountant's calculations of variable costs per unit for handbags:
- Identify the production cost that caused the biggest problem in making the handbags. Explain and quote figures to support your answer.
 - Give TWO possible, practical solutions to Beswana Manufacturers. (6)
- 2.3.2 Refer to the accountant's calculations of variable costs per unit for cellphone bags:
- Give TWO reasons for the decrease in the direct material cost. (4)
- 2.3.3 Perform a calculation to prove that the 2023 break-even point of 51 021 units for cellphone bags, is in fact correct. (3)
- 2.3.4 Comment on the production levels for cellphone bags. Should Beswana Manufacturers be satisfied with the production level achieved in 2023 when compared to 2022? Quote figures to support your answer. (4)

INFORMATION:

	Beswana handbags		Beswana cellphone bags	
	2023	2022	2023	2022
Total fixed costs (Rand)	3 800 000	3 750 000	2 500 000	2 000 000

Total variable cost per unit:	R120,00	R104,50	R41,00	R42,00
Direct material cost per unit	R35,00	R35,00	R20,00	R23,00
Direct labour cost per unit	R75,00	R60,00	R17,00	R16,00
Selling and distribution cost per unit	R10,00	R9,50	R4,00	R3,00

Selling price per unit	R430,00	R500,00	R90,00	R80,00
Number of units produced and sold	16 000 units	15 000 units	70 000 units	60 000 units
Break-even point	12 258 units	9 482 units	51 021 units	52 632 units



QUESTION 3: CASH BUDGET**(40 marks; 35 minutes)****3.1 CONCEPTS**

Indicate whether the following statements are TRUE or FALSE in the ANSWER BOOK provided.

- 3.1.1 A cash budget is prepared to predict expected future receipts and expenses.
- 3.1.2 A zero-based budget is started from scratch every year.
- 3.1.3 The capital expenditure budget is a budget of how the owner's capital is going to be spent.

(3 x 1) (3)

3.2 OSBORNE INDUSTRIES

You are provided with information relating to Osborne Industries, a business that sells detergents and cleaning products to the public. The business is owned by Donny Osborne and his sister Marie.

REQUIRED:

- 3.2.1 Complete the Debtors' Collection Schedule for the period 1 May 2023 to 30 June 2023. (8)
- 3.2.2 Calculate the missing amounts indicated by (i) to (v) in the Cash Budget for May 2023 and June 2023. (15)

3.2.3 Refer to Information D.

Marie has convinced Donny to buy a delivery vehicle on 1 May 2023. Donny agreed, but he prefers to use the services of Mangray Couriers since they offer unlimited kilometres on a fixed-term contract.

State TWO points in favour of using Mangray Couriers. (2)

3.2.4 Refer to Information C and G.

Two of the sales assistants are close relatives of Donny and Marie. The sales manager is concerned that they are always absent from work and the other assistants are complaining. Provide a calculation to justify his concern. Provide ONE point. (4)

3.2.5 Refer to Information G.

The sales assistants were dissatisfied with their increases in June. Provide ONE reason for their dissatisfaction. Quote figures to justify their dissatisfaction. (4)

- 3.2.6 A bid committee member from the local public hospital has offered to recommend Osborne Industries to supply detergents and cleaning material to the value of R1 250 000 during the tender process. However, he will only do this if Donny pays him R35 000 to convince the other committee members.

Give Donny and Marie advice in this regard. State TWO points.

(4)

INFORMATION:

A. Sales and debtors

- The total sales for the period 1 March 2023 to 30 June 2023:

	MARCH	APRIL	MAY	JUNE
Actual	6 900 000	7 500 000		
Budgeted			7 850 000	8 000 000

- 75% of all sales are on credit.
- Based on experience, debtors pay as follows:
 - 60% in the month of the sale, less a 4% discount
 - 30% in the month following the month of the sale
 - 8% two months after the month of the sale
 - The rest must be written off as irrecoverable.

B. Purchases and creditors

- The business uses a fixed stock base i.e. stock sold in the month is replaced at the end of the month.
- Mark-up on cost is 25%.
- 80% of all merchandise is purchased on credit.
- Creditors are paid in the month after purchases are made, in order to qualify for a 2% discount.

C. Salaries and wages

- The business employs 1 sales manager.
- The business also employs 5 sales assistants who all earn the same basic salary.
- In addition to earning a basic salary the sales assistants also earn a commission of 1% each for all sales above budgeted sales for that month. The commission is paid in the same month.

