



KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

COMMON TEST

Stanmorephysics.com
JUNE 2023

MARKS: 150

TIME: 2 Hours

This question paper consists of 11 pages including a formula sheet
and An Answer Book of 9 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 in which to answer ALL the questions.
3. Show ALL workings in order to achieve 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.
8. Write neatly and legibly.
9. Use the information and table below as a guide when answering the question paper. Try NOT to deviate from it.

| QUESTION | TOPIC | MARKS | MINUTES |
|--------------|---------------------------------------|------------|------------|
| 1 | DEBTORS AND CREDITORS RECONCILIATIONS | 35 | 30 |
| 2 | COST ACCOUNTING | 50 | 40 |
| 3 | STOCK VALUATION | 35 | 30 |
| 4 | BANK RECONCILIATION | 30 | 20 |
| TOTAL | | 150 | 120 |

QUESTION 1: RECONCILIATIONS**(35 marks; 30 minutes)****1.1 FINANCIAL INDICATOR AND COMMENT**

The information below, relates to Haaland Traders for April 2023.

REQUIRED:

- 1.1.1 Calculate average debtors collection period in days (4)
- 1.1.2 Explain whether the manager should be concerned about the average debtor's collection period. Note: it was 29 days in 2022. (2)

INFORMATION:**A. Balances on 30 April 2023:**

| | 2023 | 2022 |
|-------------------|-------------|-------------|
| Debtors control | 210 000 | 180 000 |
| Total sales | 3 650 000 | 2 100 000 |
| Creditors control | 510 000 | 340 000 |

- B.**
- 70% of all sales are cash sales.
 - The business sells goods at cost price plus 25% mark-up.
 - Debtors are allowed 30 days to settle their accounts.

1.2 DEBTORS RECONCILIATION AND AGE ANALYSIS

The information below, relates to Brown Traders for April 2023.

REQUIRED:

- 1.2.1 Calculate the correct Debtors Control balance on 30 April 2023. (3)
- 1.2.2 Calculate the balances for the debtors listed in the ANSWER BOOK. (11)
- 1.2.3 **Refer to Information C (Age Analysis):**
- Calculate the percentage of debtors that are not complying with the 30 days' credit terms. (3)
 - List TWO internal control measures that BROWN Traders can use to ensure that only reliable clients are granted credit. (4)

INFORMATION:

A. Balances on 30 April 2023 (before errors and omissions):

| | R |
|--------------------------------|----------|
| Debtors Control balance | 74 600 |
| Debtors list balance | 70 000 |
| • H. Amla | 21 600 |
| • L. Ngidi | 12 400 |
| • K. Billiat | 24 900 |
| • S. Naidoo | 11 100 |

B. Errors and omissions discovered:

- (i) The Debtors Journal was overcast by R3 500.
- (ii) An allowance of R800 granted to Amla for damaged goods dispatched was entered in the wrong side of his account.
- (iii) Goods sold on credit to Billiat for R6 300 was entered incorrectly to his account as R3 600. Posting to the General Ledger was correct.
- (iv) A direct deposit made by Ngidi for R2 500 was recorded in the account of Amla in error.
- (v) Good sold on credit to Naidoo for R4 500 was not recorded.

C. DEBTORS AGE ANALYSIS

| AMOUNT OWING | CURRENT MONTH | 30 DAYS | 60 DAYS | More than 60 DAYS |
|--------------|---------------|---------|---------|-------------------|
| R70 000 | 12 600 | 21 000 | 28 000 | 8 400 |

Debtors are allowed 30 days to settle their accounts.

1.3 CREDITORS RECONCILIATION

Kokstad Traders buys goods on credit from Underberg Suppliers. The information presented is for May 2023.

REQUIRED:

Reconcile the Creditors Ledger account of Underberg Suppliers in the books of Kokstad Traders with the statement received. (8)

INFORMATION:

A. Creditors Ledger of Kokstad Traders

Underberg Suppliers (CL6)

| DATE | DETAILS | FOL | DEBIT | CREDIT | BALANCE |
|-------|--------------------|-----|--------|--------|---------|
| May 1 | Balance | b/d | | | 34 200 |
| 5 | Invoice No. 443 | CJ | | 4 770 | 38 970 |
| 10 | Cheque No. 2810 | CPJ | 15 000 | | 23 970 |
| | Discount | CPJ | 750 | | 23 220 |
| 12 | Invoice No. 568 | CJ | | 5 640 | 28 860 |
| 18 | Debit Note No. 114 | CAJ | 980 | | 27 880 |
| 28 | Invoice No. 667 | CJ | | 7 120 | 35 000 |
| | | | | | |

