



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NATIONAL
SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

JUNE 2022

Stanmorephysics.com



MARKS: 150

TIME: 2 Hours

**This question paper consists of 14 pages (including a 1-page formula sheet)
and an answer book of 11 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. A FORMULA SHEET for financial indicators is attached to this question paper. You may use it if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use dark pencil or black/blue pen to answer the 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	Reconciliations	37	30
2	Manufacturing	53	42
3	Inventories and Problem-solving	36	29
4	Asset Management	24	19
TOTAL		150	120

QUESTION 1: RECONCILIATIONS**(37 marks; 30 minutes)****1.1 DEBTORS RECONCILIATION**

The Debtors Control Account and Debtors List for Zondi Traders for November 2021 was prepared by the bookkeeper but unfortunately contained errors/omissions.

REQUIRED

Use the table provided to indicate corrections that must be made to the Debtors Control Account and Debtors List.

Provide figures and a plus (+) or minus (–) sign for each correction.

(13)**INFORMATION****A.**

	Debtors Control Account	Debtors List
Balances/Totals	56 565	59 235

B. Errors or omissions to be corrected:

- (i) No entry was made for an invoice for R11 160.
- (ii) A receipt for R14 100 was recorded correctly in the relevant journal. It was posted incorrectly as R7 350 to the Debtors Ledger Account.
- (iii) An invoice for R2 040 was correctly recorded in the Debtors Journal. It was posted to the wrong side of the Debtors Ledger.
- (iv) An EFT for R2 025 received from a debtor was recorded in the Cash Receipts Journal and posted to the Debtors Control Account and Debtors Ledger accordingly. This debtor's account was previously written off.
- (v) A credit note for R1 080 was recorded in the Debtors Allowance Journal as R405 and posted as such. The source document was completed correctly.
- (vi) No entry was made for a reversed EFT for R2 625 on the November bank statement. This had originally been received from a debtor to settle her debt of R2 925.

1.2 CREDITORS RECONCILIATION

Mokerong Traders buys goods on credit from Manthata Suppliers. A statement for April 2022 was received by Mokerong Traders.

REQUIRED

- 1.2.1 Explain how the Creditors Reconciliation Statement can assist the business in terms of internal control measures. State TWO points. (4)
- 1.2.2 Calculate the correct balance of Manthata Suppliers in the Creditors Ledger of Mokerong Traders. (10)
- 1.2.3 Prepare a Creditors Reconciliation Statement on 30 April 2022. (10)

INFORMATION

A. Creditors Ledger of Mokerong Traders

MANTHATA SUPPLIERS (CL4)					
Date			Debit	Credit	Balance
April ²²	01	Balance			66 330
	08	Invoice 153		81 000	147 330
	10	EFT	33 750		113 580
	12	Debit note 746	8 640		104 940
	15	Invoice 111		40 950	145 890
	17	Invoice 214		137 250	283 140
	21	Invoice 273		30 375	313 515
	24	Debit note 966		8 100	321 615
	27	Journal voucher 490	5 400		316 215
	31	EFT	139 500		176 715

B. Statement received on 30 April 2022:

MANTHATA SUPPLIERS					
P.O Box 533, Groothoek 0628. Tel: 015 662 0024					
Mokerong Traders			25 April 2022		
Date			Debit	Credit	Balance
April ²²	01	Account rendered			66 330
	05	Interest	1 170		67 500
	08	Invoice 153	81 000		148 500
	10	Receipt 491		33 750	114 750
	12	Credit note 511		9 855	104 895
	17	Invoice 214	137 250		242 145
	19	Receipt 654		126 000	116 145
	21	Invoice 273	75 375		191 520
	24	Credit note 632		8 100	183 420

**C. Additional information:**

- (i) Invoice 111 refers to merchandise purchased from Mokopane Suppliers.
- (ii) Manthata Suppliers made an error in recording of invoice 273 on the statement.
- (iii) Goods returned on 12 April 2022 were recorded correctly in the statement from Manthata Suppliers.
- (iv) Receipt 654 does not relate to Mokerong Traders and will be rectified the following month.
- (v) The transaction on 24 April 2022 is in respect of merchandise returned to Manthata Suppliers.
- (vi) Manthata Suppliers also purchases goods on credit from Mokerong Traders. Refer to Journal Voucher 490. Mokerong Traders has transferred a debit balance from Debtors' Ledger. This entry has not been recorded by Manthata Suppliers.
- (vii) The statement shows transactions up to 25 April 2022.



