



education

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

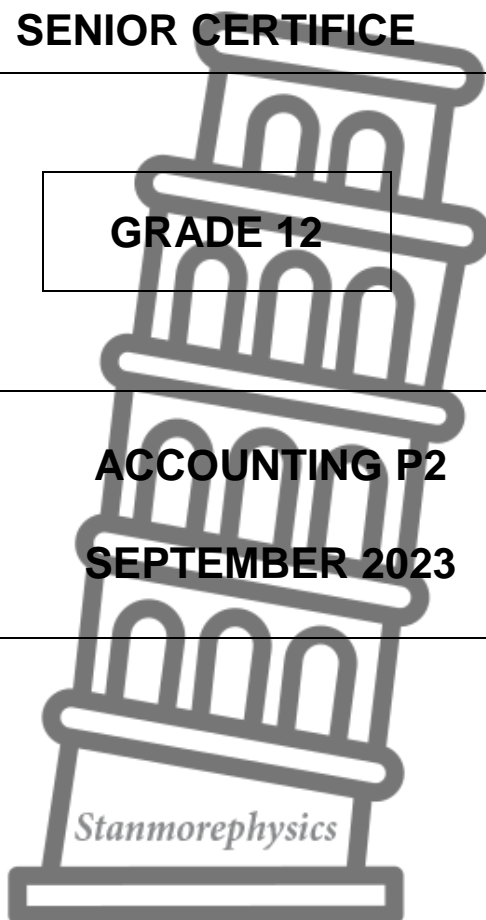
**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING P2
SEPTEMBER 2023

MARKS: 150

TIME: 2 HOURS



This question paper consists of 11 pages.
A formula sheet and an 9- page answer book.



KEEP THIS PAGE BLANK



INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer questions.
7. Where applicable, show ALL calculations to ONE decimal point.
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	Cost Accounting	35	28
2	Inventory Valuation	35	28
3	Reconciliations: Bank and Creditors	40	32
4	Budgeting	40	32
TOTAL		150	120



QUESTION 1: MANUFACTURING**(35 marks; 28 minutes)****1.1 PROTEA MANUFACTURERS**

Protea Manufacturers is a small manufacturing business that produces one type of fabric baskets. The business uses the weighted-average method to value their raw material stock. Their financial year ended on 30 June 2023.

REQUIRED:

- 1.1.1 Calculate the Direct labour cost on 30 June 2023 (5)
- 1.1.2 Prepare the Production Cost Statement for the year ended 30 June 2023. (13)
- 1.1.3 Identify ONE problem relating to the supervision of workers. Quote figures. (2)
- Suggest ONE strategy the business can use to improve the supervision of workers. (2)

INFORMATION:**A. Stock balance:**

	30 June 2023	1 July 2022
Work-in-progress stock	?	22 450

B. Raw material stock

A total of 45 000 metres of fabric was issued from the storeroom for production. The weighted-average cost per metre is R11,65.

C. Direct labour

The business employs FIVE factory workers, with the following conditions:

- They must work 8 hours normal time per day for 5 days a week,
- 48 weeks a year, and
- they must produce two fabric baskets an hour during normal and overtime.

Details relating to total number of hours worked by workers and remuneration rates for the financial year ended 30 June 2023:

	Hours per worker	Rate per hour	Number of workers	Total
Normal time	1 400	R40	5	R?
Overtime	960			R384 000
	2 360			R?

NOTE: The employer's contribution amounts to 11,5% of normal time wage.

D. Factory overhead cost:

The bookkeeper calculated the factory overhead cost as R134 900. However, he made the following error, which must still be adjusted:

- He included the full amount of R33 600 for water and electricity expense. Only 75% of this expense must be allocated to the factory. The balance is an administration cost.

- E.** The business produced 20 500 fabric baskets during the financial year, at a unit cost of R65.

1.2 QUENCHER BOTTLE MANUFACTURERS

Quencher Bottle Manufacturers produces and sell bottles. The business is owned by Ronny Shai. The financial year ended on 31 July 2023.

