



GAUTENG PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION GRADE 12

2024

ACCOUNTING

(PAPER 2)

TIME: 2 hours

MARKS: 150

ACCOUNTING P2



C2712E

X05



11 pages + 1 formula sheet and an answer book of 10 pages

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided to answer ALL the questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. A Financial Indicator Formula Sheet is 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	Cost Accounting	60	48
2	Inventories	65	52
3	Fixed Assets	25	20
TOTAL		150	120

QUESTION 1: COST ACCOUNTING**(60 marks; 48 minutes)****1.1 CONCEPTS**

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 (1.1.1 to 1.1.3) in the ANSWER BOOK, e.g. 1.1.4 F.

COLUMN A		COLUMN B	
1.1.1	Import duties paid for raw materials purchased	A	Factory overhead cost
1.1.2	Depreciation on office equipment	B	Direct labour cost
1.1.3	Wages for factory workers	C	Selling and distribution cost
		D	Administration cost
		E	Direct material cost

(3)

1.2 PERFECT EATS

Perfect Eats manufactures stainless steel cutlery. The business manufactures a 24-piece cutlery set which consists of 6 x knives, 6 x forks, 6 x dessert spoons and 6 x teaspoons.

The business produced and sold 46 300 cutlery sets during the financial year. The financial year ends on 31 March 2024.

REQUIRED:**1.2.1 Refer to Information B.**

Calculate the following for the year ended 31 March 2024:

- Raw materials (kg) issued to the factory (2)
- The total cost of raw materials issued to the factory (3)

1.2.2 Complete the Production Cost Statement for the year ended 31 March 2024. (15)

1.2.3 Complete the Abridged Statement of Comprehensive Income for the year ended 31 March 2024. (13)

1.2.4 The owner is concerned about the amount of raw materials wasted during the manufacturing process.

- Calculate the total cost of wasted raw materials. (6)
- Give ONE point of advice on how the owner can recover this loss. (2)

INFORMATION:**A. Stock balances**

	31 March 2024	31 March 2023
Work-in-progress stock	?	384 000
Finished goods stock	251 000	210 000

B. Raw materials:

Records of stainless steel used in the production process:

	Total kilograms	Total cost including transport
Balance on 1 April 2023	6 972 kg	R603 078
Purchases during the year	42 000 kg	R3 633 000
Total available during the year	48 972 kg	R4 236 078
Balance on 31 March 2024	9 702 kg	?
Raw materials issued to the factory	?	?

- Each set takes 0,84 kilograms of stainless steel.
- The raw material cost per set is R72,66.
- Raw materials are issued to the factory at R86,50 per kg.

C. The bookkeeper calculated the following cost for the financial year ending 31 March 2024:

Factory overhead cost	R1 580 900
Administration cost	R890 700
Selling and distribution cost	R2 145 000

It was discovered that the following adjustments have not been taken into account:

- Provision for bad debts must increase by R3 780.
- An invoice of R76 800 for the Administration Department was received on 31 March 2024. This was for repairs, R2 900 and an additional office.
- New stamping presses were purchased during the year. An additional insurance policy was taken out on 1 November 2023 until 31 October 2024 for R18 000. This was recorded.
- The monthly rent of R19 000 for March 2024 was incorrectly allocated to the factory. 75% of the rent is used in the factory and the balance is distributed equally between the Administration and the Sales and Distribution Department.



- The factory foreman received a bonus during his birthday month in March 2024. The bookkeeper correctly showed his annual salary but he did not indicate his bonus during his birthday month. His bonus details are as follows:

Gross salary	Deductions		Net Salary	Contributions UIF
	PAYE	UIF		
?	25%	1%	R17 020	1%

D. Additional information:

- The total primary cost is R3 946 120.
- The total cost of finished goods produced was R5 604 000.
- The business uses a fixed mark-up of 70% on cost.

1.3 CLEAR WATER PRODUCERS



Clear Water Producers manufactures swimming pool chemicals. The business is owned by Solly Scott.

The financial year ends on 31 May 2024.

Active Algaecide Treatment is one of their products.