B. Statement received from Underberg Suppliers

| DATE | | DETAILS | DEBIT | CREDIT | BALANCE |
|-------|----|---------------------|-------|--------|---------|
| April | 28 | Account rendered | | | 38 830 |
| | 30 | Invoice No. 376 | 3 370 | | 42 200 |
| May | 1 | Receipt No. 1144 | | 8 000 | 34 200 |
| | 5 | Invoice No. 443 | 7 740 | | 41 940 |
| | 10 | Receipt No. 1328 | | 15 000 | 26 940 |
| | 12 | Invoice No. 568 | 6 640 | | 33 580 |
| | 18 | Credit Note No. 743 | 980 | | 34 560 |
| | 22 | Invoice No. 772 | 3 860 | | 38 420 |

Includes transactions up to 25th of each month

C. Differences noted:

- (i) Invoice No. 443 was recorded incorrectly in the creditors ledger.
- (ii) The statement did not reflect the discount for early payment on the 10th. This will be rectified on the next statement.
- (iii) It was discovered that Invoice No. 568 on the statement included goods valued at R1 000 ordered by the warehouse manager. The manager is facing disciplinary action.
- (iv) Goods valued at R980 were returned on the 18th. It is shown as a debit entry in both the creditor's ledger account as well as the statement of account.
- (v) Invoice No. 772 on the statement was an error made by Underberg Suppliers. These goods were not purchased by Kokstad Traders.
- (vi) The statement was received on 25 May 2023.

QUESTION 2: COST ACCOUNTING**(50 marks; 40 minutes)****2.1 UMLAZI MANUFACTURERS**

Umlazi Manufacturers is a manufacturing business that produces one style vase. The financial year ended on 28 February 2023.

REQUIRED:

2.1.1 Complete the following notes:

- Direct labour cost (7)
- Factory overheads cost (8)

2.1.2 Prepare the Production Cost Statement for the year ended 28 February 2023. (13)

2.1.3 The accountant is of the opinion that the workers are not properly supervised.

- Identify TWO separate problems relating to the supervision of workers. Quote figures to support your answer. In EACH case, provide a solution. (6)

INFORMATION:**A. Stock balances:**

| | 28 February 2023 | 1 March 2022 |
|-----------------------|------------------|--------------|
| | R | R |
| Raw material stock | 114 550 | 115 200 |
| Work-in-process stock | ? | 22 464 |
| Finished goods | 195 000 | 60 000 |

B. Raw materials are purchased only on credit. Invoices totaling R766 600 were received for the financial year.

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

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

Details relating to total number of hours worked by workers and remuneration rates for the financial year ended 28 February 2023:

| | HOURS PER WORKER | RATE PER HOUR | NUMBER OF WORKERS | TOTAL |
|-------------|------------------|---------------|-------------------|-------|
| Normal time | 1 680 | R47 | 5 | ? |
| Overtime | 1 152 | R94 | 5 | ? |
| | 2 832 | | | ? |

NOTE: Employers' contribution: 12% of normal wage.

D. Factory overhead cost amounted to R298 600 before taking into account the following adjustments:

- The entire water and electricity expenses of R45 600 was allocated to factory instead of only 60% of this expense.
- Rent expenses of R210 000 for factory was recorded according to the following floor space: 10 500 m² : 1 750 m² : 1 750 m² (Factory, administration and selling and distribution respectively)
Instead of 7000 m² : 3 500 m² : 3 500 m² (Factory , administration and selling and distribution respectively).
- Insurance of R48 000 was incorrectly omitted from factory overhead costs. This includes a premium of R9 000 paid for the period 1 January to 31 March 2023
This expense must be allocated between the factory and the sales department in the ratio 3 : 2

E. The business produced 5 000 vases.

F. Cost of sales amounted to R 1 815 000

2.2 SOLAR MANUFACTURERS.

Solar Manufacturers produces solar panels. The financial year ends on 28 February 2023.

REQUIRED:

- 2.2.1 Calculate the break-even point on 28 February 2023. (4)
- 2.2.2 Explain why the owner should be concerned about the break-even point. Quote figures. (3)
- 2.2.3. The owner is concerned about the direct material cost.
- Explain why the owner would NOT be satisfied with the direct material cost per unit. Quote figures. (3)
 - Apart from changing the supplier to get a cheaper price, provide an alternative solution to this problem. Mention ONE point. (2)
- 2.2.4 Assume that costs and worker’s efficiency will remain unchanged in 2024. If production and sales increased by 48 500 units, calculate how much profit can be expected. **Note: take into account 2.2.2** (4)