QUESTION 2: MANUFACTURING

(53 marks; 39 minutes)

2.1 CONCEPTS

Match the term/concept in COLUMN A with the correct explanation in COLUMN B. Only indicate the letter of your choice next to the number in the ANSWER BOOK, e.g. 2.1.5 E. (4)

COLUMN A		COLUMN B	
2.1.1	Direct material cost	A	Depreciation on factory machinery.
2.1.2	Direct labour cost	B	Commission to sales agents.
2.1.3	Factory overhead cost	C	Fruits purchased from farmers.
2.1.4	Sales and distribution cost	D	Wages paid to factory machine operator

2.2 SEBAYENG MANUFACTURERS

Sebayeng Manufacturers is a small manufacturing business that produces one style of golf-shirt. The financial year ended on 30 April 2022.

REQUIRED

2.2.1 Complete the following:

- Factory Overhead Cost Note (**Refer to Information D**) (10)
- Production Cost Statement (14)

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

- Identify TWO different problems relating to the supervision of workers. Quote figures support your answer.
- In EACH case, provide a possible solution. (8)

INFORMATION

A. Balances at the end of the financial year:

	30 APRIL 2022	30 APRIL 2021
Work-in-process	?	R28 020

B. Raw material stock:

- Fabric is purchased at a fixed price of R12 per metre.

	QUANTITY (metres)
Fabric on hand (1 May 2021)	18 000 m
Purchases of fabric	72 000 m
Fabric issued to factory	?
Fabric on hand (30 April 2022)	22 500 m



C. Direct labour:

- The business employs **six (6)** factory workers who manufacture the products and the following is **expected** of **each** of them:
 - To work 8 hours normal time per day for 5 days a week.
 - To work 48 weeks a year.
 - To produce THREE golf-shirts an hour.
- **Actual** hours worked:

	HOURS PER WORKER	RATE	NUMBER OF WORKERS	TOTAL
Normal time	1 400	R39	6	R327 600
Overtime	960	R78	6	?
	2 360			?

D. Factory overhead cost:

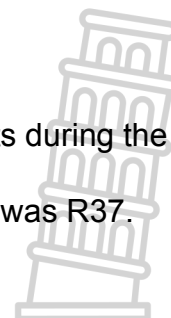
The bookkeeper prepared the following incorrect note:

Indirect material cost	R11 040
Indirect labour cost	R25 345
Insurance	R8 000
Depreciation: Factory equipment	R12 945
Depreciation: Delivery vehicles	R35 000
Water and electricity	R34 200
Sundry expenses	R8 400

- He omitted to transfer 30% of water and electricity amount to the Administration Cost Account.
- He shared Sundry Expenses Amount equally among factory, sales and administration departments; instead of sharing the amount in the ratio 4:1:1.

E. Production:

- The business produced 34 650 golf-shirts during the financial year.
- The cost of production of each golf-shirt was R37.



2.3 ZA CLEAN WATERS

Freddy is the owner of ZA Clean Waters, a manufacturing business that produces plastic water bottles. The financial year ended on 28 February 2022.

