

SEKHUKHUNE EAST-DISRICT ON THE RISE

**NATIONAL
SENIOR CERTIFICATE**



MARKS: 100

Duration: 90 minutes



This question paper consists of 11 pages including cover page.

INSTRUCTIONS AND INFORMATION

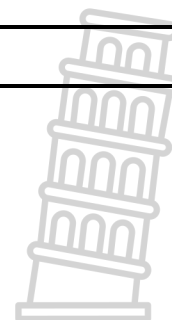
Read the following instructions carefully and follow them precisely.

1. Answer **ALL** the questions.
2. A special **ANSWER BOOK** is provided in which to answer ALL the questions.
3. Show ALL workings 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. Write neatly and legibly.



Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1: 30 marks; 27 minutes	
Topic:	This question integrates:
Reconciliation and Internal control	Financial accounting
	Bank reconciliation
	Managing resources
	Internal control
QUESTION 2: 25 marks; 23 minutes	
Topic:	This question integrates:
Inventory Valuation and Internal control	Managerial accounting
	Inventory concepts and valuation
	Managing resources
	Internal control
QUESTION 3: 45 marks; 40 minutes	
Topic:	This question integrates:
Manufacturing	Managerial accounting
	Production Cost Statement
	Break-even analysis & unit costs interpretation
	Managing resources
	Internal control



QUESTION 1: BANK RECONCILIATION**(30 marks: 27 minutes)**

1.1. Indicate whether the following statements are **TRUE** or **FALSE**. Write only 'true' or 'false' next to the question numbers (1.1.1 to 1.1.3) in the ANSWER BOOK.

1.1.1. A credit balance on the Bank Statement means the business has a positive balance in the bank.

1.1.2. A debit card may be used to withdraw cash from an ATM.

1.1.3. A bank overdraft is a short-term loan that is transferred into the business current account.

(3)**1.2. VIOLET STORES**

The information was extracted from the records of the business for April 2023.

- Violet uses the official Bank Statement which is available on the 25th of each month to complete the monthly reconciliation process.
- She also uses her EFT transaction records (renumbered) to complete the Cash Payments Journal.

REQUIRED:

1.2.1 Update the totals for the Cash Receipts Journal and Cash Payments Journal for April 2023. Use the table provided in the ANSWER BOOK. **(10)**

1.2.2 Calculate the correct Bank Account balance on 30 April 2023. **(4)**

1.2.3 Prepare the Bank Reconciliation Statement on 30 April 2023. **(9)**

1.2.4 Violet noticed problems with the depositing of cash. Explain TWO measures that she can use to address these problems. **(4)**



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

Favourable balance as per Bank Statement	R12 200
Deposits not on Statement: 18 March 2023	R 23 600
28 March 2023	R37 200
Outstanding EFTs: EFT 768	R5 480
EFT 769	R17 800
Favourable balance as per bank account	R49 720

- The outstanding deposit on 18 March 2023 appeared on the April 2023 Bank Statement.
- The deposit on 28 March 2023 appeared as R22 200. An investigation revealed that the cashier has disappeared with the outstanding amount. It was decided to write off the outstanding amount.
- Both the EFTs were on the April Statement, but EFT 768 appeared with the correct amount of R4 580.

B. The provisional totals in the Cash Journals before receiving the Bank Statement:

Cash Receipts Journal: R115 600 Cash Payments Journal: R217 800

C. Information on the April 2023 Bank Statement

None of these items appeared in the April Cash Journals:

Debit order: Brylet Municipality	R2 880
Cash handling fees	R220
Deposit: Y Marigold	R8 400
Deposit: Bentley Microloans	R65 000
Cash withdrawal	R740
Investment matured	R18 300
EFT transaction fees	R360
EFT transaction fees	R360

D. Additional Information:

- The debit order to Brylet Municipality was for Water and electricity.
- Y Marigold, the tenant, deposited the monthly rent.
- The deposit from Bentley Microloans did not relate to the business. The bank was informed of this error.
- The cash withdrawal of R740 was for fuel for the owner's vehicle.
- The EFT transaction fees were duplicated on the Bank Statement in error.