INFORMATION:

| | 2023 | | 2022 | |
|-----------------------------------|---------------|----------|---------------|----------|
| | Total | Per unit | Total | Per unit |
| Direct material cost | ? | R7,56 | R1 646 400 | R5,60 |
| Total fixed costs | R3 102 500 | R9,36 | R1 911 000 | R6,50 |
| Total variable costs | R6 464 250 | R19,50 | R5 439 000 | R17,50 |
| Sales | R9 282 000 | R28,00 | R7 203 000 | R24,50 |
| Number of units produced and sold | 331 500 units | | 294 000 units | |
| Break-even point | ? | | 273 000 | |

QUESTION 3: STOCK VALUATION**(35 marks; 30 minutes)****3.1 JOHN STORES**

John stores sells one type of leather bags imported from Zimbabwe.

The Business is managed by Catherine, the financial year ended on 28 February 2023. The periodic inventory system and the weighted average method are used to value the stock of leather bags.

REQUIRED:

3.1.1 Calculate the following for the financial year ended on 28 February 2023:

- Value of the closing stock (11)
- Cost of sales (3)

3.1.2 Calculate the average stock holding period (in days) on 28 February 2023 (5)

3.1.3 Comment on whether she should be concerned or not about average stock holding period. Note: stock holding period for 2022 was 70 Days. (3)

3.1.4 Catherine wants to change to the First –in-First-out (FIFO) method to value the leather bags as she feels that this will improve profitability.

Comment on this proposal. Provide Two points. (4)

INFORMATION:**A. Stock of leather bags**

| | Units | Total |
|------------------|-------|---------|
| 01 March 2022 | 430 | R55 900 |
| 28 February 2023 | 210 | ? |

B. Purchases of leather bags during the year:

| Month | No. of units | Cost price per unit | Total purchases | Import duties | Total import duties |
|----------|--------------|---------------------|-----------------|---------------|---------------------|
| May | 600 | R140 | R84 000 | R11.80 | R7 080 |
| August | 800 | R150 | R120 000 | R10 | R8 000 |
| November | 300 | R145 | R72 500 | R12 | R6 000 |
| February | 300 | R160 | R48 000 | R12 | R3 600 |
| | <u>2 200</u> | | <u>R324 500</u> | | <u>R24 680</u> |

C. Twenty (20) leather bags from November purchases that were not of good quality were returned to the supplier. They apoligised and credited the business account with cost price as well as the import duties.

3.2 PROBLEM-SOLVING

Zoom Traders sells one type of Gas stoves. They have three branches operating in different Malls at Ladysmith, Howick and Sobantu Mall. These branches are managed by Talent, Mpume and Puleng, respectively.

Although Yolanda Smith allows the branch managers to generally make their own decisions, she has implemented division of duties, cameras and internal auditing as control measures in these branches.

REQUIRED:

- 3.2.1 The internal auditor in Ladysmith mall discovered a shortage of R40 000 from cash deposited from cash sales. Mention ONE additional control measure that Yolanda could consider to improve controls in the branches. (2)
- 3.2.2 Identify TWO problems (with figures or calculations) relating to the Howick Mall and provide a solution in each case. (4)
- 3.2.3 List THREE decisions taken by Puleng, the manager of Sobantu Mall, which led to much better results than those of the other two branches. Quote figures. (3)

Information per shop for May 2023:

| | LADYSMITH MALL | HOWICK MALL | SOBANTU MALL |
|--------------------------------|----------------|-------------|--------------|
| Manager | Talent | Mpume | Puleng |
| Opening stock (units) | 200 | 160 | 300 |
| Purchases (units) | 2 500 | 3 050 | 5 200 |
| Total number of units sold | (2 300) | (3 000) | (4 550) |
| Credit sales (units) | 800 | 2 400 | 1 980 |
| Cash sales (units) | 1 500 | 600 | 2 570 |
| Online shopping | - | - | 750 |
| Closing stock (units) | 400 | 210 | 950 |
| Selling price per unit | R850 | R850 | R850 |
| Cash deposited from cash sales | R1 235 000 | R510 000 | R2 465 000 |
| Advertising | R9 500 | R10 000 | R16 200 |
| Rent expense | R35 000 | R22 000 | R45 000 |
| Days worked per week | 6 | 5 | 7 |
| Shop assistants | 4 | 2 | 6 |

QUESTION 4: BANK RECONCILIATION**(30 marks; 20 minutes)****NEULANDS TRADERS**

The information relates to May 2023. The business receives its official bank statements on the 25th day of each month.