D. Motor vehicles and delivery expenses

- The business plans to buy a delivery vehicle on 1 May 2023. The business had previously outsourced all its deliveries to Mangray Couriers.
- A 20% deposit will be paid on 1 May 2023 and the balance will be payable in equal monthly instalments of R4 500 over four years from June 2023.

E. Osborne Industries will take an additional loan at 15% p.a.

F. Extract from the Cash Budget for the two months ending 30 June 2023:

	MAY	JUNE
TOTAL RECEIPTS	?	?
Cash sales	(i)	2 000 000
Receipts from debtors	?	?
Loan		20 000
Rent income		
TOTAL PAYMENTS	?	?
Cash purchases	1 256 000	(ii)
Payments to creditors	(iii)	4 923 500
Salary – manager	10 000	10 000
Salary – sales assistants	22 500	22 500
Commission – sales assistants	7 500	8 500
Wages – cleaner	8 000	8 000
Deposit for delivery vehicle	(iv)	0
Vehicle instalment	0	4 500
Delivery expenses (Mangray Couriers)	28 500	28 500
Interest on loan	2 250	(v)
Sundry expenses	2 500	2 500

- G. Donny and Marie compared the budgeted and actual figures for June 2023.

	Budgeted	Actual
Sales	8 000 000	9 700 000
Payments to creditors	4 923 500	4 923 500
Delivery expenses (Mangray Couriers)	28 500	0
Salary – sales assistants	22 500	23 400
Commission – sales assistants	8 500	?
Salary – managers	10 000	10 800
Driver and assistant driver – salaries	0	29 800



QUESTION 4: INVENTORY VALUATION AND INTERNAL CONTROL**(35 marks; 25 minutes)****4.1 JONAS SOCK COMPANY**

You are provided with the information relating to Jonas Sock Company. The business is owned by Jonas Nkuna and he sells compression socks for athletes.

The business currently uses the periodic inventory method and the first-in-first-out (FIFO) method to value inventory.

REQUIRED:

4.1.1 Calculate the following on 31 March 2023:

- Value of closing stock (Use the FIFO method) (6)
- Stockholding period in days (Use closing stock) (3)

4.1.2 Jonas Nkuna suspects that socks are being stolen from the shop despite security cameras being installed and the implementation of proper division of duties.

- Provide a calculation to justify his concern. (6)
- What can Jonas do to improve the internal control of stock? State TWO points. (4)

4.1.3 In February, while his buyer was on leave, Jonas decided to buy stock. Jonas saw cheaper socks and bought them. Explain, with evidence, why it was not a good idea to buy cheaper socks. (3)

4.1.4 An investigation revealed that Jonas's brother (the driver at the store) bought 180 pairs of socks at staff price and sold them to his marathon team members at a higher price. This is against the company's policy of employees selling their products.

What should Jonas say to his brother when dealing with this matter? Provide TWO points. (4)



INFORMATION:

The following information appears in the records of Jonas Sock Company for the year ending 31 March 2023.

	UNITS	UNIT PRICE	TOTAL
Stock on hand – 01 April 2022	1 290	160	206 400
Purchases for the year	16 010		3 040 500
June 2022	4 000	180	720 000
September 2022	4 800	195	936 000
November 2022	5 050	210	1 060 500
February 2023	2 160	150	324 000
Returns from February purchases	360	?	?
Stock on hand – 31 March 2023	2 900	?	?
Sale of socks	14 000		

4.2 INTERNAL CONTROL

You are provided with information relating to Dos Electronics. The shop has three branches, and they sell one type of laptop. The owner is concerned that the figures provided reflect poor internal control and decision-making.

Identify ONE problem for each branch. Quote figures. In EACH case give advice on how to solve the problem.



(9)

INFORMATION:

Information from the records for the financial year:

	KZ-N	WC	GP
Opening stock (units)	120	250	400
Units purchased	860	1 550	2 750
Units sold	885	1 200	2 900
Units as per physical count at year-end	70	600	250
Selling price per unit	R6 200	R7 200	R6 500
Total sales (EFT and cash deposits)	R5 487 000	R8 640 000	R17 875 000

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

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.