E. The Cash Journals reflected the following entries that did not appear on the April 2023 Bank Statement:

- Deposit of R22 500 on 30 April 2023
- EFT 883 for R9 520 for stationery purchased
- EFT 884 for R12 530 for repairs to the buildings

F. Bank Statement balance on 30 April 2023: R?



30



QUESTION 2: INVENTORY VALUATION**(25 marks; 23 minutes)**

Mandie Jones is the owner of TV City that sells TV sets and has two branches (Shops) in the KZN. The periodic stock system is used. No missing items were recorded for the financial year ended 28 February 2023.

2.1 Howick branch

This branch sells **Arctic TV sets**

2.1.1 Calculate the value of closing stock of the Arctic TV sets on 28 February 2023 using the first-in-first-out (FIFO) method. (6)

2.1.2 Calculate the stockholding period (in days) using the closing stock figure. (4)

ARCTIC SETS	UNITS	COST PRICE PER UNIT	TOTAL AMOUNT
Opening stock: 1 March 2022	280		
Purchases	1 600		6 310 000
May 2022	500	R3 800	R1 900 000
August 2022	400	R3 950	R1 580 000
September 2022	400	R 4 000	R 1 600 000
January 2023	300	R4 100	R1 230 000
Returns	60	R4 100	(R246 000)
Closing stock: 28 February 2023	270		?
Cost of sales			R6 010 000
Sales	1 550	R5 000	R7 750 000

2.2. Durban Branch

This branch sells **Pacific and Caspian Smart TV sets**.

Mandie was concerned about the following issues:

- The Caspian Smart TV sets would be too expensive for her customers.
- High stock levels in all her products might negatively affect the business.

Mandie expected to sell 1 000 Pacific TV sets in the 2023 financial year. She therefore adjusted the selling price of the Pacific TV sets in September and asked the bookkeeper to provide an analysis of the quarterly sales.

Refer to information A and B

- 2.2.1 Calculate the value of the closing stock of the Pacific TV sets on 28 February 2023 using the specific identification method. (4)
- 2.2.2 Calculate the gross profit earned on sale of the new Caspian Smart TV sets. (3)
- 2.2.3 Comment on the quarterly sales of the Pacific TV sets and explain whether or not Mandie's adjustment of the selling price was a wise decision. Quote figures or calculations. (4)
- 2.2.4 Provide TWO points of advice to Mandie on how she can rectify the high stock level of some of her products without reducing prices offered to customer any further. (4)

INFORMATION:

A. Durban branch stock records

TV sets	PACIFIC		CASPIAN SMART	
Cost price	R9 300		R10 200	
Mark-up % on cost	Fluctuating		60%	
Stock records	UNITS	TOTAL (R)	UNITS	TOTAL (R)
Stock on 1 March 2022	350	3 255 000		
Purchases	800	7 440 000	800	8 160 000
May 2022	400	3 720 000		
August 2022	400	3 720 000		
September 2022*			800	8 160 000
Sales	765	9 408 500	670	10 934 400

*The started selling the new Caspian Smart TV sets on 1 September 2022.

B. Quarterly sales

The bookkeeper provided Mandie with the following analysis of quarterly sales and holding periods:

SALES PER QUARTER	PACIFIC			CASPIAN SMART	
	UNITS	SELLING PRICE PER TV	TOTAL SALES	UNITS	TOTAL SALES
Mar - May	250	R13 500	R3 375 000	-	
June - Aug	245	R13 500	R3 307 500	-	
Sep - Nov	160	R10 300	R1 648 000	340	R5 548 800
Dec - Feb	110	R9 800	R1 078 000	330	R5 385 600
Stockholding period	184 days			71 days	

QUESTION 3: COST ACCOUNTING**(45 marks; 40 minutes)****3.1 LADOO MANUFACTURERS**

The business manufactures leather purses. The financial year ended on 28 February 2023.