REQUIRED:

- 4.1 Explain ONE improvement made in the banking sector. (2)
- 4.2 Complete the CRJ and CPJ on 31 May 2023. (11)
- 4.3 Calculate the correct bank balance in the ledger on 31 May 2023. Indicate whether the balance is favourable or unfavourable. (5)
- 4.4 Prepare the Bank Reconciliation Statement on 31 May 2023. (8)
- 4.5 Refer to E and F:
Explain why the internal auditor would be concerned (provide figures). Which corrective measure can be taken.
Provide TWO points (incidence with figure and corrective action). (4)


INFORMATION:**A. The following Bank Reconciliation Statement was prepared on 30 April 2023:**

| | DEBIT R | CREDIT R |
|---|--------------------|---------------------|
| Balance as per Bank Statement | 87 150 | |
| Outstanding deposit (from cash sales; dated 30 April 2023) | | 31 600 |
| Outstanding EFT (no. 555) | 16 850 | |
| Correction of error | | 22 700 |
| Balance as per bank account | | 49 700 |
| | 104 000 | 104 000 |

B. Provisional totals on 31 May 2023:**CRJ:** R62 520**CPJ:** R97 860**C. When comparing the April reconciliation statement to the May 2023 bank statement, the following was noticed:**

The outstanding EFT no. 555, outstanding deposit, and correction of the error of were correctly reflected on the May bank statement.

D. The following items on the May 2023 bank statement did not appear in the June Cash Journals:

- 
- EFT received from KZN Promotions for commission earned, R36 400.
 - Monthly debit order in favour of Far Call for cell-phone charges, R2 800.
 - A deposit of R23 000 appeared in the current account of Newlands Traders on 24 May 2023. The deposit has been identified as an error made by the bank. The bank has agreed to correct the error on the July bank statement.
 - Cash deposit fees, R1 250.
 - Service fees, R880.
 - Interest on a debit balance, R2 160
 - A debit card entry to withdraw cash for wages of R11 000 was recorded on the statement.
 - A debit order for R10 570 dated 24 May 2023; in favour of Vodacell for cell-phone purchases. Newlands Traders did not deal with this service provider and informed the bank immediately. The bank agreed to rectify this entry on the June 2023 bank statement.

E. Difference noticed when journals and June's bank statement were compared:

- Credit card sales appear on the bank statement as R32 300, but in the CRJ as R23 200. The bank statement is correct. Correct the error.

F. Items in the journals but not in the May bank statement:

- EFT no. 633 for R24 800 dated 31 May 2023 in the CPJ.
- Cash deposit of R34 620 dated 31 May 2023 for sales (CS977-986's) in the CRJ. It was later discovered that the actual total sale on this day was R44 620.

G. The May 2023 bank statement reflected a balance of R?

| |
|----|
| 30 |
|----|

TOTAL MARKS: 150

| GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET | |
|---|--|
| $\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$ | $\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$ |
| $\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$ | $\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$ |
| $\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$ | $\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$ |
| Total assets : Total liabilities | Current assets : Current liabilities |
| (Current assets – Inventories) : Current liabilities | Non-current liabilities : Shareholders' equity |
| (Trade and other receivables + Cash and cash equivalents) : Current liabilities | |
| $\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ | $\frac{\text{Cost of sales}}{\text{Average trading stock}}$ |
| $\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$ | $\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ |
| $\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$ | $\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below) |
| $\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average Shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$ | |
| $\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$ | $\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$ |
| $\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$ | $\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$ |
| $\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$ | $\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$ |
| $\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$ | |
| NOTE | |
| <ul style="list-style-type: none"> In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice. | |



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GRADE 12

ACCOUNTING P2

ANSWER BOOK

COMMON TEST

JUNE 2023

Name: _____ Grade: _____

| QUESTION | MARKS | | MODERATION | | | |
|--------------|------------|---------|------------|---------|----------|----------|
| | TOTAL | LEARNER | SCHOOL | CLUSTER | DISTRICT | PROVINCE |
| 1 | 35 | | | | | |
| 2 | 50 | | | | | |
| 3 | 35 | | | | | |
| 4 | 30 | | | | | |
| TOTAL | 150 | | | | | |

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

QUESTION 1

1.1.1 **Calculate Average Debtors Collection period in days**

| CALCULATION | ANSWER |
|-------------|--------|
| | |

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| 4 |
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1.1.2 **Explain whether the manager should be concerned about the average debtor's collection period.**
Note: it was 29 days in 2022.