REQUIRED

- 2.3.1 Calculate the factory overhead cost per unit for the year ended 28 February 2022. (2)
- 2.3.2 Explain why Freddy would not be concerned about the increase in the variable cost. (3)
- 2.3.3 Formulate TWO possible reasons for the increase in the selling and distribution cost per unit. (2)
- 2.3.4 Freddy is unsure if the production level for this financial year is satisfactory.
- (a) Calculate the break-even point for the year ended 28 February 2022. (4)
- (b) Comment on the production level for 2022. Quote figures. (4)
- 2.3.5 ZA Clean Waters are considering importing raw materials because it is cheaper and of a higher quality.
- Propose TWO **other** aspects that they must consider before finalising their decision. (2)

INFORMATION

	2022		2021	
	TOTAL (R)	UNIT COST (R)	TOTAL (R)	UNIT COST (R)
Fixed costs:	747 500	11,50	556 920	10,20
Factory overhead costs	513 500	(2.3.1)	404 040	7,40
Administration costs	234 000		152 880	2,80
Variable costs:	1 560 000	24,00	1 217 580	22,30
Direct material cost	565 500		447 720	8,20
Direct labour cost	728 000		573 300	10,50
Selling and distribution cost	266 500		196 560	3,60
Selling price per unit	R45,00		R41,50	
Number of units produced and sold	65 000		54 600	
Break-even point (units)	?		29 007	

- Production is based on orders received; therefore, there are no balances for work-in-process.
- Assume the inflation rate of 8%.



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QUESTION 3: INVENTORY VALUATION AND PROBLEM-SOLVING

(36 marks; 29 minutes)

3.1 INVENTORY VALUATION

Arubi Designers uses the periodic stock system and the weighted-average method to value stock of jeans. Arubi Lancaster owns the business.

REQUIRED

- 3.1.1 Explain TWO separate differences between the perpetual and the periodic stock systems. (4)
- 3.1.2 Calculate the value of the stock on hand on 28 February 2022 using the weighted-average method. (9)
- 3.1.3 Calculate how long (in days) it will take to sell the closing stock of jeans. Use closing stock in your calculation. (5)
- 3.1.4 Arubi is considering a change in the method of valuing stock.
 - (a) Calculate the value of closing stock using the FIFO method. (4)
 - (b) Give ONE reason in favour of and ONE reason against changing to FIFO method. (4)

INFORMATION

Records of jeans for the year ended 28 February 2022:

	UNITS	UNIT PRICE	TOTAL
Opening stock (1 March 2021)	450	R1 156	R520 200
Purchases	4 845		R5 529 600
April 2021	2 100	R1 050	R2 205 000
July 2021	1 980	R1 200	R2 376 000
November 2021	765	R1 240	R948 600
Goods returned (from July purchases)	225	?	?
Sales	4 095	R1 425	R5 835 375
Closing stock (28 February 2022)	975	?	?

3.2 PROBLEM-SOLVING

You are provided with information of three TV shops with different owners in Polokwane. Each shop has a floor space of 150 square metres.

REQUIRED

- 3.2.1 Identify ONE problem in Shop 1 and ONE problem in Shop 2. Quote figures. In EACH case, give ONE point of advice. (6)
- 3.2.2 Explain TWO good decisions that Piet has made in respect of Shop 3. Quote figures to support your answer. (4)

Information per shop as at 31 December 2021:

	SHOP 1	SHOP 2	SHOP 3
Managers	Andries	Koos	Piet
Sales	R525 000	R360 000	R1 425 000
Returns from customers	R10 500	R54 000	R28 500
Mark-up percentage	90%	50%	60%
Stock-holding period	180 days	30 days	30 days
Advertising	R21 000	R7 200	R71 250
Rent expense	R52 500	R36 000	R144 000
Days worked per week	6	5	7
Shop assistants	4	2	6



QUESTION 4: ASSET MANAGEMENT

(24 marks; 19 minutes)

The following information relates to the fixed/tangible assets of Takalani Supermarket for the year ended 31 March 2022.