REQUIRED:**3.1.1 Refer to information C.**

Calculate the factory overhead cost. (8)

3.1.2 Prepare the Production Cost Statement on 28 February 2023. (10)

INFORMATION:

A. Work-in-progress stock balance on 1 March 2022 was R542 000

B. Details of the workers in production:

Number of workers	40
Basic (normal) wage rate	R60 per hour
Normal time hours worked by each worker	1 920 hours
Overtime (in total)	R 1 142 000

C. The bookkeeper calculated the factory overhead cost at R2 638 600.

The following costs were omitted and must be taken into account:

- Insurance is a fixed monthly premium for the entire financial year.

The amount paid, R235 950, includes the premium for March 2023.

$\frac{2}{3}$ of this expense relates to the factory.

- Water and electricity allocated to the office was R69 200. Note that water and electricity is shared according to floor space, as follows:

Factory	Sales	Office
560m square	240m square	160m square

The following must be corrected:

Rent of R316 000 was recorded in the factory overhead cost. However, the bookkeeper used the incorrect ratio of 2:5:1 for factory, sales and Office. The correct ratio is 5:2:1 respectively.

D. The prime cost for the year amounted to R12 500 000.

E. Total production for the year, 33 500 units, were produced at a cost of R475 per unit.

3.2 STYLZ MAKER

The business manufactures designer shirts. The financial year ends on 30 April each year. The business is owned by Lez Styles.

REQUIRED:

NOTE: Provide evidence in the form of figures or calculations to support the comments and explanations required below.

3.2.1 Break-even point, production and profit:

- Do calculation to confirm that the break-even point for 2023 is correct. (3)
- Comment on the level of production and the break-even point for the past two years. Explain whether Lez Styles would be happy about the trends in these results and the profit he is earning. Provide figures or calculations. (4)

3.2.2 Fixed Costs:

Explain why Lex is not concerned about the fixed costs increasing to R6.1 m in 2023. Quote figures.

(4)

3.2.3 Selling and distribution cost:

- Identify how the selling and distribution costs in total and per unit changed over the two years. (4)

3.2.4 Direct material and indirect labour: Refer to information A and C.

Lez made specific decisions to improve the business and its product.

Explain how the decisions he took have benefited the business by providing:

- Two separate points relating to the raw materials. (6)
- Two separate points relating to the direct labour (6)

INFORMATION:

A. Lez's general strategic decisions with effect from 1 May 2023:

- Lez decided to improve the quality of the shirts to be more competitive and to export to retailers in other countries.
- He changed to a new supplier of the fabric (raw materials) and employed some highly skilled and creative workers to replace workers who resigned or retired.
- Factory overheads for 203 included a training programme for factory worker (R600 000) and hiring of equipment with the latest technology for R1,4 m per year.

B. Production and cost

	2023	2022
Number of units produced and sold	10 500 shirts	6 500 shirts
Selling price	R1 830	R1 430
Break-even point	4 815 shirts	2 267 shirts

	2023		2022	
	TOTAL R	PER UNIT R	TOTAL R	PER UNIT R
VARIABLE COSTS	5 916 000	563	3 047 500	469
Direct materials cost	3 780 000	360	1 787 500	275
Direct labour cost	936 000	89	960 000	148
Selling and distribution cost	1 200 000	114	300 000	46
FIXED COSTS	6 100 000	581	4 100 000	631
Factory overhead cost	5 600 000	533	3 600 000	554
Administration cost	500 000	48	500 000	77
Total cost of production	12 016 000	1 144	7 147 500	1 100

C. Lez undertook a short course on managerial accounting to enable him to analyse the production costs more effectively every month. He has analysed the following production costs:

Raw materials	2023	2022
Cost of fabric per metre	R200	R110
Metres of fabric per shirt(including wastage)	1,8 metres	2,5 metres
Fabric used in metres	43 200 metres	44 000 metres