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1.2.1 **Calculate the correct Debtors Control balance on 30 April 2023.**

| CALCULATION | ANSWER |
|--------------------------------|--------|
| Debtors control balance 74 600 | |

| |
|---|
| 3 |
|---|

1.2.2 **Debtors list balances:**

| | |
|--------------------|--|
| H. Amla (21 600 | |
| L. Ngidi (12 400 | |
| K. Billiat (24 900 | |
| S. Naidoo (11 100 | |
| | |

| |
|----|
| 11 |
|----|

1.2.3 Calculate the percentage of debtors that are not complying with the 30 days' credit terms.

| CALCULATION | ANSWER |
|-------------|--------|
| | |

| |
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| |
| 3 |

List TWO internal control measures that BROWN Traders can use to ensure that only reliable clients are granted credit.

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1.3 Kokstad Traders buys goods on credit from Underberg Suppliers. The information presented is for April 2023.

| No. | Creditors ledger | Statement |
|-------|------------------|-------------|
| | R 35 000 | R 38 420 |
| (i) | | |
| (ii) | | |
| (iii) | | |
| (iv) | | |
| (v) | | |
| (vi) | | |
| | | |

| |
|---|
| |
| 8 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 35 |

QUESTION 2

2.1.1

| | |
|---------------------------|--|
| Direct labour cost | |
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| Factory overheads cost | |
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2.1.2

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| Production cost statement for the year ended 28 February 2023 | |
| | |
| | |
| Prime cost | |
| | |
| Total cost of production | |
| | |
| | |
| | |
| Total cost of production of finished products | |

13

2.1.3

| | | |
|---|-----------------------------------|-----------------|
| The accountant is of the opinion that workers are not properly supervised. | | |
| | Identify separate problems | Solution |
| Problem 1 | | |
| Problem 2 | | |

6

2.2.1 BREAK-TIME MANUFACTURERS

| | |
|--|---------------|
| Calculate the break-even point for the year ended 28 February 2023. | |
| WORKINGS | ANSWER |
| | |

4

2.2.2 Explain why the owner should be concerned about the break-even point. Quote figures.

3

2.2.3 Explain why the owner would NOT be satisfied with the direct material cost per unit. Quote figures.

3

Apart from changing the supplier to get a cheaper price, provide an alternative solution to this problem. Mention ONE point.

2

2.2.4 Assume that costs and worker's efficiency will remain unchanged in 2024. If production and sales increased by 48 500 units, calculate how much profit can be expected. Note take into account 2.2.2

| | |
|--------------------|---------------|
| CALCULATION | ANSWER |
| | |

4

| |
|--------------------|
| TOTAL MARKS |
| 50 |

QUESTION 3

3.1.1

Value of the closing stock

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| |
| 11 |

Cost of sales

| CALCULATION | ANSWER |
|-------------|--------|
| | |

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| |
| 3 |

3.1.2

Calculate the average stock holding period (in days) on 28 February 2023

| CALCULATION | ANSWER |
|-------------|--------|
| | |

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| |
| 5 |

3.1.3

Comment on whether she should be concerned or not about average stock holding period. Note: stock holding period for 2022 was 70 Days.

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3.1.4

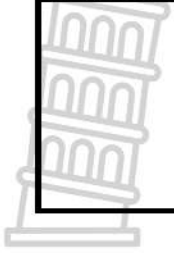
Catherine wants to change to the First –in-First-out (FIFO) method to value the leather bags as she feels that this will improve profitability.

Comment on this proposal. Provide Two points.

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3.2.1 Mention ONE additional control measure that Yolanda could consider to improve controls in the branches.



| |
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| |
| 2 |

3.2.2 Identify TWO problems (with figures or calculations) relating to the Howick Mall and provide a solution in each case.

| Problem with a figure | Solution |
|-----------------------|--|
| |  |
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3.2.3 List THREE decisions taken by Puleng, the manager of Sobantu Mall, which led to much better results than those of the other two branches. Quote figures.

| |
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| TOTAL MARKS |
| |
| 35 |

QUESTION 4

4.1 Explain ONE improvement made in the banking sector.

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4.2 COMPLETE THE CASH RECEIPTS JOURNAL AND CASH PAYMENTS JOURNAL:

| Cash Receipts Journal (figures only) | Cash Payments Journal (figures only) |
|---|---|
| R 62 520 | R 97 860 |
| | |
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| 11 |

4.3 Calculate the correct bank balance in the ledger on 31 May 2023. Indicate whether the balance is favourable or unfavourable.

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| 5 |

4.4 PREPARE THE BANK RECONCILIATION STATEMENT ON 31 MAY 2023.

| | Debit | Credit |
|-------------------------------|-------|--------|
| Balance as per bank statement | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

8

4.5 Refer to E and F:
 Explain why the internal auditor would be concerned (provide figures). Which corrective measure can be taken.
 Provide TWO points (incidence with figure and corrective action).