PREPARATORY EXAMINATION 2023



10712

ACCOUNTING
PAPER 2

ANSWER BOOK

12 pages

NAME OF LEARNER: _____

NAME OF SCHOOL: _____

QUESTION	TOPIC	MARKS	LEARNER'S MARKS
1	VAT and Bank Reconciliation	35	
2	Cost Accounting	40	
3	Cash Budget	40	
4	Inventory Valuation and Internal Control	35	
TOTAL		150	

ACCOUNTING ANSWER BOOK P2



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QUESTION 1

1.1 VAT

1.1.1

	WORKINGS	ANSWER
(a)		
(b)		
(c)		

8

1.1.2


Advise Dan what he should do? Provide ONE point.

2

1.2


BANK RECONCILIATION AND INTERNAL CONTROL

1.2.1

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
Amount	Amount
Provisional total R610 400	Provisional total R568 300
	

11

1.2.2 Calculate the Bank Account balance on 30 June 2023.

WORKINGS	ANSWER
	

4

1.2.3 BANK RECONCILIATION STATEMENT ON 30 June 2023

	DEBIT	CREDIT

8

1.2.4 The auditor identified problems relating to deposits. Explain and quote ONE piece of evidence.

--

2

MARKS

35



QUESTION 2

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	

3

2.2 JC ELECTRONICS

2.2.1 Calculate: Direct labour cost

Incorrect total before corrections	1 132 030

4

Calculate: Factory overhead cost	
Factory overhead balance	356 310

12

2.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2023

Direct (raw) material cost	
Direct labour cost	
Prime cost	
Factory overhead cost	
Total manufacturing cost	3 971 120

4

2.3 BESWANA MANUFACTURERS

- 2.3.1 Identify the production cost that caused the biggest problem in making the handbags. Explain and quote figures to support your answer.**



Give TWO possible, practical solutions to Beswana Manufacturers.

6

- 2.3.2 Refer to the accountant's calculations of variable costs per unit for cellphone bags.
Give TWO reasons for the decrease in the direct material cost.**

4

- 2.3.3 Perform a calculation to prove that the 2023 break-even point of 51 021 units for cellphone bags, is in fact correct.**



3

- 2.3.4 Comment on the production levels for cellphone bags. Should Beswana Manufacturers be satisfied with the production level achieved in 2023 when compared to 2022? Quote figures to support your answer.



4


MARKS

40



QUESTION 3

3.1 CONCEPTS

3.1.1	
3.1.2	
3.1.3	

3


3.2 OSBORNE INDUSTRIES

3.2.1 Complete the Debtors' Collection Schedule for the period 1 May 2023 to 30 June 2023.

	Credit sales	May	June
March	5 175 000	414 000	
April	5 625 000		
May	5 887 500		
June			3 456 000
Receipts from Debtors			

8

3.2.2 Calculate the missing amounts indicated by (i) to (v) in the Cash Budget for the period May 2023 and June 2023.

	Workings	Answer
(i)		
(ii)		
(iii)		
(iv)		
(v)		

15

- 3.2.3 Marie has convinced Donny to buy a delivery vehicle on 1 May 2023. Donny agreed, but he prefers to use the services of Mangray Couriers since they offer unlimited kilometres on a fixed-term contract.

State **TWO** points in favour of using Mangray Couriers.



2

- 3.2.4 Two of the sales assistants are close relatives of Donny and Marie. The sales manager is concerned that they are always absent from work and the other assistants are complaining.

Provide a calculation to justify his concern.

WORKINGS	ANSWER

Provide **ONE** point.

--

4



- 3.2.5 The sales assistants were dissatisfied with their increases in June. Provide ONE reason for their dissatisfaction. Quote figures to justify their dissatisfaction.



4

- 3.2.6 A bid committee member from the local public hospital has offered to recommend Osborne Industries to supply detergents and cleaning material to the value of R1 250 000 during the tender process. However, he will only do this if Donny pays him R35 000 to convince the other committee members.

Give Donny and Marie advice in this regard. State TWO points.

4

MARKS

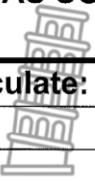
40



QUESTION 4

4.1 JONAS SOCK COMPANY

4.1.1 Calculate: Value of closing stock (Use FIFO)

WORKINGS	ANSWER
	

6

Calculate: Stockholding period in days (Use closing stock)

WORKINGS	ANSWER

3


4.1.2 Jonas Nkuna suspects that socks are being stolen from the shop despite security cameras being installed and the implementation of proper division of duties.

Provide a calculation to justify his concern.