Direct workers		
Number of direct workers	12 workers	15 workers
Average wages per worker p.a.	R78 000	R64 000
Hours per worker per year	1 920 hours	1920 hours
Hours worked by all workers	23 040 hours	28 800 hours
Average number of shirts produced per worker	875 shirts	433 shirts

45

TOTAL: 100



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DEPARTMENT OF
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SEKHUKHUNE EAST-DISTRICT ON THE RISE

**NATIONAL
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**GRADE 12
ACCOUNTING
MID-TERM ASSESSMENT**

ANSWER BOOK

stanmorephysics.com

SCHOOL: _____

LEARNER: _____

DATE: _____

QUESTION	MARKS	INITIALS	MODERATOR
1			
2			
3			
TOTAL			

This answer book consists of 8 pages.

QUESTION 1

1.1.1.	
1.1.2.	
1.1.3.	

3

1.2

1.2.1

UPDATE THE CASH JOURNALS FOR 30 APRIL 2023				
CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL	
	Amount			Amount
Total	115 600		Total	217 800
Total			Total	

10

1.2.2

Calculate the correct Bank Account balance on 30 April 2023.	
WORKINGS	ANSWER

4

1.2.3

BANK RECONCILIATION STATEMENT ON 30 APRIL 2023

9

1.2.4

Violet noticed problems with the depositing of cash. Explain TWO measures that she can use to address these problems.

4

TOTAL MARKS
30



QUESTION 2

2.1.1

Calculate: Value of the closing stock of the Arctic sets using the FIFO method on 28 February 2023

WORKINGS	ANSWER

6

2.1.2

Calculate: Stockholding period (in days) of the Arctic TV sets using the closing stock figure on 28 February 2023

WORKINGS	ANSWER

4

2.2

2.2.1


Calculate: Value of the closing stock of the Pacific TV sets on 28 February 2023 using the specific identification method.

WORKINGS	ANSWER

4

2.2.2

Calculate: Gross profit on the Caspian Smart TV sets on 28 February 2023

WORKINGS	ANSWER
	

3

2.2.3

Comment on the quarterly sales of the Pacific TV sets and explain whether or not Mandie's adjustment of the selling price was a wise decision. Quote figures or calculations.

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4

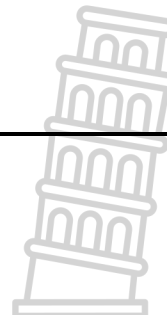
2.2.4

Provide TWO points of advice to Mandie on how she can rectify the high stock levels of some of her products without reducing prices offered to customers any further.

--

4

TOTAL MARKS
25



QUESTION 3

3.1 LADOO MANUFACTURERS

3.1.1 FACTORY OVERHEAD COST

TOTAL before corrections	2 638 600
Total	

8

3.1.2 PRODUCTION COST STATEMENT ON 28 FEBRUARY 2023. R

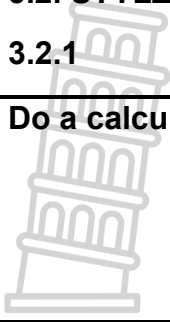
PRIME COST	12 500 000
TOTAL MANUFACTURING COST	
Work-in-progress at beginning of year	542 000
COST OF PRODUCTION OF FINISHED FINISHED GOODS	

10

3.2. STYLZ MAKER

3.2.1

Do a calculation to confirm that the break-even point for 2023 is correct.



3

Comment on the level of production and the break-even point for the past two years. Explain whether Lez styles would be happy about the trends in these results and the profit he is earning. Provide figures of calculations.

4

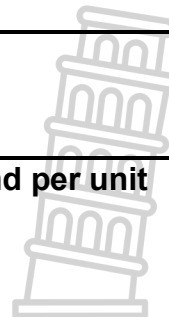
3.2.2

Explain why Lez is not concerned about the fixed costs increasing to R6,1 m in 2023. Quote figures.