Concern (with figures):

Actions:

4

| |
|-------------|
| TOTAL MARKS |
| |
| 30 |

GRAND TOTAL: 150



Department:
Education
PROVINCE OF KWAZULU-NATAL

FINAL

ACCOUNTING

MARKING GUIDELINES

JUNE 2023

PAPER 2

NATIONAL
SENIOR CERTIFICATE

GRADE 12

M.G MANGE
20/06/2023
Final 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. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as the final figure, award one mark. Not the method mark for the answer. Note: if figures are stipulated in memo for components of workings, these do not carry the method for final answer.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in a certain question.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
10. 'Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, ×, ÷, or per candidates operation.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a ☒. Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f=foreign item; p=placement.

This memorandum consists of 9 pages



QUESTION 1

1.1.1 Calculate average debtors collection period in days

| CALCULATION | ANSWER |
|--|--|
| $\frac{1}{2} \left(\frac{180\,000 + 210\,000}{1\,095\,000} \right) \times 365$ <p>195 000 two marks 180 000 ✓ + 210 000 ✓ 1 095 000 ✓</p> | <p>65 days ✓ One part correct 365 not one part</p> |

4

1.1.2 Explain whether the manager should be concerned about the average debtor's collection period. Note: it was 29 days in 2022.

| |
|--|
| <p>Any relevant explanation ✓✓</p> <p>The average debtors collection period increased from 29 days to 65 days / by 36 days (124%) check the response from 1.1.1</p> <p>Debtors are allowed 30 days to settle their account (one month) but they took 65 days which is more than two months</p> |
|--|

2

1.2.1 Calculate the correct Debtors Control balance on 30 June 2023.

| CALCULATION | ANSWER |
|-----------------------------|--------------------------------------|
| $74\,600 - 3\,500 + 4\,500$ | <p>75 600 ✓ One part correct</p> |


3

1.2.2 Debtors list balances:

| | |
|---|----------|
| H. Amla (21 600 – 800 ✓ – 800 ✓ + 2 500 ✓) - 1 600 two marks | 22 500 ✓ |
| L. Ngidi (12 400 – 2 500 ✓) | 9 900 ✓ |
| K. Billiat (24 900 + 2 700 ✓) | 27 600 ✓ |
| S. Naidoo (11 100 + 4 500 ✓) | 15 600 ✓ |
| Operation one part correct | 75 600 ✓ |

11

1.2.3 Calculate the percentage of debtors that are not complying with the 30 days' credit terms.

| CALCULATION | ANSWER |
|--|---|
|  $\frac{36\,400 \checkmark}{70\,000 \checkmark} \times 100$ | 52% <input checked="" type="checkbox"/> Operation one part correct |

| |
|---|
| 3 |
|---|

List TWO internal control measures that BROWN Traders can use to ensure that only reliable clients are granted credit.

Any TWO control measures

- Perform credit checks (references / listing / credit bureau).
- Check employment history
- Check salary advice or Bank statement for affordability.
- Contact details (residential/postal address and contact numbers).

| |
|---|
| 4 |
|---|

1.3 Kokstad Traders buys goods on credit from Underberg Suppliers. The information presented is for July 2023.

| No. | Creditors ledger | Statement |
|-------|---|--|
| | R 35 000 | R 38 420 |
| (i) | + 2 970 <input checked="" type="checkbox"/> | |
| (ii) | | - 750 <input checked="" type="checkbox"/> |
| (iii) | + 1 000 <input checked="" type="checkbox"/> | |
| (iv) | | - 980 <input checked="" type="checkbox"/> – 980 <input checked="" type="checkbox"/> or 1 960 two marks |
| (v) | | - 3 860 <input checked="" type="checkbox"/> |
| (vi) | | + 7 120 <input checked="" type="checkbox"/> |
| | 38 970 <input checked="" type="checkbox"/> | Both operation 38 970 |

| |
|---|
| 8 |
|---|

| |
|--------------------|
| TOTAL MARKS |
| 35 |

QUESTION 2

2.1.1

| Direct labour cost | | |
|---------------------------------------|----------------|----------|
| Normal Time (1 680 x 47 x 5) | 394 800 | ✓✓ |
| Over time (1 152 x 94 x 5) | 541 440 | ✓✓ |
| Employer contribution (394 800 x 12%) | 47 376 | ✓✓ |
| Operation | 983 616 | ✓ |

7

| Factory overheads cost | | |
|--|----------------|----------|
| Total / balance | 298 600 | ✓ |
| Water and electricity (45 600 x 40/100) | (18 240) | ✓✓ |
| Rent (210 000 – 140 000) or (210 000 x 3500/10500) | (70 000) | ✓✓ |
| Insurance (48 000 – 3 000) x 3/5 | 27 000 | ✓✓ |
| Operation | 237 360 | ✓ |