REQUIRED

- 4.1 Explain how the Fixed Asset Register can assist internal auditors in executing their duties. (2)
- 4.2 The stock of trolleys and baskets will be classified as fixed asset in this type of a business. Give ONE suitable reason for this. (2)
- 4.3 Refer to **INFORMATION A, B and C**. Calculate the amounts indicated by (4.3.1) – (4.3.4). Show the workings in the space provided in the ANSWER BOOK. (8)
- 4.4 Refer to **INFORMATION D**.
 - 4.4.1 Calculate the figures indicated (a) – (c). (6)
 - 4.4.2 Explain why the business would sell the computer rather than trying to repair it. (2)
 - 4.4.3 Provide TWO other reasons (except for damage) why a business would sell assets (equipment and/or vehicles). (4)

INFORMATION

A. Fixed asset note:

Information from the financial statements for the year ended 31 March 2022.

FIXED/TANGIBLE ASSETS	LAND AND BUILDINGS	VEHICLES	EQUIPMENT
Carrying value on 1 April 2021	3 750 000	396 900	(4.3.1)
Cost	3 750 000	828 000	1 350 000
Accumulated depreciation	0	(431 100)	336 000
Movement			
Additions	(4.3.2)	0	705 000
Disposals at carrying value	0	0	
Depreciation	0	(4.3.3)	
Carrying value on 31 March 2022	4 800 000	(4.3.4)	
Cost	4 800 000		
Accumulated depreciation	0		

B. Vehicles:

- The business has TWO vehicles.
- **NOTE:** Vehicle 1 is getting old and reaching the end of its useful life.
- The following details appeared in the Fixed Asset Register:

	Vehicle 1	Vehicle 2
Cost	360 000	468 000
Accumulated depreciation on 1 April 2021	(337 500)	(93 600)
Carrying value on 1 April 2021	22 500	374 400

C. Depreciation:

The business provides for depreciation on its fixed assets as follows:

- On vehicles at 25% p.a. on cost
- On equipment at 20% p.a. on the diminishing-balance method. Equipment comprises of shopping baskets, trolleys, computers, fridges and other general shop equipment.

D. Equipment and asset disposal:

- A computer was sold for cash to Mash Printers on 31 December 2021.
- A loss of R375 was incurred as the computer was slightly damaged.
- According to the Fixed Asset Register, the computer was originally purchased for R13 800.
- Accumulated depreciation on this item was R9 600 on 1 April 2021.

ASSET DISPOSAL

Dec ²¹	31	Equipment	(a)	Dec ²¹	31	Accumulated depreciation on equipment	(b)
						Bank	(c)
						Loss with disposal of asset	?

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 : Shareholder's equity
(Trade and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales or credit purchases}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholder's equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of shares issued}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loan}}{\text{Average shareholder's equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholder's equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim Dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final Dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$	
<p>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.</p>	



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ACCOUNTING

GRADE 12

PAPER 2

JUNE 2022

NAME OF CANDIDATE

GRADE AND CLASS NO.

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.

QUESTION 1

1.1 DEBTORS RECONCILIATION

1.1.1 Use the table provided to indicate corrections that must be made to the Debtors' Control Account and the debtors' list.

Provide figures and a plus (+) or minus (-) sign for each correction.

	Debtors' Control Account	Debtors' List
Balances/Totals	56 565	59 235
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

13

1.2 CREDITORS RECONCILIATION

1.2.1 Explain how the Creditors Reconciliation Statement can assist the business in terms of their internal control measures. State TWO points.

Blank area for writing the answer to question 1.2.1.

4

1.2.2 Calculate the correct balance of Manthata Suppliers in the Creditors Ledger of Mokerong Traders.

Blank area for writing the answer to question 1.2.2.

10

1.2.3 Creditors' Reconciliation Statement on 30 April 2022.

Details	Amount
Balance per statement of account	
Correct balance	

10

TOTAL MARKS
37

QUESTION 2

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4



2.2 SEBAYENG MANUFACTURERS

2.2.1 FACTORY OVERHEAD COST NOTE

Indirect material cost	R11 040
Indirect labour cost	25 345

10

PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 APR 2022

Prime cost	
Total manufacturing cost	
Work in process (01 May 2021)	28 020
Cost of production of finished goods	

14

2.2.2

	IDENTIFY DIFFERENT PROBLEMS	POSSIBLE SOLUTION
Problem 1		
Problem 2		

8

2.3 ZA CLEAN WATERS

2.3.1 Calculate the factory overhead cost per unit for the year ended 28 February 2022.

2

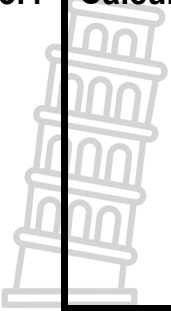
2.3.2 Explain why Freddy would not be concerned about the increase in the variable cost.