WORKINGS	ANSWER
 <i>Stanmorephysics</i>	

6

What can Jonas do to improve the internal control of stock? State TWO points.



4

- 4.1.3 In February, while his buyer was on leave, Jonas decided to buy stock. Jonas saw cheaper socks and bought them. Explain, with evidence, why it was not a good idea to buy cheaper socks.



3

- 4.1.4 An investigation revealed that Jonas's brother (the driver at the store) bought 180 pair of socks at staff price and sold them to his marathon team members at a higher price. This is against the company's policy of employees selling their products.

What should Jonas say to his brother when dealing with this matter?
Provide TWO points.

4



4.2 INTERNAL CONTROL

You are provided with information relating to Dos Electronics. The shop has three branches, and they sell one type of laptop. The owner is concerned that the figures provided reflect poor internal control and decision-making.

Identify ONE problem for each branch. Quote figures. In EACH case give advice on how to solve the problem.

Branches	Problem Figure/s	Advice
KZ-N		
WC		
GP		

9

MARKS

35

TOTAL: 150

END



GAUTENG PROVINCE

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PREPARATORY EXAMINATION

2023

MARKING GUIDELINES

ACCOUNTING PAPER 2 (10712)

12 pages


MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, 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 workings 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. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: Check operation must be +, -, x, ÷, or per memo.
9. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as 'one part correct'.
10. In calculations, do not award marks for workings if numerator and 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

1.1 VAT

1.1.1

	WORKINGS	ANSWER
(a)	 16 800 + 2 520	19 320 ✓
(b)	379 500 ✓ x 15/115 ✓	49 500 ✓
(c)	one mark one mark (821 000 – 10 200) 810 800 ✓✓ x 15/100 ✓ OR (821 000 x 15/100) 123 150 two marks – 1 530 one mark	121 620 <input checked="" type="checkbox"/> one part correct

8

1.1.2

Advise Dan what he should do. Provide ONE point.

Any ONE valid point ✓✓

- He should insist on a source document.
- Inform Dan to refrain from engaging in unethical practice.
- Notify SARS / He has not declared VAT of R6 000 or R5 218 / He is not declaring all his income.
- He should insist on paying VAT so that he can claim it back.
- Allowance for returns will not be approved by SARS.

2

1.2

BANK RECONCILIATION AND INTERNAL CONTROL

1.2.1

CASH RECEIPTS JOURNAL		CASH PAYMENTS JOURNAL	
Details	Amount	Details	Amount
Provisional total	R610 400	Provisional total	R568 300
(14 350 - 13 450)	900 ✓✓	(22 420 - 12 420)	10 000 ✓✓
	108 ✓		890 ✓
	42 200 ✓		25 100 ✓
(7 860 + 7 860) one mark one mark	15 720 ✓✓		6 000 ✓
	669 328		610 290

11

-1 (max -1) foreign/superfluous items (only if the mark is earned elsewhere for the same figure).
 Ensure that the candidate do not get full marks for including any incorrect figure/s.

1.2.2 Calculate the Bank Account balance on 30 June 2023.

WORKINGS		ANSWER
$65\,000 \checkmark + 669\,328 \checkmark - 610\,290 \checkmark$ OR 59 038 two m. marks	$\begin{array}{r} 65\,000 \\ 669\,328 \\ \hline 610\,290 \end{array}$	124 038 <input checked="" type="checkbox"/> One part correct

4

1.2.3 BANK RECONCILIATION STATEMENT ON 30 June 2023

	Alternative	DEBIT	CREDIT
Balance as per bank statement	120 165	Balancing figure; could be Dr	120 165 <input checked="" type="checkbox"/>
Credit outstanding deposit	10 000		10 000 <input checked="" type="checkbox"/>
Credit bank error	3 121		3 121 <input checked="" type="checkbox"/>
Debit outstanding EFT 188	(6 780)	6 780 <input checked="" type="checkbox"/>	
EFT 189	(2 468)	2 468 <input checked="" type="checkbox"/>	
Balance as per bank account	124 038	124 038 <input checked="" type="checkbox"/> See 1.2.2	Do not accept R65 000
Both must be the same		133 286 <input checked="" type="checkbox"/>	133 286

8

-1 (max -1) foreign/superfluous items (only if the mark is earned elsewhere for the same figure).
 Ensure that the candidate do not get full marks for including any incorrect figure/s.