REQUIRED:

- 1.2.1 Provide a calculation to confirm that the break-even point of 2 520 units for 2023 is correct. (4)
- 1.2.2 Comment on the level of production achieved and the break-even point on 31 July 2023. Quote figures. (3)
- 1.2.3 Provide TWO possible reasons for the change in direct material cost per unit. (4)
- 1.2.4 The owner, Ronny, does not understand why the fixed costs per unit decreased although production has increased. Prove ONE explanation. (2)

INFORMATION:

The following information was taken from the books on 31 July:

Information	2023	2022
	Per unit	Per unit
Fixed Costs	R21	R23
Factory overhead cost	R15	R17
Administration cost	R6	R6
Variable Costs	R75	R65
Direct material cost	R40	R32
Direct labour cost	R25	R24
Selling and distribution costs	R10	R9
Selling price	R100	R100
Break-even point	2 520 units	1 643 units
Number of units produced and sold	3 000 units	2 500 units



QUESTION 2: INVENTORY VALUATION**(35 marks; 28 minutes)**

- 2.1 Choose a word/term from the list provided for each of the descriptions below. Write only the word/term next to the question number (2.1.1–2.1.3) in the ANSWERBOOK.



periodic inventory; perpetual inventory; first-in-first-out;
weighted average; specific identification method

- 2.1.1 This valuation method is suitable for low cost stock items that are purchased on a more regular basis.
- 2.1.2 This valuation method is suitable for very expensive, individually identifiable stock items.
- 2.1.3 This stock system records the cost of goods sold at the point of sales.
- (3 x 1) (3)

2.2 RELAY BICYCLE SHOP

Relay Bicycle Shop is owned by Dumi Khoza. The business sells bicycles. The financial year ended on 30 June 2023. They use first-in-first-out and the periodic stock system to value their stock.

REQUIRED:

- 2.2.1 Calculate the value of the stock on hand on 30 June 2023 using the first in first out method (FIFO). (5)
- 2.2.2 Calculate the stockholding period (in days) on 30 June 2023. Use the closing stock figure. (6)
- 2.2.3 Comment on the stockholding period. Provide ONE point with figures. Note that the stockholding period for 2022 was 120 days. (2)
- 2.2.4 Dumi is concerned about the control over the stock of bicycles.
- Calculate the number of bicycles missing. (5)
 - Provide ONE internal control measure he can use to solve this problem, besides installing cameras. (2)

INFORMATION:**A. Stock records of bicycles:**

	Number of units	Price per unit	Total value
Opening stock (1 July 2022)	80	?	R320 000
Closing stock (30 June 2023)	198	?	?

B. Purchases:

	Units	Price per unit	Total purchases
Purchases	640		R 2 682 500
August 2022	245	R 3 700	R906 500
January 2023	205	R 4 400	R902 000
May 2023	190	R 4 600	R874 000

C. Returns:

Five (5) bicycles were returned from the May 2023 purchases.

D. Sales:

Total sales amounted to R3 289 500 (510 bicycles sold at R6 450 each).

2.3 MANAGEMENT OF INVENTORIES: BUHLE SHOE BOUTIQUE

Buhle Brown owns a small shoe boutique which sell tekkies, sandals and shoes. Their financial year ends on 28 February each year. Buhle took the following decisions at the beginning of the 2023 financial year:

- She changed to the new supplier of sandals,
- She reduced the selling price of shoes in reponse to a new competitor who sells similar shoes at R990.

REQUIRED:**2.3.1 Tekkies:**

Provide TWO points which shows that Buhle and her customers are happy with the quality of Tekkies. Quote figures. (4)

2.3.2 Sandals:

Explain why it was a good idea to change to a cheaper supplier of Sandals. State TWO points. Quote figures (4)

2.3.3 Shoes:

Identify TWO different problems that Buhle continued to experience in 2023 even though she reduced the selling price of shoes as a strategy in response to a new competitor. Quote figures. (4)

INFORMATION:

	Tekkies		Sandals		Shoes	
	2023	2022	2023	2022	2023	2022
Units on hand: 1 March 2022	15	47	30	98	9	12
Units purchased during the year	225	180	102	76	118	120
Returns to supplier	0	0	2	28	2	2
Units sold	230	210	114	130	100	123
Units on hand:28 February 2023	10	15	18	30	25	9
Stockholding period	16 days	26 days	58 days	84 days	91 days	28 days
Cost price per unit	R1 000	R700	R50	R80	R650	R620
Value of closing stock	R10 000	R10 500	R900	R2 400	R16 250	R5 580
Selling price per unit	R1 650	R1 085	R75	R120	R910	R1 054
Gross profit	R149 500	R80 850	R2 850	R5 200	R26 000	R53 382
Mark-up %	65%	55%	50%	50%	40%	70%

QUESTION 3: RECONCILIATIONS: BANK AND CREDITORS**(40 marks; 32 minutes)****3.1 BANK RECONCILIATION**

The information relates to Rainbow Suppliers. The business is owned by Thami Louw.