REQUIRED:

- 1.3.1 Determine the total number of extra units that need to be manufactured to reach the goal of increasing profits by R75 000 in the next financial year. (4)
- 1.3.2 In 2024, the owner Solly intentionally made strategic decisions regarding variable costs to improve the business. Identify TWO costs that were effectively controlled, resulting in a positive impact on the business. (6)
- 1.3.3 The selling price increased by 12,5% from 2023 to 2024. Explain how this impacted on the performance of the business. Quote figures or calculations. (4)
- 1.3.4 Explain to Solly why the fixed cost per unit decreased by R1,11 while the total fixed cost increased by R313 680. (2)

INFORMATION:

Active Algaecide Treatment	2024		2023	
	TOTAL	UNIT COST	TOTAL	UNIT COST
Direct material cost	R6 435 200	R80,44	R4 464 000	R62,00
Direct labour cost	R2 240 000	R28,00	R2 448 000	R34,00
Selling and distribution cost	R1 569 600	R19,62	R1 296 000	R18,00
VARIABLE COST	R10 244 800	R128,06	R8 208 000	R114,00
FIXED COST	R3 935 280	R49,19	R3 621 600	R50,30
Selling price per unit	R180,00		R160,00	
Break-even point	75 766 units		78 730 units	
Number of units produced and sold	80 000 units		72 000 units	

60

QUESTION 2: INVENTORIES**(65 marks; 52 minutes)****2.1 CONCEPTS**

Provide the correct term for each of the following descriptions by choosing from the list provided. Write only the correct term next to the question numbers (2.1.1 to 2.1.5) in your ANSWER BOOK.

Periodic inventory system; First-in-First out; Specific identification; Perpetual inventory system; Weighted-average method

- 2.1.1 Each item sold is specifically identified as it appears on the purchase invoice.
- 2.1.2 This system requires computers and bar codes.
- 2.1.3 This method is preferably used to value goods with a limited shelf life.
- 2.1.4 This method is used when large volumes of similar stock items are purchased.
- 2.1.5 The Trading Stock Deficit Account is not completed. The business will forfeit the reduction of taxable income.

(5)

2.2 LILY STATIONERS



Lily is the owner of a business which sells stationery and office equipment. The financial year ended on 29 February 2024. The business makes use of the periodic inventory system.

REQUIRED:

Refer to Information (A) and answer the following questions regarding calculators.

2.2.1 Calculate the value of the closing stock using the first-in-first-out (FIFO) method of stock valuation on 29 February 2024. (7)

2.2.2 Calculate the cost of sales for the year ended 29 February 2024. (10)

2.2.3 Calculate the percentage mark-up achieved in 2024. (5)

2.2.4 Lily considers changing the stock valuation method to the weighted-average method. She feels that this method would be more beneficial to the business as this will result in a higher cost of sales. The bookkeeper advised Lily that he does not agree, because this does not comply with the requirements of GAAP.

- Calculate the cost of sales using the weighted-average method to support her opinion. (5)
- Give ONE reason why Lily thinks it would be beneficial to the business. (2)
- Give TWO reasons why the bookkeeper feels that this does not comply with the requirements of GAAP. (4)

2.2.5 Lily decided to donate 250 calculators from the stock in the next financial year to the local high school for children that could not afford to buy their own calculators.

Provide TWO reasons why it is beneficial to support the local school by sponsoring calculators to them. (4)

Refer to Information (B) and answer the following questions regarding shredders.

2.2.6 The specific identification method is used to maintain the stock record of shredders.

- Calculate the value of the closing stock of shredders. (5)

2.2.7 Even though security cameras are installed, the owner remains worried about potential theft within the LX Shredder (5 sheet, 6,8 mm) product line.

- Provide a calculation to prove the owner's concern. (5)
- Give TWO points of advice that Lily can implement to prevent this from occurring. (4)

INFORMATION:

A. Stock records of calculators:

	Number of units	Unit price (R)	Total (R)
Balance on 1 March 2023	1 200		120 840
Total purchases during the year:	17 000		2 006 700
July 2023	4 500	102,00	459 000
September 2023	4 800	114,00	547 200
November 2023	5 800	125,00	725 000
January 2024	1 900	145,00	275 500
Returns to suppliers:			
September 2023	(65)		?
January 2024	(350)		?
Subtotal	17 785		?
Sales	?	200	?
Balance on 29 February 2024	1 654	?	?