1.2.4 The auditor identified problems relating to deposits. Explain and quote ONE piece of evidence.

Valid explanation <input checked="" type="checkbox"/>	Evidence <input checked="" type="checkbox"/>
Explanation: <ul style="list-style-type: none"> Rolling of cash/possibility of theft Deposits are not being done promptly/Late deposits Evidence: <ul style="list-style-type: none"> Missing amount, R10 000. Deposit of R22 420 (on the 9 June). 	

2

TOTAL MARKS

35



QUESTION 2

2.1 CONCEPTS

2.1.1	Direct material ✓
2.1.2	Selling and distribution ✓
2.1.3	Variable ✓

3

2.2 JC ELECTRONICS

* one part correct

2.2.1 Calculate: Direct labour cost

Incorrect total before corrections	1 132 030
Salesperson commission	(8 575) ✓
Production staff 225 x 25 OR 72 000 – 66 375	5 625 ✓✓*
must include 1 132 030	1 129 080 ✓*

4

Calculate: Factory overhead cost	
Factory overhead balance	356 310
Water and electricity 110 500 x 90% OR 110 500 – 11050	99 450 ✓✓
Rent expense (133 100 + 12 100) ✓ x 600/1 500 ✓ OR 145 200 – 87 120	58 080 ✓*
Insurance 8 400 x 3/2 OR 8 400 + 4 200	12 600 ✓✓
Indirect materials 11 400 x 80/20 OR 57 000 – 11 400	45 600 ✓✓*
Depreciation: factory equipment 412 500 – 242 500	170 000 ✓✓
must include 356 310	742 040 ✓*

12

2.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023

Direct (raw) material cost	
Direct labour cost	
Prime cost	
Factory overhead costs	
Total manufacturing cost	3 971 120
Work in progress (beginning of year)	260 000 ✓
	4 231 120
Work in progress (end of year) check operation	(146 120) ✓#
Total cost of production of finished goods 23 750 x 172	4 085 000 ✓✓

4

#ignore brackets

2.3 BESWANA MANUFACTURERS

2.3.1 Identify the production cost that caused the biggest problem in making the handbags. Explain and quote figures to support your answer.

Production cost ✓

Explanation: trend and figure/s ✓

Direct labour cost

Increased (from R60) to R75 / by R15 / by 25%

Give TWO possible, practical solutions for Beswana Manufacturers.

TWO valid point ✓✓ ✓✓

- Train workers to work more efficiently.
- Work less overtime / Control working hours.
- Limit increase for production wages to inflation rate.
- Increase mechanization / automate tasks.
- Pay according to productivity.
- Offer benefits to employees.
- Reward top performing employees/team.
- Cross training of employees.
- Set achievable targets.

6

2.3.2 Refer to the accountant's calculations of variable costs per unit for cellphone sling bags: Give TWO reasons for the decrease in the direct material cost.

TWO valid points ✓✓ ✓✓

- They found a cheaper supplier / local supplier for direct material (saving money on carriage/custom/import duties) / negotiated discount for buying in bulk.
- Workers were properly trained to minimise wastage of raw materials / Better quality of material were purchased that minimised wastage of material.
- There is better supervision and control when issuing material to the workers / efficiency in production.
- Cheaper transport cost.

4

2.3.3 Do a calculation to prove that the 2023 break-even point of 51 021 units for cell phone sling bags, is in fact correct.

$$\frac{R2\,500\,000}{90 - 41}$$

R49 two marks

one mark for R2 500 000 only (as a stand alone figure) i.e. any adjustment (+;-;x) to this figure would make the numerator incorrect.

3

2.3.4 Comment on the production levels for cellphone sling bags. Should Beswana Manufactures be satisfied with the production level achieved in 2023 compared to 2022? Quote figures to support your answer.

Explanation ✓✓ (must include comparison between production and BEP for both years)
Comparative figures ✓✓ (both years)

Response for four marks:

- In 2022 Beswana made a profit on 7 368 units compared to 2023 when a profit was made on 18 979 units.

OR

- Beswana made more profit in 2023 since the production level of 70 000 units exceeded the break-even point of 51 021 units compared to 2022 when 60 000 units were produced compared to the break- even point of 52 632 units.

OR

- Beswana made more profit in 2023 than in the previous year. In 2023 they made a profit on 11 611 more units than in 2022.