They update their records after receiving the Bank Statement on the 25th of each month. EFTs are renumbered according to date order before recording in journals.

REQUIRED:

- 3.1.1 Show the entries that must be recorded in the Cash Journals by completing the table provided in the ANSWER BOOK. (9)
- 3.1.2 Calculate the correct bank balance in the ledger on 31 July 2023. (4)
- 3.1.3 Prepare the Bank Reconciliation Statement on 31 July 2023. (8)
- 3.1.4 Explain TWO concerns the owner should mention to the bookkeeper relating to the internal control over cash resources. Quote figures. In each case, explain a strategy to prevent such problems in future. (6)

INFORMATION:**A. Bank Reconciliation Statement on 30 June 2023:**

Favourable balance as per Bank Statement		R18 450
Outstanding deposits:	Dated 10 June 2023	12 600
	Dated 25 June 2023	15 000
Outstanding EFT's:	No. 613	13 400
	No. 614 (dated 29 July 2023)	6 950
Favourable balance as per Bank Account in the Ledger		25 700

NOTE:

On comparing the July 2023 Bank Statement, received from RSA Bank, with the Bank Reconciliation Statement of June 2023, the following were noted:

- The outstanding deposit of R15 000 did not appear on the July Bank Statement. An investigation revealed that this money was never deposited. The cashier cannot account for the cash.
- EFT no. 613 was correctly reflected as R14 300 on the July Bank Statement.
- The other outstanding amounts from the previous month appeared on the July Bank Statement.

B. The provisional totals in the Cash Journals, before receiving the July 2023 Bank Statement reflected:

Cash Receipts Journal	Cash Payments Journal
R510 600	R484 450

C. The following items on the July 2023 Bank Statement must still be recorded:

- (i) Transaction fees, R1 425
- (ii) Interest on favourable bank balance, R145.
- (iii) A direct deposit of R6 250 from a tenant.
- (iv) A debit order of R1 850 for the monthly insurance appeared twice on the Bank Statement. The bank will rectify the problem next month.
- (v) A debit card payment of R2 700 for a battery for the business vehicle. Thami, the owner, neglected to submit the transaction slip to the bookkeeper.

D. The following entries were in the Cash Journals after the 25 July 2023:

- A deposit of R10 000 on 28 July 2023
- EFT no. 652, R5 650 (dated 29 July 2023)
- EFT no. 655, R1 445 (dated 30 July 2023)

E. Bank Statement balance on 31 July 2023: R?

3.2 CREDITORS RECONCILIATION

The Creditors' Control Account and Creditors' List of Titus Stores were prepared by an inexperienced bookkeeper.

REQUIRED:

- 3.2.1 Indicate the changes that must be made in the Creditors' Control Account and Creditors' List to take into account the errors and omissions noted. Indicate an increase with a (+) or decrease with a (-) next to each amount. (9)
- 3.2.2 The owner of Titus Stores is not satisfied with the service and quality of goods ordered from creditor Spring Ltd. Explain TWO factors that he must consider before changing to another supplier. (4)

INFORMATION:

A. Balance and total:

Creditors' control balance	Creditors list total
R70 650	R32 600

B. Errors and omissions noted:

- (i) The total of the Creditors' List was undercast by R900.
- (ii) A credit purchase from Mello Suppliers for R3 720 was not recorded in the books of the business.
- (iii) Trading stock returned to Spring Ltd, R7 200, was entered correctly in the Creditors Allowances Journal (CAJ), but was posted as R2 700 to the creditors ledger account.
- (iv) The Creditors Control total in the Cash Payments Journal is R16 400. The bookkeeper credited this to the Creditors Control account by mistake.
- (v) An invoice for R8 850 for stock purchased from Milly Market on account has been correctly recorded in the Creditors Journal, but has not been posted to their account in the Creditors ledger.