- The cost of transporting calculators is 6% of the unit price. These costs were not included in the unit price above.
- The business does not get a refund on carriage costs for returns of goods to the suppliers.

B. Stock record of shredders:

	LX Shredder (5 sheets, 6,8 mm)			TP Shredder (12 sheets, 40 mm)		
	Units	Unit price (R)	Total (R)	Units	Unit price (R)	Total (R)
Balance on 1 March 2023	24		21 600	12		18 000
Purchases:	173		155 700	75		112 500
August 2023	72	900	64 800	25	1 500	37 500
November 2023	55	900	49 500	18	1 500	27 000
January 2024	46	900	41 400	32	1 500	48 000
Balance on 29 February 2024	21		?	?		?
Sales	169			78		

- No shredders were returned to the suppliers.
- The total cost includes the carriage on purchases.

2.3 PROBLEM-SOLVING

Clean Smart Traders is owned by Alex Glue. They sell different types of vacuum cleaners.

All vacuum cleaners are imported from the USA and takes a minimum of 15 working days for goods to be delivered once the order has been placed.

You are presented with the information related to each vacuum cleaner for the year ended 31 May 2024.

REQUIRED:

Identify a unique problem for each product, accompanied by relevant figures. Give Alex a recommendation for addressing the identified problem for each product. (9)

INFORMATION:

	Automatic cordless vacuum cleaner	Handheld vacuum cleaner	Wet and dry handheld vacuum cleaner
Units available for sale	4 400	5 480	4 470
Closing stock	930	290	470
Units sold	3 470	5 190	4 000
Returns by customers	30	110	49
Stock holding period (closing stock)	98,7 days	20,8 days	43,4 days
Average stock turnover rate	3,6 times	9,9 times	6,1 times
% Gross profit on cost of sales	80%	70%	80%
Selling price per unit	R1 836	R935	R1 275
Total net sales	R6 315 840	R4 749 800	R5 037 525
Credit sales	R4 681 800	R2 524 500	R2 805 000
Deposits from cash sales	R1 634 040	R2 225 300	R2 218 500

65

QUESTION 3: MANAGEMENT OF FIXED ASSETS**(25 marks; 20 minutes)**

Patrick van Wyk is the owner of Van Wyk's Transportation Services. The business specialises in the transportation of bulk goods. The accounting period ends on 29 February 2024.

REQUIRED:

- 3.1 Refer to the information to calculate the missing figures/parts indicated on the Fixed Asset Register.
- (i) The purchase price of the Kia Truck (2)
 - (ii) The rate of depreciation (3)
 - (iii) Determine/Calculate the date of purchase. (5)
 - (iv) Depreciation for the year ended 29 February 2024 (2)
 - (v) Accumulated depreciation on 29 February 2024 (2)
 - (vi) Book/Carrying value on 29 February 2024 (2)
- 3.2 Patrick van Wyk wants to know why it is important to have an asset register for the business. Give ONE reason. (1)

- 3.3 Comment on the use and condition of the Kia Truck and how the business should manage this vehicle and why. (2)
- 3.4 Patrick is concerned about the use of vehicles in the business. A number of vehicles have excess mileage and are in poor condition. The fuel expense is very high in Patrick's opinion. Explain THREE internal control measures to manage the vehicles of the business more efficiently. (6)

INFORMATION:**Fixed Asset Register**

Van Wyk's Transportation Services			No. 8
General Ledger Account: Vehicles		Date of purchase: (iii)	
Item: Kia Truck		Registration: DGP 548 GP	
Supplier: Reddy Motors		Purchase price: (i)	
Depreciation method and rate: (ii)			
Details of depreciation:			
Date	Depreciation	Accumulated depreciation	Book value/ Carrying value
(iii)	?	?	?
28 Feb 2022	96 000	144 000	176 000
28 Feb 2023	96 000	240 000	80 000
29 Feb 2024	(iv)	(v)	(vi)

Additional information:

- The fixed asset register is for the Kia truck (DGP 548 GP).
- The business purchased the truck a few years ago from Reddy Motors.
- The current mileage on the truck is 232 372 km.
- The truck is depreciated on the fixed instalment method.