Response for two marks:

- In 2022 Beswana produced 60 000 units and in 2023 they made 70 000 units.
- The produced and sold 10 000 more units in 2023 than in 2022.
- In 2023 they made a profit on 18 979 units.
- In 2022 they made a profit on 7 368 units.
- BEP improved from 52 632 to 51 021/ by 1 611.

4

TOTAL MARKS

40



QUESTION 3

3.1 CONCEPTS

3.1.1	False ✓
3.1.2	True ✓
3.1.3	False ✓

3

3.2 OSBORNE INDUSTRIES

3.2.1 Complete Debtors' Collection Schedule for period 1 May to 30 June 2023.

-1 (max -1) for superfluous entry on shaded blocks; lose method on total

	Credit sales	May	June
March	5 175 000	414 000	
April	5 625 000	1 687 500 ✓	450 000 ✓
May	5 887 500	3 391 200 ✓✓	1 766 250 ✓
June	6 000 000 ✓✓		3 456 000
Receipts from Debtors		5 492 700	☑ 5 672 250

for both totals. ONE part correct

8

3.2.2 Calculate the missing amounts indicated by (i) to (v) in the Cash Budget for the period May and June 2023.

* one part correct

	Workings		Answer
(i)	7 850 000 x 25% OR 7 850 000 – 5 887 500	2	1 962 500 ✓✓
(ii)	$(8\,000\,000 \times \frac{100}{125})$ $6\,400\,000 \times \frac{20}{100}$ OR 6 400 000 – 5 120 000	2	1 280 000 ✓☑*
(iii)	$(7\,500\,000 \times \frac{100}{125})$ $6\,000\,000 \checkmark \times \frac{80}{100} \checkmark \times \frac{98}{100} \checkmark$ OR 4 800 000 – 96 000	4	4 704 000 ☑*
(iv)	$(4\,500 \times 48)$ $216\,000 \checkmark \times \frac{20}{80} \checkmark$ OR 4 500 x 12	3	54 000 ☑*
(v)	$20\,000 \times \frac{15}{100} \times \frac{1}{12}$ 250 ✓✓ 2 250 ✓	4	2 500 ☑*

15

3.2.3

Marie has convinced Donny that they buy a delivery vehicle on 1 May 2023. Donny agreed, but he prefers Mangray Couriers since they offer unlimited kilometres on a fixed term contract.

State TWO points in favour of keeping Mangray couriers.

Any two suggestions ✓ ✓

- It improves focus on core business.
- It minimises operational costs / It saves on vehicle expenses (maintenance/fuel).
- It saves financial costs (interest on loan).
- Lowers labour costs.
- The outsourcing of a courier company costs less than budgeted.
- It will be easier to budget (fixed contract amount).
- There are no interruptions or extra costs due to workers being on sick leave etc.
- VAT input can be claimed from SARS.

2

3.2.4

Two of the sales assistants are close relatives of Donny and Marie. The sales manager is concerned that they are always absent from work and the other assistants are complaining.

Provide a calculation to justify his concern.

WORKINGS	ANSWER
$\frac{(1\,700\,000 \times \frac{1}{100})}{17\,000 \times 5}$	85 000 ✓✓ If x 5

Explain ONE point.

ONE valid point ✓✓

figures are not necessary

All sales assistants will need to share commission earned irrespective of others being absent from work (R85 000 / R17 000 each).

4



3.2.5

The sales assistants were dissatisfied with their increases in June. Provide ONE reason for their dissatisfaction. Quote figures to justify their dissatisfaction.

Comparison of sales assistant and sales manager ✓✓ figures ✓✓

The sales assistants received a 4% $\left(\frac{23\,400 - 22\,500}{22\,500}\right)$ increase whereas the sales manager received a 8% $\left(\frac{10\,800 - 10\,000}{10\,000}\right)$.

OR

Comparison with current inflation rate.

4

3.2.6

A bid committee member from the local public hospital has offered to recommend Osborne Industries to supply detergents and cleaning material to the value of R1 250 000 during the tender process. However, he will only do this if Donny pays him R35 000 to convince other committee members.

Give Donny and Marie advice in this regard. State TWO points.

Any two suggestions ✓✓ ✓✓

- This is actually a bribe which is unethical.
- There will be a reduced business appetite with Osborne Industries if the information is made public.
- If this can be made public, Osborne Industries will forfeit the tender and have to pay back the money.
- Donny and Marie must tender formally to the local hospital to secure the contract through the normal processes.
- This can distort the delivery outcome and the business might be captured.
- It is illegal and business may be suspended from operating .