QUESTION 4: BUDGETING**(40 marks; 32 minutes)**

You are provided with the information relating Bell Traders for the budgeted period October and November 2023. The business is owned by Jane Pilley.

REQUIRED:

- 4.1 Complete the Debtors' Collection Schedule for November 2023 (7)
- 4.2 **Refer to Information H and I:**
Calculate (i) - (iii) as provided in the budget. Use budgeted figures in your calculations. (11)
- 4.3 Cash balances:
- Comment on the cash balances. Provide figures. (2)
 - Explain how Jane can improve the cash balances in future. Provide TWO points. (4)
- 4.4 Calculate the following:
- 4.4.1 The percentage increase in rent on 1 November 2023 (3)
- 4.4.2 The amount of the interest on fixed deposit expected to be received in November 2023 (3)
- 4.5 **Refer to Information H.**
Identify TWO payments that you consider to be poorly managed in October 2023. In EACH case, give a suggestion to improve the internal control of the items identified. (6)
- 4.6 **Refer to Information J:**
Provide TWO reasons why Jane should be concerned about the control over debtors. Quote figures. (4)

INFORMATION:

A. The Debtors' Collection Schedule for October and November 2023.

Month	Credit sales	October	November
August 2023	74 000	16 280	
September 2023	68 000	27 200	?
October 2023	70 000	24 010	?
November 2023	64 000		?
Cash from debtors		67 490	?

B. Debtors pay according to the following trend:

- 35% is paid in the month of sale. They receive a 2% discount.
- 40% is paid in the month following the sales month.
- 22% is paid two months after the sales month.
- 3% is bad debts.

- C. All goods are sold at a profit mark-up of 25% on cost.
- D. Stock sold is replaced in the month of sale (a stock base is maintained).
- E. All stock is purchased on credit. Creditors are paid in the month following the month of purchase to receive a 5% early settlement discount.
- F. The business employs four sales assistants on the same salary scale. They will receive an inflationary increase of 7,5%, effective from 1 November 2023. An additional sales assistant will be employed on 1 November on the same salary scales as the others, but she will not receive the increase.
- G. A fixed deposit matures on 30 November 2023. This will be received together with interest at 8% p.a. for the last quarter of its term.
- H. Extract from budget for October 2023 and November 2023

	October		November
	Budgeted	Actual	Budgeted
Receipts			
Cash sales	17 500	18 640	16 000
Cash from debtors	67 490	43 870	?
Rent income	11 200	11 200	12 544
Fixed deposit (including interest)	-	-	16 830
Payments			
Payments to creditors (for stock)	64 600	64 600	(i)
Salaries: office staff	19 000	19 000	20 900
Salaries: sales assistants	20 800	20 800	(ii)
Municipal services	10 600	10 600	11 000
Drawings	3 000	5 500	3 000
Stationery	1 200	1 250	1 200
Maintenance of office equipment	3 800	1 500	3 800
Advertising	2 400	1 000	2 400

- I. After finalizing the budget, the following was identified:

Cash surplus/ deficit	(iii)	(60 290)	?
Bank balance: beginning of month	52 500	14 890	14 890
Bank balance: end of month	14 890	(45 400)	?

- J. Debtors' Age Analysis on 30 October 2023

NOTE: Credit terms are 30 days.

Total owed	Current	30 days	60 days	90 days
R62 500	19 375	26 875	11 250	5 000
100%	31%	43%	18%	8%

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<p>NOTE:</p> <p>* 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.</p>	

NAME OF SCHOOL

NAME OF CANDIDATE

CLASS NO.

NATIONAL SENIOR CERTIFICATE

ACCOUNTING P2

GRADE 12


SEPTEMBER 2023

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 9 pages

QUESTION 1**1.1.1 Calculate the Direct labour cost on 30 June 2023**


5

1.1.2 Prepare the Production Cost Statement for the year ended 30 June 2023.

Prime cost	
Total manufacturing cost	
Work-in-process (1 July 2022)	
Total cost of production of finished goods	

13

1.1.3 Identify ONE problem relating to the supervision of workers. Quote figures. Suggest ONE strategy the business can use to improve the supervision of workers.

	Problem	Solution
Problem		

4

- 1.2.1 Provide a calculation to confirm that the break-even point of 2 520 units for 2023 is correct.