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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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JUNE EXAMINATION GRADE 12

2024

ACCOUNTING
(PAPER 2)
ANSWER BOOK
Stanmorephysics.com

NAME AND SURNAME:	
NAME OF SCHOOL:	

QUESTION	TOPIC	MARKS	LEARNER'S MARKS	MODERATOR'S MARKS
1	Cost Accounting	60		
2	Inventories	65		
3	Fixed Assets	25		
TOTAL		150		

10 pages

QUESTION 1: COST ACCOUNTING

(60 marks; 48 minutes)

1.1

CONCEPTS	
1.1.1	
1.1.2	
1.1.3	

3

1.2 PERFECT EATS

1.2.1

Calculate: Raw materials (kg) issued to the factory	
WORKINGS	ANSWER
	

2

Calculate: Total cost of raw materials issued to the factory	
WORKINGS	ANSWER
	

3

1.2.2

PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2024	
Prime cost	3 946 120
Total manufacturing cost	
Work in progress at the beginning of the year	
Work-in-progress at the end of the year	
Total cost of production of finished goods	

15

1.2.3 **ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024**

Sales		
Cost of sales		
Gross profit		
Other expenses		
Administration cost (890 700)		
Selling and distribution cost (2 145 000)		
Net profit for the year		
		13

1.2.4 **Calculate: Total cost of wasted raw materials**

WORKINGS	ANSWER
	6

Give ONE point of advice on how the owner can recover this loss.
2

1.3 **CLEAR WATER PRODUCERS**

1.3.1 **Determine the total number of extra units that need to be manufactured to reach the goal of increasing profits by R75 000 in the next financial year.**


WORKINGS	ANSWER
	4

1.3.2 In 2024, the owner Solly intentionally made strategic decisions regarding variable costs to improve the business. Identify TWO costs that were effectively controlled, resulting in a positive impact on the business.

COST	REASON

6

1.3.3 The selling price increased by 12,5% from 2023 to 2024. Explain how this impacted on the performance of the business. Quote figures or calculations.



4

1.3.4 Explain to Solly why the fixed cost per unit decreased by R1,11 while the total fixed cost increased by R313 680.

--

2

60

QUESTION 2: INVENTORIES

(65 marks; 52 minutes)

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	
2.1.4	
2.1.5	

5

2.2 LILY STATIONERS

2.2.1 Calculate the value of the closing stock using the first-in-first-out (FIFO) method of stock valuation on 29 February 2024.

WORKINGS	ANSWER

7

2.2.2 Calculate the cost of sales for the year ended 29 February 2024.

Opening stock	
Purchases	
Carriage on purchases	
Cost of stock available for sale	
Closing stock	
Cost of sales	

10

2.2.3 Calculate the percentage mark-up achieved in 2024.

WORKINGS	ANSWER

5

2.2.4 Calculate the cost of sales using the weighted-average method.

WORKINGS	ANSWER

5

Give ONE reason why Lily thinks it would be beneficial to the business.

--

2

Give TWO reasons why the bookkeeper feels that this does not comply with the requirements of GAAP.

--

4

2.2.5 Provide TWO reasons why it is beneficial to support the local school by sponsoring calculators to them.

--

4

2.2.6 Calculate the value of the closing stock for shredders.

WORKINGS	ANSWER

5

2.2.7 Even though security cameras are installed, the owner remains worried about potential theft within the LX Shredder (5 sheets, 6,8 mm) product line.

Provide a calculation to prove the owner's concern.

WORKINGS	ANSWER

5

Give TWO points of advice that Lily can implement to prevent this from occurring.

--

4

2.3 PROBLEM-SOLVING

PRODUCT	PROBLEM	RECOMMENDATION
Automatic cordless vacuum cleaner		
Handheld vacuum cleaner		
Wet and dry handheld vacuum cleaner		

9

65

QUESTION 3: MANAGEMENT OF FIXED ASSETS

(25 marks; 20 minutes)

3.1

(i) The purchase price of the Kia Truck	
WORKINGS	ANSWER

2

(ii) The rate of depreciation	
WORKINGS	ANSWER

3

(iii) Determine/Calculate the date of purchase.	
WORKINGS	ANSWER

5

(iv) Depreciation for the year ended 29 February 2024	
WORKINGS	ANSWER

2

(v) Accumulated depreciation on 29 February 2024	
WORKINGS	ANSWER

2

(vi) Book/Carrying value on 29 February 2024	
WORKINGS	ANSWER

2

3.2

Patrick van Wyk wants to know why it is important to have an asset register for the business. Give ONE reason.