4

3.2.3

Identify how the selling and distribution costs in total and per unit changed over the two years. Quote figures



4

3.2.4

Lez made specific decision to improve the business and its product. Explain how the decisions he took have benefited the business by providing:

Two separate points relating to the raw material. Quote figures or calculations.

Point 1

Point 2

6

Two separate points relating to the direct labour. Quote figures or calculations

Point 1

Point 2

6

TOTAL MARKS
45



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MARKS: 100



This memorandum consists of 8 pages including cover page.

QUESTION 1

1.1.1.	True ✓
1.1.2.	True ✓
1.1.3.	False ✓

3
3

1.2.

1.2.1.

UPDATE THE CASH JOURNALS FOR 30 APRIL 2023				
CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL	
	Amount			Amount
Total	115 600		Total	217 800
	900 ✓✓			15 000 ✓
	8400 ✓			2 880 ✓
	360 ✓			740 ✓
	18 300 ✓			220 ✓
Total	203 560	<input checked="" type="checkbox"/> For both totals	Total	221 640

10
10

1.2.2.

Calculate the correct Bank Account balance on 30 April 2023.	
WORKINGS	ANSWER
49 720 ✓ + 203 560 <input checked="" type="checkbox"/> – 221 640 <input checked="" type="checkbox"/>	31 640 <input checked="" type="checkbox"/>

4
4

1.2.3.

BANK RECONCILIATION STATEMENT ON 30 APRIL 2023		
Balance according to bank statement		96 190 <input checked="" type="checkbox"/> *
Cr Outstanding deposit		22 500 ✓
Dr Outstanding EFT: 883	9 520 ✓	
884	12 530 ✓	
Debit amount wrongly credited	65 000 ✓✓	
Debit balance according to Bank Account	31 640 <input checked="" type="checkbox"/>	
	118 690 <input checked="" type="checkbox"/>	118 690 <input checked="" type="checkbox"/>

9
9

*Balancing figure

1.2.4.

Violet noticed problems with the depositing of cash. Explain TWO measures that she can use to address these problems.

- Encourage customers to use debit orders/ EFT/ cards. ✓✓
- Request bank to send confirmation of all transactions (e.g. SMS) ✓✓
- Division of duties; The person issuing receipts should not be the same person doing the deposits.

Any two

4

4

TOTAL MARKS
30
30



QUESTION 2

2.1.1.

Calculate: Value of the closing stock of the Arctic sets using the FIFO method on 28 February 2023	
WORKINGS	ANSWER
270 $30 \checkmark \times R4\,000 = R120\,000 \checkmark$ $240 \checkmark \times R4\,100 = R984\,000 \checkmark$	R1 104 000 <input checked="" type="checkbox"/>

6
6

2.1.2.

Calculate: Stockholding period (in days) of the Arctic TV sets using the closing stock figure on 28 February 2023	
WORKINGS	ANSWER
$\frac{270}{1\,550} \checkmark \times 365 \checkmark$ or $\frac{1\,104\,000}{6\,010\,000} \times 365$	64 days <input checked="" type="checkbox"/> 68 days

4
4

2.2.

2.2.1.

Calculate: Value of the closing stock of the Pacific TV sets on 28 February 2023 using the specific identification method.	
WORKINGS	ANSWER
$(1150 - 765) \checkmark \times R9\,300 \checkmark$	R3 580 500 <input checked="" type="checkbox"/>

4
4

2.2.2

Calculate: Gross profit on the Caspian Smart TV sets on 28 February 2023	
WORKINGS	ANSWER
$10\,934\,400 \checkmark - 816\,000 \checkmark$	R2 774 400 <input checked="" type="checkbox"/>

3
3

2.2.3.

Comment on the quarterly sales of the Pacific TV sets and explain whether or not Mandie's adjustment of the selling price was a wise decision. Quote figures or calculations.

- Sales decreased quarterly from 240 in quarter 1 to 110 in quarter 4. ✓✓
- It was not a wise decision, Mandie was supposed to advertise the Pacific TV because they were moving slow hence stockholding period is 184 days. ✓✓

4

4

2.2.4

Provide TWO points of advice to Mandie on how she can rectify the high stock levels of some of her products without reducing prices offered to customers any further.