4

- 1.2.2 Comment on the level of production achieved and the break-even point on 31 July 2023. Quote figures.

3

- 1.2.3 Provide TWO possible reasons for the change in Direct Material Cost per unit.

4

- 1.2.4 The owner, Ronny, does not understand why the fixed costs per unit decreased although production has increased. Prove ONE explanation.

2

TOTAL MARKS
35

QUESTION 2**2.1**

2.1.1		
2.1.2		
2.1.3		

3

2.2.1

Calculate the value of the stock on hand on 30 June 2023 using the First in first out method (FIFO).

5

2.2.2

Calculate the stockholding period (in days) on 30 June 2023. Use the closing stock figure.

6

2.2.3

Comment on the stockholding period. Provide ONE point with figures. Note that the stockholding period for 2022 was 120 days.

2

2.2.4

Calculate the number of bicycles missing

5

Provide ONE internal control measure he can use to solve this problem.

2

2.3.1

Provide TWO points that shows that Buhle and her customers are happy with the quality of tekkies. Quote figures.

4

2.3.2 Explain why it was a good idea to change to a cheaper supplier of sandals. State TWO points. Quote figures



4

2.3.3 Identify TWO different problems that Buhle continued to experience in 2023 even though she reduced to selling price of shoes as strategy in response to a new competitor. Quote figure.

4

TOTAL MARKS
35



QUESTION 3**3.1 BANK RECONCILIATION****3.1.1**

CASH RECEIPTS JOURNAL		CASH PAYMENT JOURNAL	
Details	Amount	Details	Amount
Total	R 510 600	Total	R 484 450

3.1.2**Calculate the correct bank balance in the ledger on 31 July 2023.**

WORKINGS	ANSWER


4

3.1.3**Bank Reconciliation Statement on 31 July 2023**

	Debit	Credit
Balance per Bank Statement		
Debit outstanding EFT's:		
Balance as per Bank Account		

8

3.1.4 Explain TWO concerns the owner should mention to the bookkeeper relating to the internal control over cash resources. Quote figures. In each case, explain a strategy to prevent such problems in future.

Concern with evidence	Strategy
	

6

3.2 CREDITORS RECONCILIATION

3.2.1

	Creditors' Control	Creditors' List
Provisional balance/total	R70 650	R32 600
(i)		
(ii)		
(iii)		
(iv)		
(v)		

9

3.2.2 The owner of Titus Stores is not satisfied with the service and quality of goods ordered from creditor Spring Ltd. Explain TWO factors that he must consider before changing to another supplier.

4

TOTAL MARKS

40

QUESTION 4

4.1

Complete the Debtors Collection Schedule for November 2023.

Month	Credit Sale	October	November
August 2023	74 000	16 280	
September 2023	68 000	27 200	
October 2023	70 000	24 010	
November 2023	64 000		
Cash from debtors		67 490	

7

4.2

	WORKINGS	ANSWER
(i)	Payment to creditors	
(ii)	Salaries of sales assistants	
(iii)	Cash surplus/ deficit	

5

4

2

4.3

Comment on the cash balances. Provide figures.

2

Explain how Jane, the owner, can improve the cash balances in future. Provide TWO points.



4

4.4.1

Calculate the percentage increase in rent on 1 November 2023.

3

4.4.2

The amount of the interest on fixed deposit expected to be received in November 2023.

3

4.5

Identify TWO payments that you consider to be poorly managed in October 2023. In EACH case, give a suggestion to improve the internal control of the items identified.

PAYMENT	ADVICE

6

4.6

Refer to Information J:

Provide TWO reasons why Jane should be concerned about the control over debtors. Quote figures.

4

TOTAL MARKS
40



TOTAL:150



education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING
SEPTEMBER 2023
MARKING GUIDELINES

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. Full marks for correct answer. If answer incorrect, mark the workings provided.
3. 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).
4. 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.
5. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
6. Where penalties are applied, the marks for that section of the question cannot be a final negative.
7. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
8. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
9. Codes: f=foreign item; p=placement/presentation.
10. Teachers must do the paper before they start marking.