1

3.3

Comment on the use and condition of the Kia Truck and how the business should manage this vehicle and why.

2

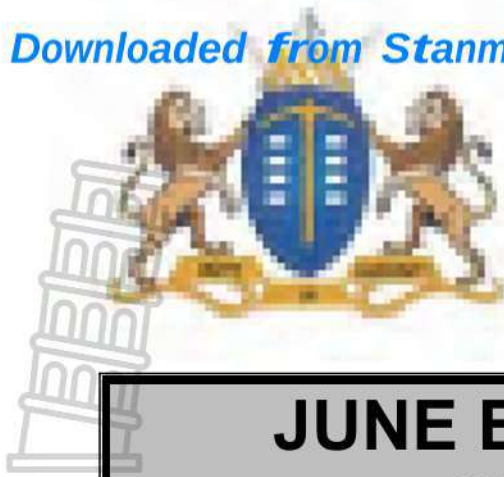
3.4

Patrick is concerned about the use of vehicles in the business. A number of vehicles have excess mileage and are in poor condition. The fuel expense is very high in Patrick's opinion. Explain THREE internal control measures to manage the vehicles of the business more efficiently.

6

25

TOTAL: 150



GAUTENG PROVINCE

EDUCATION

REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION GRADE 12

2024

MARKING GUIDELINES

ACCOUNTING

(PAPER 2)

10 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. Unless otherwise stated, give full marks for correct answers. If answer is incorrect, mark workings.
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 the 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max. –2 per Q).
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, –, x, ÷, or per memo.
11. In calculations, do not award marks for workings if the numerator & denominator are swapped – this also applies to ratios.
12. 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 .
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

QUESTION 1: COST ACCOUNTING

(60 marks; 48 minutes)

1.1

CONCEPTS

1.1.1	E ✓	Direct material cost
1.1.2	D ✓	Administration cost
1.1.3	B ✓	Direct labour cost

3

1.2 PERFECT EATS

1.2.1 Calculate: Raw materials (kg) issued to the factory

WORKINGS	ANSWER
48 972 kg – 9 702 kg	✓✓ 39 270 kg Kg not needed

2

Calculate: Total cost of raw materials issued to the factory

WORKINGS	ANSWER
39 270 kg <input checked="" type="checkbox"/> x R86,50 ✓ See answer above	<input checked="" type="checkbox"/> R3 396 855 One part correct
(9 702 x 86.50) Or 4 236 078 ✓ – 839 223 ✓	

1.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

Direct material cost	<input checked="" type="checkbox"/> 3 396 855 see 1.2.1
Direct labour cost (Prime cost – DMC)	<input checked="" type="checkbox"/> 549 265
Prime cost	3 946 120
Factory overhead costs Insurance (18000 x 7/12) Rent (19 000 x 25/100) Foreman Gross salary 1% of G salary (1 580 900 ✓ – 10 500 ✓✓ – 4 750 ✓ <input checked="" type="checkbox"/> + 23 000 ✓✓ + 230 <input checked="" type="checkbox"/> (17 020 + 5 980)	<input checked="" type="checkbox"/> 1 588 880# one part correct
Total manufacturing cost Prime cost + factory overhead	<input checked="" type="checkbox"/> 5 535 000
Work-in-progress at the beginning of the year	✓ 384 000
	5 919 000
Work-in-progress at the end of the year Ignore brackets, can be positive	<input checked="" type="checkbox"/> (315 000)
Total cost of production of finished goods.	✓ 5 604 000
# – 1P max 1 mark – 1F max 1 mark	

15

1.2.3 ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024	
Sales (If COS x 170/100)	✓✓ 9 457 100
Cost of sales (210 000 + 5 604 000 – 251 000)	✓✓ (5 563 000)
Gross profit	✓ 3 894 100
Other expenses	✓ (3 047 130)
Administration cost (890 700 + 2 375 ✓ + 2 900 ✓) see 1.2.2 (4 750/2) Repairs Check for – 10 500 here. If not shown in factory overhead and – 10 500 shown as administration cost, award 2 marks. Total will differ, award method mark according to calculation.	895 975 ✓
Selling and distribution cost (2 145 000 + 2 375 ✓ + 3 780 ✓ PBDA) see 1.2.2 (4 750/2)	2 151 155 ✓
Net profit for the year	✓ 846 970