8

2.1.2

| PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023 | | |
|--|------------------|----------|
| Direct material cost (115 200✓ + 766 600✓ – 114 550✓) | 767 250 | ✓ |
| Direct labour cost see 2.1.1 | 983 616 | ✓ |
| Prime cost operation | 1 750 866 | ✓ |
| Factory overhead cost see 2.1.1 | 237 360 | ✓ |
| Total cost of production operation | 1 988 226 | ✓ |
| Work in process – beginning | 22 464 | ✓ |
| operation | 2 010 690 | ✓ |
| Work in process – end (balancing figure) | (60 690) | ✓ |
| Total cost of production of finished products (1 815 000 + 195 000 – 60 000) | 1 950 000 | ✓✓ |

13

2.1.3

| The accountant is of the opinion that workers are not properly supervised. | | |
|---|--|---|
| | Identify separate problems Problems ✓ ✓ ✓ Figures ✓ ✓ ✓ | Solution ✓ ✓ |
| Problem 1 | The workers do not work the normal time hours according to the employment conditions – only 1 680 instead of 1 920. OR The workers worked too much overtime as compared to normal time - 70% / 1 152/1680. | 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. |
| Problem 2 | The level of production is too low. For the <ul style="list-style-type: none"> • 2 832 hours worked, they should have produced a total number of 28 320 (2 832 x 5 x 2) vase. The business only produced 5 000vases. • They should have produced (2 832 x 2) 5 664 vases but only 5000 produced. | Monitor workers to ensure they produce two vases per hour. / Pay workers for each vase completed. / Complete uncompleted tasks under normal hours. |

6

2.2 SOLAR MANUFACTURERS

2.2.1 Calculate the break-even point for the year ended 28 February 2023.

| Workings | Answer |
|---|---|
| R3 102 500 ✓ R28 ✓ – R19,50 ✓ 8,50 two marks | 365 000 units ✓ Operation, one part correct Must not be R, c, % etc Units do not have to be stated |

| |
|---|
| |
| 4 |

2.2.2 Explain why the owner should be concerned about the break-even point. Quote figures.

Compare BEP with level of production ✓✓ **Figures** ✓

- The business produced and sold 331 500 units. This is below the break-even point of 365 000 units (33 500 units less) **See 2.2.1**

| |
|---|
| |
| 3 |

2.2.3 Explain why the owner would NOT be satisfied with the direct material cost per unit. Quote figures.

Explanation
Direct material cost increased from R5,60 to R7,56 by R1,96 ✓✓ which is 35% ✓

| |
|---|
| |
| 3 |

Apart from changing the supplier to get a cheaper price, provide an alternative solution to this problem. Mention ONE point.

Any ONE relevant answer ✓✓

- Buy in bulk to receive a trade discount.
- Train workers to minimize the wastage.
- Employ skilled workers.

| |
|---|
| |
| 2 |

2.2.4 Assume that costs and worker's efficiency will remain unchanged in 2024. If production and sales increased by 48 500 units, calculate how much profit can be expected. Note: take into account 2.2.2

| CALCULATION | ANSWER |
|---|-----------|
| (48 500 – 33 500) 15 000 ✓✓ x 8,50 ✓ Operation one part correct | 127 500 ✓ |
| Or Two marks one mark 48 500 x 8,50 = R412 250 – R284 750 See 2.2.2 | |

| |
|---|
| |
| 4 |

| |
|--------------------|
| TOTAL MARKS |
| |
| 50 |

QUESTION 3

3.1.1

| Value of the closing stock |
|--|
| $\frac{55\ 900 + 324\ 500 + 24\ 680 - 3\ 140}{430 + 2\ 200 - 20}$ |
| 401 940 four marks 2 610 three marks |
| R154 <input checked="" type="checkbox"/> x 210 <input checked="" type="checkbox"/> Operation one part correct |
| R 32 340 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Operation one part correct |

11

| Cost of sales | |
|-----------------------------------|--|
| CALCULATION | ANSWER |
| $401\ 940 - 32\ 340$ SEE 3.1.1 | 369 600 Operation one part correct |

3

3.1.2

| Calculate the average stock holding period (in days) on 28 February 2023 | |
|--|--|
| CALCULATION | ANSWER |
| $\frac{1}{2} \times \frac{(55\ 900 + 32\ 340)}{369\ 600} \times 365$ | 44 Days Operation one part correct |
| 44 120 three marks 369 600 | |