3

2.3.3 Formulate TWO possible reasons for the increase in the selling and distribution per unit.

2

2.3.4 Calculate the break-even point for the year ended 28 February 2022.



4

Comment on the production level for 2022. Quote figures.

4

2.3.5 ZA Clean Waters are considering importing raw materials because it is cheaper and of a high quality. Propose TWO other aspects that they must consider before finalising their decision.

2

TOTAL MARKS
53





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QUESTION 3:

3.1 INVENTORY VALUATIONS

3.1.1 Explain TWO separate differences between perpetual and periodic stock systems.

Perpetual stock system	Periodic stock system

4

3.1.2 Calculate the value of the stock on hand on 28 February 2022 using the weighted-average method.

9

3.1.3 Calculate how long (in days) it will take to sell the closing stock of jeans. Use the closing stock in your calculation.

5

3.1.4 Calculate the value of closing stock using the FIFO method.
(a)

4

(b) Give ONE reason in favour of changing to the FIFO method.

Give ONE reason against changing to the FIFO method.

4

3.2 PROBLEM-SOLVING

3.2.1 Identify ONE problem in Shop 1 and ONE in Shop 2. Quote figures. In EACH case, STATE one point of advice.

	Problem	Advice
Shop 1		
Shop 2		

6

3.2.2 Explain TWO good decisions that Piet has made in respect of Shop 3. Quote figures.

4

TOTAL MARKS

36

QUESTION 4:

4.1 Explain how the Fixed Asset Register can assist internal auditors in executing their duties.

2

4.2 The stock of trolleys and baskets is classified as a fixed asset. Give ONE suitable reason for this.

2

4.3

	Calculations	Amount
4.3.1		
4.3.2		
4.3.3		
4.3.4		

8

4.4.1	Calculations	Amount	
(a)			
(b)			
(c)			
			6

4.4.2 Explain why the business would sell the computer rather than trying to repair it.

2

4.4.3 Provide TWO other reasons (except for damage) why a business would sell assets (equipment and/or vehicles).

4

TOTAL MARKS
36



TOTAL: 150 marks



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ACCOUNTING

GRADE 12

PAPER 2

JUNE 2022

MEMORANDUM

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
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 and at least one part must be correct before awarding the mark.
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 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.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 11 pages.

QUESTION 1

1.1 DEBTORS RECONCILIATION

1.1.1 Use the table provided to indicate corrections that must be made to the Debtors' Control Account and the debtors' list.

Provide figures and a plus (+) or minus (-) sign for each correction.

	Debtors' Control Account	Debtors' List
Balances/Totals	56 565	59 235
(i)	+ 11 160 ✓	+ 11 160 ✓
(ii)		- 6 750 ✓✓
(iii)		+ 2 040 + 2 040 One mark one mark + 4 080 ✓✓
(iv)	+ 2 025 ✓	+ 2 025 ✓
(v)	-675 ✓	- 675 ✓
(vi)	+ 2 925 ✓	+ 2 925 ✓
	72 000 ✓ for both totals: need not be equal	72 000

13

1.2 CREDITORS RECONCILIATION

1.2.1 Explain how the Creditors Reconciliation Statement can assist the business in terms of their internal control measures. State TWO points.