13

1.2.4 Calculate: Total cost of raw materials wasted	
WORKINGS	ANSWER
See 1.2.1 2 marks 39 270 ✓ ÷ 0,84 ✓ = 46 750 – 46 300 ✓ Four marks = 450 ✓ x R72,66 ✓ Alternative: (46 300 x 0,84) 39 270 – 38 892 = 378 x R86,50 One method mark two marks four marks one mark	✓ R32 697 Must be if per set x R72.66 or kg x R86.50

6

Give ONE point of advice on how the owner can recover this loss.
One point ✓✓ • Recycle the wastage • Sell it as scrap

2

1.3 CLEAR WATER PRODUCERS

1.3.1 Determine the total number of extra units that need to be manufactured to reach the goal of increasing profits by R75 000 in the next financial year.	
WORKINGS	ANSWER
75 000 ✓ — 51,94 (180 ✓ – 128,06 ✓)	✓ 1 444 units Accept also 1 443,97 units

4

1.3.2 In 2024, the owner Solly intentionally made strategic decisions regarding variable costs to improve the business. Identify TWO costs that were effectively controlled, resulting in a positive impact on the business.

COST ✓ ✓	REASON Figures ✓ Positive effect on the business ✓
Direct labour cost	Direct labour cost decreased from R34 to R28/by R6 (21,4%). This could be due to better supervision/Improved efficiency through training / more control over overtime/set targets to workers.
Selling and distribution cost	The selling and distribution cost increased from R18 to R19,62/by R1,62 (9%). Number of units produced and sold increased by 11,1%. This could be due to more money spent on advertisements/ offering deliveries for free to customers/increasing the delivery for customers.

6

1.3.3 The selling price increased by 12,5% from 2023 to 2024. Explain how this impacted on the performance of the business. Quote figures or calculations.

Compare the BEP with Units produced and sold ✓✓ Figures ✓✓

Response for Four marks

- The business made a loss of 6 730 units (78 730 – 72 000) in 2023 and a profit of 4 234 units (80 000 – 75 766) in 2024./The business made a loss of R309 600 in 2023 (R46 x 6 730 units) and a profit of R219 920 (R51,94 x 4 234 unit) in 2024.

Response for Two marks

- Sales increased from R11 520 000 to R14 400 000/by R2 880 000.
- The BEP decreased from 78 730 units in 2023 to 75 766 units in 2024/ decreased by 2 965 units in 2024.

4

1.3.4 Explain to Solly why the fixed cost per unit decreased by R1,11 while the total fixed cost increased by R313 680.

One valid explanation ✓✓

Economies of scale

Although the fixed cost increased, more units were produced and sold.

2

60

QUESTION 2: INVENTORIES

(65 marks; 52 minutes)

2.1 CONCEPTS

2.1.1	Specific identification ✓
2.1.2	Perpetual inventory system ✓
2.1.3	First-in-First out ✓
2.1.4	Weighted-average method ✓
2.1.5	Periodic inventory system ✓

5

2.2 LILY STATIONERS

2.2.1 Calculate the value of the closing stock using the first-in-first-out (FIFO) method of stock valuation on 29 February 2024.

WORKINGS	ANSWER
1 654 over January: $(1\ 900 - 350) (145 + 8,70)$ $1\ 550 \checkmark \times 153,70 \checkmark \checkmark = R238\ 235$ $(1\ 654 - 1\ 550) (125 + 7,50)$ November: $104 \checkmark \times R132,50 \checkmark \checkmark = R13\ 780$	<input checked="" type="checkbox"/> R252 015 one part correct

7

2.2.2 Calculate the cost of sales for the year ended 29 February 2024.

Opening stock	✓ 120 840
Purchases $(2\ 006\ 700 \checkmark - 7\ 410 \checkmark - 50\ 750 \checkmark)$ $(65 \times 114) (350 \times 145)$	<input checked="" type="checkbox"/> 1 948 540 one part correct
Carriage on purchases $(2\ 006\ 700 \times 6/100)$	✓✓ 120 402
Cost of stock available for sale	<input checked="" type="checkbox"/> 2 189 782
Closing stock	<input checked="" type="checkbox"/> (252 015) see 2.2.1
Cost of sales	<input checked="" type="checkbox"/> 1 937 767 check operation