This marking guideline consists of 9- page

QUESTION 1**1.1.1 Calculate the Direct labour cost on 30 June 2023**

Normal time (1 400 x R40 x 5)	Operation one part correct	R 280 000	✓✓
Overtime		384 000	✓
Employer's contribution (R280 000 x 11,5%)	If normal time x 11,5%	32 200	✓
	Operation one part correct	696 200	✓

5

1.1.2 Prepare the Production Cost Statement for the year ended 30 June 2023.

Direct material cost (45 000 x R11,65)		524 250	✓✓
Direct labour cost	See 1.1.1	696 200	✓
Prime cost	DMC+DLC	1 220 450	✓
Factory overhead cost (134 900 ✓ - 8 400 ✓✓)		126 500	✓
Total manufacturing cost	PC+FOHC	1 346 950	✓
Work-in-process (1 July 2022)		22 450	✓
		1 369 400	
Work-in-process (30 June 2023)	Operation	(36 900)	✓
Total cost of production of finished goods (20 500 x R65)		1 332 500	✓✓

13

1.1.3 Identify ONE problem relating to the supervision of workers. Quote figures. Suggest ONE strategy the business can use to improve the supervision of workers.

	Problem Problems ✓ Figures ✓	Solution ✓✓
Problem 1	The workers do not work the normal time hours according to the employment conditions – only 1 400 instead of 1 920. OR The workers worked too much overtime as compared to normal time - 69%	Workers should be monitored to ensure they work the correct number of normal hours. / Workers must first work the correct numbers of normal time before booking overtime.
Or Problem 2	The level of production is too low. For the 2 360 hours worked, they should have produced a total number of 23 600 (2 360 x 5 x 2) fabric baskets, but they only produced 20 500 fabric basket/ produced 3 100 less.	Monitor workers to ensure they produce two fabric baskets per hour. / Pay workers for each fabric basket completed. / Complete uncompleted tasks under normal hours.

4

1.2.1 Provide a calculation to confirm that the break-even point of 2 520 units for 2023 is correct.

21 x 3 000

R63 000 ✓✓ = 2 520 units

R100✓ - 75✓
25

4

1.2.2 Comment on the level of production achieved in relation to the break-even point for both years. Quote figures.

Compare BEP with level of production ✓✓ Figures ✓

- Decrease in profitability by 377 units although production increased by 500 units.
- Business produced 857 units more than BEP in 2022 and 480 units more than BEP in 2023.

3

1.2.3 Provide TWO possible reasons for the change in direct material cost per unit.

Any TWO valid explanation ✓✓ ✓✓

- Wastage, poor workmanship (mistakes)
- Increase in transport costs (carriage on purchases)
- Not able to get bulk discounts

4

1.2.4 The owner, Ronny, does not understand why the fixed costs per unit decreased although production has increased. Prove ONE explanation.

Any valid reason ✓✓ part mark for incomplete / unclear response

- Fixed costs is not influence by level of production (Economies of scale)
Fixed cost per unit will decrease as production increases, due to fixed costs not being influenced by level of production. Economies of scale.

2

TOTAL MARKS

35



QUESTION 2**2.1**

2.1.1	Weighted-average	✓
2.1.2	Specific identification method	✓
2.1.3	Perpetual	✓

3

2.2.1

Calculate the value of the stock on hand on 30 June 2023 using the First in first out method (FIFO).

$$\begin{array}{rcl}
 13 \checkmark & \times & R4\,400 \checkmark \\
 185 \checkmark & \times & R4\,600 \checkmark \\
 \hline
 & & R908\,200 \checkmark
 \end{array}
 \quad \begin{array}{l} = R57\,200 \\ = R851\,000 \\ \text{One part correct} \end{array}$$

5

2.2.2

Calculate the stockholding period (in days) on 30 June 2023. Use the closing stock figure.

$$\begin{array}{rcl}
 \text{See 2.2.1} & & \\
 908\,200 \checkmark & \times & 365 \text{ days} \\
 (320\,000 \checkmark + 2\,682\,500 \checkmark - 23\,000 \checkmark - 908\,200 \checkmark) & & 160 \text{ days} \checkmark \\
 2\,071\,300 & & \text{One part correct}
 \end{array}$$

6

2.2.3

Comment on the stockholding period. Provide ONE point with figures. Note that the stockholding period for 2022 was 120 days.

Any ONE valid points ✓✓ part mark for incomplete / unclear response

- The stock holding period increased from 120 days to 160 days.
- Stock is not selling as fast as the business wants, more than 5 months on shelves.