5

3.1.3

| Comment on whether she should be concerned or not about average stock holding period. Note: stock holding period for 2022 was 70 Days. |
|---|
| Stock holding period decreased from 70 days to 44 days by 26 days (37%) Stock stay one month and 13 days before is being sold while in 2022 stock was staying two months. <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> A trend only without % two mark |

3

3.1.4

| Catherine wants to change to the First –in-First-out (FIFO) method to value the leather bags as she feels that this will improve profitability. |
|---|
| Comment on this proposal. Provide Two points. Any two valid points <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |
| The business must stay consistent from one year to the next in order to compare results. Not ethically correct to manipulate profit by changing policies Not acceptable practice – SARS will not approve |

4

3.2.1 Mention **ONE** additional control measure that Yolanda could consider to improve controls in the branches.

Any ONE valid point ✓✓

- Encourage customers to use EFT/ credit cards
- Introduce online shopping facilities
- Create a policy of regular banking to avoid rolling of cash

2

3.2.2 Identify **TWO** problems (with figures or calculations) relating to the Howick Mall and provide a solution in each case.

| Problem with a figure ✓ ✓ | Solution ✓ ✓ |
|---|---|
| 80% are credit sales/ cash sales are 20% of total sales | Discount on cash sales Charge interest on credit sales |
| They only work 5 days per week | The competitor work 6/7 days |

4

3.2.3 List **THREE** decisions taken by Puleng, the manager of Sobantu Mall, which led to much better results than those of the other two branches. Quote figures.

Any ONE valid explanation ✓ ✓ ✓

- The business is operating for 7 days per week
- Advertising, R16 200 increased sales
- The business is offering online facility, 750 units sold
- Employed 6 shop assistants
- Cash sales is 56.48%

3

| |
|--------------------|
| TOTAL MARKS |
| |
| 35 |

QUESTION 4

4.1 Explain ONE improvement made in the banking accounting field.

Any ONE Explanation ✓✓

- Use of EFT instead of cheques work better.
- Use of banking Apps instead of banking halls
- Internet banking works faster than manual one.
- No long ques as internet is used anywhere.
- Less handling of cash as payments are made using EFT.
- Reconciliation made easier using banking App information.

| |
|----------|
| |
| 2 |

4.2 COMPLETE THE CRJ AND CPJ:

| Cash Receipts Journal (figures only) | | Cash Payments Journal (figures only) |
|---|----------------|---|
| R | | R |
| 62 520 | | 97 860 |
| 36 400 ✓✓ | | 2 800 ✓ |
| 32 300 CRJ | # 2 130 | # 1 250 ✓ |
| 23 200 CPJ | Two marks | |
| | | # 880 ✓ |
| | | 2 160 ✓ |
| | | 11 000 ✓✓ |
| 108 020 ✓ | Both operation | 115 950 |

| |
|-----------|
| |
| 11 |

4.3 Calculate the correct bank balance in the ledger on 31 May 2023. Indicate whether the balance is favourable or unfavourable.

See 4.2 See 4.2
 $- 49\,700 \checkmark + 108\,020 \checkmark - 115\,950 \checkmark = - 57\,630 \checkmark$ one part correct

Unfavourable ✓
OR

Bank account

| | | | |
|----------------------|---------|-------------------------------|---------|
| Total Receipts (CRJ) | 108 020 | Balance B/d | 49 700 |
| Balance c/d | 57 630 | Total Payments (CPJ) | 115 950 |
| | 165 650 | | 165 650 |
| | | Balance b/d (Unfavourable) | 57 630 |

| |
|----------|
| |
| 5 |

4.4

Prepare the Bank Reconciliation Statement on 31 May 2023.

| | Debit | Credit |
|--|-----------|---|
| Debit balance as per bank statement <i>balancing figure</i> | 55 020 ✓ | |
| Credit outstanding deposit | | 34 620 ✓ |
| Debit amount incorrectly credited | 23 000 ✓✓ | |
| Rectify error | | 10 570 ✓ |
| Debit outstanding EFT 633 | 24 800 ✓ | |
| Credit balance as per bank account | | 57 630 ✓ <i>see 4.2</i> |
| | 102 820 | ✓ 102 820 <i>Both must be the same</i> |

8

4.5

Refer to E and F:
Explain why the internal auditor would be concerned (provide figures). Which corrective measure can be taken.
Provide TWO points (incidence with figure and corrective action).

Concern (with figures): ✓✓

- R10 000 less cash from sales were recorded and deposited.

Actions:

Any ONE action ✓✓

- Division of duties (with explanation) *No explanation no mark*
- Control deposits before going to the bank

4

| |
|--------------------|
| TOTAL MARKS |
| 30 |

TOTAL: 150