10

2.2.3 Calculate the percentage mark-up achieved in 2024.

WORKINGS	ANSWER
(17 785 – 1 654) Sales: 16 131 x R200 R3 226 200 ✓ Cost of sales (See 2.2.2) (R1 937 767) ✓ Gross profit R1 288 433 ✓ $\frac{1\ 288\ 433}{1\ 937\ 767} \times 100$	✓ 66,5% one part correct Accept 66.49%

5

2.2.4 Calculate the cost of sales using the weighted average method.

WORKINGS	ANSWER
see 2.2.2 $\frac{2\ 189\ 782}{17\ 785} = R123,13 \times 1\ 654$ ✓ $2\ 189\ 782 - 203\ 657 = 1\ 986\ 125$ ✓ (1 654 x 123.13)	✓ R1 986 125 one part correct

5

Give ONE reason why Lily thinks it would be beneficial to the business.

One valid point ✓✓ part mark for partial correct answer

An increase in the cost of sales will decrease the gross profit /net profit and therefore decrease tax liability.

2

Give TWO reasons why the bookkeeper feels that this does not comply with the requirements of GAAP.

TWO valid points ✓✓ ✓✓ part mark for partial correct answer

- It is unethical to manipulate records to pay less taxes.
- It would be difficult to compare one year with another. If Lily does decide to change, she will then need to inform SARS and will need to indicate this on her Financial Statements.

4

2.2.5 Provide TWO reasons why it is beneficial to support the local school by sponsoring calculators.

TWO valid points ✓✓ ✓✓ part mark for partial correct answer

- It creates goodwill for the business/company.
- It forms part of corporate social responsibility.
- It is tax deductible.
- It is good publicity for the business/company.

4

2.2.6 Calculate the value of the closing stock for shredders.

WORKINGS	ANSWER
LX Shredder: $21 \times R900 = R18\,900 \checkmark$ TP Shredder: $12 + 75 - 78 = 9 \checkmark \checkmark \times R1\,500 \checkmark = R13\,500$	<input checked="" type="checkbox"/> R32 400 one part correct

5

2.2.7 Even though security cameras are installed, the owner remains worried about potential theft within the LX Shredder (5 sheets, 6,8 mm) product line.

Provide a calculation to prove the owner's concern.

WORKINGS	ANSWER
2 marks 3 marks $24 \checkmark + 173 \checkmark = 197 - 169 \checkmark = 28$ $28 - 21 \checkmark = 7$	<input checked="" type="checkbox"/> 7 stolen one part correct

5

Give TWO points of advice that Lily can implement to prevent this from occurring.

Two valid reasons ✓✓ ✓✓ Do not accept cameras

- Security guards/ closed-circuit television surveillance (CCTV) with monitor.
- Limited access to the storeroom.
- Do a physical stock take continuously.
- When stock is delivered, ensure that the stock is counted and checked against the purchase order.

4

2.3 PROBLEM-SOLVING

PRODUCT	PROBLEM <i>Problem</i> ✓ <i>Figures</i> ✓	RECOMMENDATION <i>One recommendation</i> ✓
Automatic cordless vacuum cleaner	<ul style="list-style-type: none"> • Low sales, 3 440 units/ 21,1% units leftover/Sold only 78,2% units. (accept 3 470 units/78,9%) • Low stock turnover rate at 3,6 times per year/Stock holding period 98,7 days. • Percentage gross profit on cost of sales 80%, price too high for customers. Highest percentage credit sales (74,1%). • Highest selling price R1 836 	<ul style="list-style-type: none"> • Reduce the mark-up percentage to lower the selling price. • Increase advertising to increase sales. • Buy stock according to the demand of customers.
Handheld vacuum cleaner	<ul style="list-style-type: none"> • Highest returns, 110 returns by customers (2,1%). • Stock holding period 20,8 days, it takes minimum 15 working days from when stock is ordered to be delivered. • Stock turnover rate 9,9 times. 	<ul style="list-style-type: none"> • Investigate the reason for the high returns/consider a different supplier. • Increase mark-up percentage to increase the selling price. • Stock must be ordered on time to ensure that there is enough stock to supply the demand. • Inspect product to ensure Quality
Wet and dry handheld vacuum cleaner	<ul style="list-style-type: none"> • Missing money • Deposit R2 218 500, should be R2 232 525 (R5 037 525 – 2 805 000); • R14 025 missing. 	<ul style="list-style-type: none"> • Check sales and deposits regularly. • Division of duties, the same person receiving the money should not be the same person depositing the money. • Encourage EFT payments/ do not accept cash.