2

2.2.4

Calculate the number of bicycles missing

$$\begin{array}{l}
 80+640 \\
 = 720 \checkmark - 5 \checkmark - 510 \checkmark - 198 \checkmark = 7 \text{ missing} \checkmark
 \end{array}
 \quad \text{One part correct}$$

5

Provide ONE internal control measure he can use to solve this problem.

Any ONE valid points ✓✓

Improve physical security / count stock at regular intervals.
 Rotate duties / the one receiving stock should not be the same person issuing.
 Do regular stock control against records.
 Security tags on products

2



2.3.1 Provide TWO points that shows that Buhle and her customers are happy with the quality of tekkies. Quote figures.

Any TWO valid points with figures ✓✓ ✓✓

part mark for incomplete / unclear response

- No (0) returns to suppliers and that shows good quality of the product.
- Units sold increased from 210 to 230 (by 20 units) / Customers are not discouraged by the increase in mark-up from 55% to 65%.
- Gross profit increased from R80 850 to R149 500

4

2.3.2 Explain why it was a good idea to change to a cheaper supplier of sandals. State TWO points. Quote figures

Any TWO valid points ✓✓ ✓✓

part mark for incomplete / unclear response

- Returns decreased from 14 units to zero units
- Closing stock of units decreased from 30 units to 18 units
- Stockholding period decreased from 84 days to 58 days

4

2.3.3 Identify TWO different problems that Buhle continued to experience in 2023 even though she reduced to selling price of shoes as strategy in response to a new competitor. Quote figure.

Any TWO valid points Explanations ✓ ✓ Figures ✓ ✓

- Units sold still decreased from 123 units to 100 units
- Stock on hand of units increased from 9 units to 25 units (no demand for product)
- Stockholding period increased from 28 days to 91 days

4

TOTAL MARKS

35



QUESTION 3**3.1 BANK RECONCILIATION****3.1.1**

CASH RECEIPTS JOURNAL		CASH PAYMENT JOURNAL	
Details	Amount	Details	Amount
Total	R 510 600	Total	R 484 450
Interest	145 ✓	Bank charges	1 425 ✓
Rent income	6 250 ✓	Insurance	1 850 ✓
		EFT no. 613	900 ✓✓
		Cancel deposit	15 000 ✓
		Car battery	2 700 ✓
	516 995 ✓	Both totals	506 325

9**3.1.2****Calculate the correct bank balance in the ledger on 31 July 2023.**


WORKINGS	ANSWER				
(+ 10 670 two method marks) 25 700✓ + 516 996✓ – 506 325✓	36 370✓ one part correct				
<table border="1"> <tr> <td>25 700</td><td>506 325</td></tr> <tr> <td>516 995</td><td>c/d36 370</td></tr> </table>	25 700	506 325	516 995	c/d36 370	
25 700	506 325				
516 995	c/d36 370				

4**3.1.3****Bank Reconciliation Statement on 31 July 2023**

	Alternative	Debit	Credit
Balance per Bank Statement	R31 615		R 31 615 ✓✓
Credit outstanding deposit	10 000		10 000 ✓
Debit outstanding EFT's:			
No. 652	(5 650)	5 650 ✓	
No. 655	(1 445)	1 445 ✓	
Credit amount wrongly debited	1 850		1 850 ✓
Balance as per Bank Account	36 370	36 370 ✓ Could be CR	
-1 (max -1) foreign / superfluous items		43 465 ✓	43 465
		Both totals	

8

3.1.4 Explain TWO concerns the owner should mention to the bookkeeper relating to the internal control over cash resources. Quote figures. In each case, explain a strategy to prevent such problems in future.

Concern with evidence Problem ✓ ✓ Figure ✓ ✓	Strategy Specific advice based on evidence ✓ ✓
R15 000 missing/stolen 	Division of duties: the person writing up the transaction should not make the deposits. / Check that the total of cash slips agree with the total of the deposit slip.
Rolling of cash, R12 600 on 10 th of June, only deposited in July Deposits not done regularly (routine)	Create a policy for regular, daily depositing. / Internal auditor must check that the cashier is depositing cash daily. / Appoint a different person to do the depositing

6

3.2 CREDITORS RECONCILIATION

3.2.1 Indicate the changes that must be made in the Creditors' Control Account and Creditors' List to take into account the errors and omissions noted. Indicate an increase with a (+) or decrease with a (-) next to each amount.