TWO Valid points ✓✓ ✓✓

part-mark for unclear/incomplete answer

- It will assist in detecting errors/omissions in their books.
- Detect fraudulent activities and take action
- It will also show errors and omissions in the statement received

4

1.2.2 Calculate the correct balance of Manthata Suppliers in the Creditors Ledger of Mokerong Traders.

$$176\,715 \checkmark + 1\,170 \checkmark\checkmark - 40\,950 \checkmark\checkmark - 1\,215 \checkmark\checkmark - 16\,200 \checkmark\checkmark = 119\,520 \checkmark$$

8 100 X 2
one part correct

10

1.2.3 Creditors Reconciliation Statement on 30 April 2022.

Details	Amount
Balance per statement of account	183 420 ✓
Credit amount to correct invoice overstated	(45 000) ✓✓
Debit amount wrongly credited	126 000 ✓✓
Transfer of balance	(5 400) ✓✓
Credit payment after statement date	(139 500) ✓✓
Correct balance one part correct	119 520 ✓

10

TOTAL
MARKS

37

QUESTION 2

2.1 CONCEPTS

2.1.1	C ✓
2.1.2	D ✓
2.1.3	A ✓
2.1.4	B ✓

4



2.2 SEBAYENG MANUFACTURERS

2.2.1 FACTORY OVERHEAD COST NOTE

Indirect material cost	R11 040
Indirect labour cost	25 345
Insurance	8 000 ✓
Depreciation	12 945 ✓
Water and electricity ($34\,200 \times \frac{7}{10}$)	23 940 ✓✓
Sundry expenses ($8\,400 \checkmark \times 3 \checkmark \times \frac{4}{6} \checkmark$) $8\,400 + 16\,800 \times \frac{4}{6}$	16 800 ✓✓ one part correct
one part correct unless there is a foreign item	98 070 ✓

10

PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 APR 2022

Direct (raw) materials cost ($67\,500 \checkmark \checkmark \times R12 \checkmark$)	806 400 ✓*
Direct labour cost ($327\,600 \checkmark + 449\,280 \checkmark \checkmark$)	776 880 ✓*
Prime cost operation DMC+DLC	1 583 280 ✓
Factory overhead cost see 2.2.1	98 070 ✓
Total manufacturing cost operation PC+FOHC	1 681 350 ✓
Work in process (01 May 2021)	28 020
	1 709 370
Work in process (30 April 2022) balancing figure	(427 320) ✓*
Cost of production of finished goods ($34\,650 \times R37$)	1 282 050 ✓✓

14

2.2.2

	IDENTIFY DIFFERENT PROBLEMS Problem ✓ ✓ Figures with comparison ✓✓ ✓✓ (Figures without comparison 1 mark)	POSSIBLE SOLUTION Any valid suggestion ✓ ✓
Problem 1 (hours worked)	<ul style="list-style-type: none"> The workers worked 1 400 hours normal time compared to 960 hours overtime; 41% of hours worked is overtime. OR They should have worked 1 920 hours normal time. They only worked 1 400 hours. OR They worked 520 hours less than required. 	<ul style="list-style-type: none"> Workers should be monitored to ensure they work the correct number of normal time. Limit overtime per worker per month.
Problem 2 (production low)	<ul style="list-style-type: none"> The level of production is too low. For the 2 360 hours worked, they should have produced a total number of 42 480 (2 360 x 6 x 3) golf-shirts. The business only produced 34 650 golf-shirts. They under-produced by 7 830 golf-shirts. 	<ul style="list-style-type: none"> Monitor workers to ensure they produce three golf-shirts per hour. Train workers to work more effectively Give commission if certain levels are reached

2.3 ZA CLEAN WATERS

2.3.1

Calculate the factory overhead cost per unit for the year ended 28 February 2022.

$$513\,500 / 65\,000 = R7,90 \checkmark\checkmark$$

8

2

2.3.2

Explain why Freddy would not be concerned about the increase in the variable cost.

Any valid comment ✓✓ compared to inflation ✓ figures not necessary

The variable cost per unit increased by 7,6% ✓✓ which is less than the inflation rate ✓

An additional 10 400 units were produced (19% increase in production)
There was increase in units produced and therefore greater profits.