4


TOTAL MARKS
40



QUESTION 4

4.1 JONAS SOCK COMPANY

4.1.1 Calculate: Value of closing stock (Use FIFO)

WORKINGS	ANSWER
 $\begin{array}{r} 2\,160 - 360 \\ 1\,800 \checkmark \end{array} \times R150 \checkmark = 270\,000 \text{ two marks}$ <p>If both units totals add up to 2 900</p> $\begin{array}{r} 2\,900 - 1\,800 \\ 1\,100 \checkmark \checkmark \end{array} \times R210 \checkmark = 231\,000 \text{ three marks}$ <p style="text-align: center;">OR</p> $(324\,000 - 54\,000) + (1\,060\,500 - 829\,500)$	<p>501 000 <input checked="" type="checkbox"/></p> <p>one part correct</p>

6

Calculate: Stockholding period in days (Use closing stock)

WORKINGS	ANSWER
$\frac{2\,900 \checkmark}{14\,000 \checkmark} \times 365$	<p>75,6 days <input checked="" type="checkbox"/></p> <p>If one part correct & multiplied by 365</p>
<p>one m. mark</p> <p>see 4.1.1 $\frac{501\,000}{2\,691\,900} \times 365$</p> <p>one mark</p>	<p>67,9 days</p> <p>If one part correct & multiplied by 365</p>

3

4.1.2 Jonas Nkuna suspects that socks are being stolen from the shop despite tight security cameras being installed and having proper division of duties.

Provide a calculation to justify his concern.

WORKINGS	ANSWER
$\begin{array}{r} (16\,010 - 360) \\ 1\,290 \checkmark + 15\,650 \checkmark \checkmark - 2\,900 \checkmark - 14\,000 \checkmark \end{array}$	<p>40 pairs <input checked="" type="checkbox"/></p> <p>one part correct</p>

6



What can Jonas do to improve the internal control of stock? State TWO points.

Two valid points ✓✓ ✓✓

- Do regular physical stock counts.
- Place security price tags on the socks.
- Provide secure display cabinets for the stock.
- Improve security at the gates/inspect items and check sales slips.
- Buy in smaller quantities/more regularly.

Do NOT accept division of duties/security cameras/CCTV.

4

4.1.3 **Jonas's buyer was on leave in February when he decided to buy the stock. He saw cheaper socks and bought them. Explain with evidence why it was not a good idea to buy cheaper socks.**

One valid point ✓✓ figure ✓

- The returns to the supplier increased (from 0) to 360.
- 2 160 stock was too much and is a new product to customers.
- High stock on hand of 2 900 socks compared to 1 290 (1 610) of previous year.

3

4.1.4 **An investigation revealed that Jonas's brother (driver at the store) bought 180 pair of socks at staff price and sold them to his marathon team members at a higher price. The policy of the company is against employees selling their products.**

What should Jonas say to his brother when dealing with this matter? Provide TWO points.

Two valid points ✓✓ ✓✓

Award partial mark for incomplete response

- It is unethical and business is losing anticipated profits.
- A conflict situation can arise if the customer wants to return the socks.
- Employees will face disciplinary hearings.

4



4.2 INTERNAL CONTROL

You are provided with information relating to Dos Electronics. The shop has three branches and they sell one type of laptop. The owner is concerned that the figures provided reflect poor internal control and decision-making.

Identify ONE problem for each branch. Quote figures. In EACH case give advice on how to solve the problem.

Branches	Problem Figure/s	Advice
KZN	<ul style="list-style-type: none"> 25 laptops stolen Loss of income, R155 000 	<ul style="list-style-type: none"> Regular stock counts Improve physical security / Check at doors / Install Camera. Senior manager must authorise release of laptops.
WC	<ul style="list-style-type: none"> 600/1 200 x 12 = 6 months; slow moving goods Only 67% of available stock sold i.e. 1 200/1 800 Too much stock on hand 600 	<ul style="list-style-type: none"> Reduce the selling price to increase sales. Venture into new advertising methods. Order as per customer's request
GP	<ul style="list-style-type: none"> R975 000 is missing / 150 laptops sold but money not deposited / Total sales are R18 850 000 but only R17 875 000 was deposited. 	<ul style="list-style-type: none"> Encourage customers to pay using EFT. Request bank notifications for all transactions. Use security company to collect money. Division of duties

9

TOTAL MARKS

35

TOTAL: 150