	Creditors' Control	Creditors' List
Provisional balance/total	R 70 650	R32 600
(i)		+ 900 ✓
(ii)	+ 3 720 ✓	+ 3 720 ✓
(iii)		- 4 500 ✓✓
(iv)	- 32 800 ✓✓	
(v)		+ 8 850 ✓
	41 570 ☑	41 570
	Both totals	

9

3.2.2 The owner of Titus Stores is not satisfied with the service and quality of goods ordered from creditor Spring Ltd. Explain TWO factors that he must consider before changing to another supplier.

Any TWO valid points ✓✓ ✓✓

- Arrangement a meeting to discuss dissatisfaction / re-emphasise terms and conditions / raise concerns about products / about customer - satisfaction.
- Renegotiate terms offered by the suppliers /
- Ability to meet the demands of the business by the supplier
- The quality of the products they are selling

4

TOTAL MARKS

40

QUESTION 4

4.1

Complete the Debtors Collection Schedule for November 2023.

Month	Credit Sale	October	November
August 2023	74 000	16 280	0
September 2023	68 000	27 200	14 960 ✓✓
October 2023	70 000	24 010	28 000 ✓✓
November 2023	64 000		21 952 ✓✓
Cash from debtors		67 490	64 912 ✓

One part correct

7

4.2

		WORKINGS	ANSWER
(i)	Payment to creditors	$(70\,000 + 17\,500) \times 100/125 = 70\,000 \times 95\%$ ✓ Three marks OR $87\,500 \times 100/125 = 70\,000 - 3\,500$ OR $87\,500 \times 0,8 = 70\,000 - 3\,500$	66 500 ✓ one part correct
(ii)	Salaries of sales assistants	$20\,800 \times 107,5\% = 22\,360 + 5\,200$ ✓ Two marks OR $5\,590 \times 4 = 22\,360$ Two marks $+ 5\,200$ one mark	27 560 ✓ one part correct
(iii)	Cash surplus/deficit	14 890 – 52 500	(37 610) ✓✓ Must be negative

5

4

2

4.3

Comment on the cash balances. Provide figures.

Any valid comment ✓ Figure/s ✓

The actual closing balance is an overdraft of R45 400 (difference R30 510 compared to the budgeted amount)

Explain how Jane, the owner, can improve the cash balances in future. Provide TWO points.

Any TWO valid comments ✓✓ ✓✓

Encourage debtors to pay faster	Charge clients for deliveries
Negotiate with creditors for longer payment terms	Increase cash sales
Look for alternative income e.g. commission	Decrease mark-up to increase sales

2

4

4.4

Calculate the percentage increase in rent on 1 November 2023.

4.4.1

$$\frac{(12\,544 - 11\,200)}{11\,200} \times 100 = 12\% \quad \checkmark \quad \text{one part correct}$$

3

4.4.2

The amount of the interest on fixed deposit expected to be received in November 2023.

$$16\,830 \times 2 / 102 = R330 \quad \text{one part correct}$$

OR

One mark two marks/0 one method mark

$$16\,830 - (16\,830 \div 1,02) = R330$$

3

4.5

Identify TWO payments that you consider to be poorly managed in October 2023. In EACH case, give a suggestion to improve the internal control of the items identified.

PAYMENT ✓ ✓	ADVICE Relevant advice ✓✓ ✓✓
Advertising	The business must make use of the budgeted amount for advertising to influence sales
Drawings	Stick to the budget or amend the budget to accommodate the increase in drawings.
Maintenance of office equipment	Equipment must be maintained properly to prevent it from breaking down.

6

4.6

Provide TWO reasons why Jane should be concerned about the control over debtors. Quote figures.

Explanation ✓ ✓ Figures ✓ ✓

- Collection trends reveal only 35% of debtors pay within 30 days. They not attracted to the 2% discount. On 31% of debtors are current with their accounts
- 26% of debtors accounts are more than 60 days overdue / R16 250
- Actual amount collected from debtors in October (R43 870) is less than the budgeted amount of (R67 490) or by (R23 620)

4

TOTAL MARKS**40****TOTAL: 150**