3

2.3.3

Formulate TWO possible reasons for the increase in the selling and distribution per unit.

TWO valid reasons ✓ ✓

- Advertising costs may have increased
- Increase in fuel
- Commission to sales staff increased
- Due to inflation

2

2.3.4 Calculate the break-even point for the year ended 28 February 2022.

$$\frac{747\,500}{45 - 24}$$

21 two marks

$$= 35\,595 \quad \text{one part correct}$$

4

Comment on the production level for 2022. Quote figures.

see 2.3.4

Must compare BEP with level of production ✓✓ Comparing figures (BEP vs Prod) ✓✓

- The business produced 29 405 (65 000 – 35 595) units more than the BEP

4

2.3.5 ZA Clean Waters are considering importing raw materials because it is cheaper and of a high quality. Propose TWO other aspects that they must consider before finalising their decision.

Any TWO valid aspects ✓ ✓

- Fluctuation in exchange rates (impact on cost/selling price)
- Additional/increasing import costs/transportation and custom duties)
- Time delays (availability and/or delivery)
- Support for local suppliers (impact on the local economy)
- Not easy to return damaged goods

2

TOTAL MARKS
53





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QUESTION 3

3.1 INVENTORY VALUATIONS

3.1.1 Explain TWO separate differences between perpetual and periodic stock systems.

✓ ✓	✓ ✓
Perpetual stock system	Periodic stock system
Cost of sales calculated at the point of sale	Cost of sales calculated at the end of financial period
Value of stock can be determined/identified at any time (from records)	Value of stock can be determined/identified by stock count
Cost of sales account used	Purchases account used
Stock bought regarded as an asset	Stock bought regarded as an expense

4

3.1.2 Calculate the value of the stock on hand on 28 February 2022 using the weighted-average method.

$$\frac{520\,200 \checkmark + 5\,529\,600 \checkmark - 270\,000 \checkmark \checkmark}{450 \checkmark + 4\,845 \checkmark - 225 \checkmark} \times 975 \checkmark$$

$$= \frac{5\,779\,800 \text{ four marks}}{5\,070 \text{ three marks}} \times 975 \text{ one mark}$$

$$= 1\,140 \text{ seven marks} \times 975 \text{ one mark} = 1\,111\,500 \checkmark \text{ one part correct}$$

9

3.1.3 Calculate how long (in days) it will take to sell the closing stock of jeans. Use the closing stock in your calculation.

$$\frac{1\,111\,500 \checkmark \text{ see 3.1.2}}{5\,779\,800 \checkmark - 1\,111\,500 \checkmark \text{ see 3.1.2}} \times 365 \checkmark = 86,9 \text{ or } 87 \text{ days} \checkmark \text{ one part correct}$$

4 668 300 two marks

OR: IF UNITS USED $\frac{975}{4\,095} \times 365 = 86,9 \text{ or } 87 \text{ days}$ one method mark

one mark two marks one mark

5

3.1.4 Calculate the value of closing stock using the FIFO method.
(a)

$$R948\,600 \checkmark \checkmark + (210 \checkmark \checkmark \times R1\,200 \checkmark) = R1\,200\,600 \checkmark \text{ one part correct}$$

252 000 three marks

4

(b)

Give ONE reason in favour of changing to the FIFO method.

✓✓

Incomplete/unclear reason one mark

- Gross profit will be higher because closing stock value will be higher
- Jeans are easy to count or identify individually
- Value of jeans is continuously changing and valued at more recent/realistic prices.

Give ONE reason against changing to the FIFO method.