9

QUESTION 3: MANAGEMENT OF FIXED ASSETS

(25 marks; 20 minutes)

3.1

(i) The purchase price of the Kia Truck.		
WORKINGS		ANSWER
144 000 + 176 000 = or 240 000 + 80 000 =		320 000 ✓✓
		2
(ii) The rate of depreciation.		
WORKINGS		ANSWER
0,3 two marks (96 000 ✓/320 000 ✓) x 100 See (i)		30% ✓ one part correct % sign not necessary
		3
(iii) Determine/Calculate the date of purchase.		
WORKINGS		ANSWER
0,5 three marks 48 000 two marks (144 000 ✓ – 96 000 ✓) / 96 000 ✓) x 12 months ✓ = 6 months, therefore <i>Alternative:</i> 144 000 – 96 000 = 48 000 / 96 000 = 0,5 or (½) x 12 = 6 months.		1 September 2020 ✓ one part correct Accept 31 Aug
		5
(iv) Depreciation for the year ended 29 February 2024.		
WORKINGS		ANSWER
320 000 x 30% x 12/12 = 96 000 80 000 carrying value < 96 000 therefore 80 000 must be used 80 000 – 1 = 79 999		79 999 ✓✓ any part correct
		2
(v) Accumulated depreciation on 29 February 2024.		
WORKINGS		ANSWER
240 000 + 79 999		319 999 ✓✓ one part correct A calculation must be shown in order to award the method mark. Full marks if 240 000 + figure in (iv)
		2
(vi) Book/carrying value on 29 February 2024.		
WORKINGS		ANSWER
The book value must be R1 when the vehicle has been fully depreciated (from iii). The learner may not show a calculation here. 320 000 (see i) – 319 999 (see v) <i>Alternative:</i> R80 000 – R79 999 see (iv)		R1 ✓✓ Note: If learner used figures in i and v full marks must be awarded, check operation
		2

3.2 Patrick van Wyk wants to know why it is important to have an asset register for the business. Give ONE reason.
 one valid point ✓

- Give information of all assets and all the movement of assets.
- Physical assets can be checked against the asset register.
- Internal control measure.

1

3.3 Comment on the use and condition of the Kia Truck and how the business should manage this vehicle and why.
 One valid point ✓✓ part mark for partial correct answer

- The Kia truck is old / it has a carrying value of R1/ High mileage 232 372 km.
- According to the rate of depreciation, the truck should last just over three years (30% p.a. on cost). The truck is already 3,5 years old.
- 3,5 years old. Needs to be replaced.
- The condition of the truck is not good as it is very old and will start to cost the business additional repairs and maintenance.
- For a transportation business, the owner wants a reliable vehicle that will be productive and cost effective.

2

3.4 Patrick is concerned about the use of vehicles in the business. A number of vehicles have excess mileage and are in poor condition. The fuel expense is very high in Patrick’s opinion. Explain THREE internal control measures to manage the business’ vehicles more efficiently.
 Internal control measure ✓✓✓ Explanation ✓✓✓
 Be aware that internal control and explanation can be given in one sentence.

- Tracker – the tracker can be used to monitor the vehicles travel and determine the shortest routes to save fuel and ensure drivers use the pre-determined routes.
- Logbook – the logbook can be used to sign vehicles in and out and track who has used the vehicle and for what purpose.
- Petrol card – a petrol card can be used to limit the amount of fuel used per month and helps to monitor fuel usage.
- Lock away vehicles (controlled access) – vehicles should be locked away in a garage for safekeeping and to ensure that no misuse takes place (personal use by employees). This will also ensure that vehicles are taken care of (not left in the sun, which would damage paintwork for example).

Any other relevant answer where an internal control measure is given with an explanation.

6

25

TOTAL: 150