- Advertise the product. ✓✓
- Order smaller quantities. ✓✓

4

4

TOTAL MARKS

25

25



QUESTION 3

3.1. LADOO MANUFACTURERS

3.1.1. FACTORY OVERHEAD COST

TOTAL before corrections	2 638 600
Insurance (235 950 – 18 150) x $\frac{2}{3}$	145 200 ✓✓
Water & electricity (69 200 x $\frac{560}{160}$ ✓)	242 200 ✓
Rent (790 000 ✓ - 316 000 ✓)	474 000 ✓
Total	3 500 000 ✓

8
8

3.1.2 PRODUCTION COST STATEMENT ON 28 FEBRUARY 2023

Direct labour (40 x R60 x 1920) ✓ + 1 142 000 ✓	3 466 000 ✓
Direct material *balancing figure	9 034 000 ✓
PRIME COST	12 500 000
Factory overhead cost	3 500 000 ✓
TOTAL MANUFACTURING COST	16 000 000 ✓
Work-in-progress at beginning of year	542 000
	16 542 000 ✓
Work-in-progress at end of year	(629 500) ✓
COST OF PRODUCTION OF FINISHED FINISHED GOODS (33 500 X R475)	15 912 500 ✓✓

10
10

3.2. STYLZ MAKER

3.2.1.

Do a calculation to confirm that the break-even point for 2023 is correct.

$$\frac{R6\,100\,000 \checkmark}{R1830 \checkmark - R563 \checkmark} = 4815 \text{ units}$$

3
3

Comment on the level of production and the break-even point for the past two years. Explain whether Lez styles would be happy about the trends in these results and the profit he is earning. Provide figures of calculations.

- Lez Styles will be happy because he made profit on (10 500 units – 4 815 units) 5685 units in 2023 ✓✓ compared to (6 500 units – 4 265 units) 2 233 units in 2022. ✓✓

4
4

3.2.2.

Explain why Lez is not concerned about the fixed costs increasing to R6,1 m in 2023. Quote figures.

- The profit increased from R2 147 500 to R7 199 000/ by R5 051 500/ 235.23%. ✓✓
- Fixed cost increased from R4 100 000 to R6 100 000/ by R2 000 000/ by 48.78%. ✓✓
- Level of production increased from 6 500 units to 10 500 units/ by 4 000 unit/ by 61.54%

Any TWO

4

4

3.2.3.

Identify how the selling and distribution costs in total and per unit changed over the two years. Quote figures

- S & D per unit increased from R46 to R114/ by R68/ by 147.83% ✓✓
- S & D value increased from R300 000 to R1 200 000/ by R900 000/ by 300% ✓✓

4

4

3.2.4.

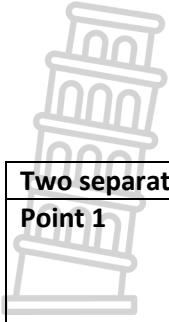
Lez made specific decision to improve the business and its product. Explain how the decisions he took have benefited the business by providing:

Two separate points relating to the raw material. Quote figures or calculations.

Point 1	Metres of fabric per shirt (including wastage) decreased from 2,5 metres to 1,8 metres/ by 0,7 / by 28% ✓✓✓
Point 2	Fabric used in metres decreased from 44 000 metres to 43 200/ by 800 metres/ by 1.81% ✓✓✓

6

6



Two separate points relating to the direct labour. Quote figures or calculations	
Point 1	Average number of shirts produced per worker increased from 433 to 875/by 442/ 102,08% due to training provided to factory workers costing R600 000. ✓✓✓
Point 2	Hours worked decreased from 28 800 hours to 23 040 hours/ by 5 760 hours/ 20% due to hiring of new equipment with the latest technology for R1.4 m per year. ✓✓✓

6
6

TOTAL MARKS
25
25

TOTAL: 100