✓✓

Incomplete/unclear reason one mark

- No need to change as profit will be the same in the long- run.
- Unethical to manipulate the profit by changing the method of stock valuation
- Tax would increase in the first year as a result of increased profit
- The change would affect comparison across financial years

4

3.2 PROBLEM-SOLVING

3.2.1 Identify ONE problem in Shop 1 and ONE in Shop 2. Quote figures. In EACH case, STATE one point of advice.

	Problem ✓ ✓ ✓	Figure ✓	Advice ✓ ✓
Shop 1	<ul style="list-style-type: none"> • Stock-holding period, 180 days (too much money invested in stock) • Mark-up % of 90% (leads to low sales of R525 500) Do not accept advertising		<ul style="list-style-type: none"> • Purchase stock in smaller quantities. • Decrease the mark-up % to increase sales
Shop 2	<ul style="list-style-type: none"> • Returns are high: 15% of sales / 54 000 • Advertising too low, 7 200 / 2% of sales • Open for 5 days only • Low mark-up • Only 2 shop assistants 		<ul style="list-style-type: none"> • Sell correct/good quality items to avoid returns/review the return policy. • Increase advertising so to increase sales • Open another day • Increase mark-up % to increase sales • Employ more shop assistants

6

3.2.2 Explain TWO good decisions that Piet has made in respect of Shop 3. Quote figures.

Explanation ✓ ✓ Figure ✓ ✓

- Good quality goods and/or good customer services resulted in fewer goods returned by customers – 28 500 (2% of sales)
- Working 7 days a week resulted in good/high sales R1 425 000
- Advertised more – R71 250 (5% of sales)
- Rent expense R144 000 indicates shop is in good area, thus resulting in higher sales
- Having 6 assistants to cope with large sales
- Selling at the right price (60% mark-up) which led to high sales R1 425 000

4

TOTAL MARKS
36

QUESTION 4:

4.1 Explain how the Fixed Asset Register can assist internal auditors in executing their duties.

Any valid point ✓✓

award 1 mark for incomplete/unclear answer

- Physical count should agree with register
- The internal auditor has to verify the physical presence of items listed in the Fixed Asset Register.
- The internal auditor will be able to follow the lifespan of the item of fixed asset and make recommendations for timeous replacements.
- Calculations of depreciation amounts can be checked

2

4.2 The stock of trolleys and baskets is classified as a fixed asset. Give ONE suitable reason for this.

Any valid point ✓✓

award 1 mark for incomplete/unclear answer

- A trolley/basket is expected to have a lifespan longer than 12 months.
- The trolleys are not part of trading stock

2

4.3

	Calculations	Amount
4.3.1	1 350 000 – 336 000	1 014 000 ✓
4.3.2	4 800 000 – 3 750 000	1 050 000 ✓
4.3.3	Vehicle 1: R360 000 x 25% = R90 000 Maximum permitted: R22 500 – R1 = R22 499 ✓✓ Vehicle 2: R468 000 x 25% = R117 000 ✓✓ = 139 499 ✓ One part correct	= 139 499 ✓
4.3.4	396 900 – 139 499 (see 4.3.3)	= 257 401 ✓

8

4.4.1	(a)	Calculations	Amount	
	(a)		13 800 ✓	
	(b)	$(13\ 800 - 9\ 600) \times 20\% \times \frac{9}{12} = 630$ ✓ one part correct $+ 9\ 600$ ✓	$= 10\ 230$ ✓ one part correct	
	(c)	See (a) See (b) $13\ 800 - 10\ 230 - 375$	$= 3\ 195$ ✓ one part correct	6

4.4.2	<p>Explain why the business would sell the computer rather than trying to repair it.</p> <p>✓✓ any valid answer award 1 mark for incomplete/unclear answer</p> <ul style="list-style-type: none"> Computers lose their value quite fast, so it is not worth the trouble or cost to repair The repair cost would be more than the loss (R3 195) 	2
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4.4.3	<p>Provide TWO other reasons (except for damage) why a business would sell assets (equipment and/or vehicles).</p> <p>✓✓ ✓✓ any valid answer award 1 mark for incomplete/unclear answer</p> <ul style="list-style-type: none"> Asset is not used any more Asset has become unreliable / old / lots of breakages New models are available Cheaper to hire assets than to keep them maintained 	4
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TOTAL MARKS
24

TOTAL: 150 marks