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Department of
Education
FREE STATE PROVINCE

ACCOUNTING

GRADE 12

JUNE 2024 – EXAMINATION PAPER 2

MARKS: 150

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TIME: 2 HOURS

This question paper consists of 13 pages, a formula sheet
and a 10-page answer book.

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.
8. If you choose to do so, you may use the financial indicator formula sheet which is attached at the end of this question paper. Use of this formula sheet is not compulsory.
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 and Age analyses	50	40
2	Manufacturing	50	40
3	Inventory and Fixed assets	50	40
TOTAL		150	120

QUESTION 1: RECONCILIATION, INTERNAL CONTROL AND AGE ANALYSES
(50 marks; 40 minutes)

1.1 BIG BEN TRADERS

The inexperienced bookkeeper of Big Ben Traders is unsure how to make the necessary entries to complete the Bank reconciliation process. Use the table provided to assist him as on 31 May 2024.

REQUIRED:

Use the table below to indicate to the bookkeeper the amounts and details that would appear in the:

- Cash Receipts Journal (CRJ)
- Cash Payments Journal (CPJ)
- Bank Reconciliation Statement (indicate the amount debit side or credit side)

If **no entry** is required, place an **X** in the No Entry Column. (12)

Example:

- (a) Received R350 from a tenant for rent.
- (b) An incorrect deposit appeared on the bank statement as, R111.

No.	No entry at all	Entry in CRJ		Entry in CPJ		Entry in Bank Reconciliation Statement	
		Amount	Details	Amount	Details	Debit side	Credit side
e.g.	(a)	350	Rent income				
	(b)					111	

INFORMATION:

- (i) An amount of R168 for service fee and R120 for debit interest appeared only on the Bank Statement of May 2024.
- (ii) The deposit of R8 865 which appeared in the Cash Receipts Journal on 31 May 2024 did not appear on the Bank Statement of May 2024.
- (iii) A direct deposit of R1 500 by a debtor to settle his account of R1 750 only appeared on the Bank Statement.
- (iv) EFT No. 123 for R775 issued to the owner for drawings appears in the Cash Payments Journal for May 2024 but not on the Bank Statement.
- (v) EFT No. 101 for R11 111 appears on the Bank Statement, but not in the Cash Payments Journal for May 2024. This EFO appeared on the Bank Reconciliation Statement of April 2024.
- (vi) A deposit of R3 636 was credited on the May bank statement. After investigation, this deposit was meant for John-John Traders. Rectify the error.

1.2 DECLAN ELECTRICAL SUPPLIERS

Declan Electrical Suppliers sells electrical equipment on credit. Debtors are allowed a credit term of 30 days to settle their accounts.

REQUIRED:

1.2.1 Why must a prospective debtor submit three months' bank statements as well as his payslip as proof together with their application for an account? (3)

1.2.2 Refer to Information A and B.

Use the table provided in the ANSWER BOOK to calculate the following:

The correct closing balance of the Debtors' Control Account on 31 May 2024. Indicate changes with '+' for an increase, '-' for a decrease or '0' for no change. (11)

Amounts owed by the following debtors only:

- A. Amore
 - P. Porogo
 - M. Masiane
 - S. Swart
- (12)


INFORMATION:

A. Balances on 31 May 2024, before taking into account errors and omissions in Information B:

- Debtors' Control Account: R123 800
- Extract from debtors' list:

DEBTORS	FOLIO	AMOUNT
A. Amore	D10	R17 500
P. Porogo	D23	R33 000
M. Masiane	D31	R18 700
S. Swart	D35	R29 450

B. The following errors and omissions must be taken into account:

- 
- (i) The debtor's journal was undercast with R13 000.
 - (ii) The debtor allowances journal was overcast with R1 800.
 - (iii) An EFT for R9 850, received from A. Amore as a partial payment on her account, was not entered or posted.
 - (iv) An invoice for R7 750 issued to S. Swart was not recorded in the books of Declan Electrical Suppliers.
 - (v) R5 200, received from S. Silver, a debtor whose outstanding balance was written off six months ago, was recorded in the Cash Receipts Journal as a receipt from a debtor and posted as such to the Debtors' Control account.
 - (vi) A direct deposit of R12 500 by M. Masiane was correctly recorded in the journal but incorrectly posted to the account of A. Amore in the Debtors' Ledger.
 - (vii) An EFT for R5 850, received from S. Swart as a partial payment on her account, was entered correctly in the relevant journal but no entries were made in the Debtors' Ledger.
 - (viii) Merchandise returned by M. Masiane was recorded in the relevant journal as R1 250 instead of R1 700 and posted accordingly.
 - (ix) Merchandise sold to P. Porogo, R4 800, was treated as a return of goods and recorded in the Debtors' Allowances Journal.

1.3 AHMED CELL PHONES

The following is an extract from the books of Ahmed Cell Phones for April 2024. The business maintains a strictly 30 days credit terms policy.

REQUIRED:

1.3.1 Refer to Information A.

- Calculate the percentage of debtors who adhere to the credit terms. (4)
- Explain TWO different problems highlighted by the debtors' age analysis. Provide the name of a debtor and/or the figure(s) in EACH case. (4)

1.3.2 Refer to Information B.

Provide TWO points to support the internal auditor's concern that Rebecca's job description could lead to potential fraud. (4)

INFORMATION

A. The following age analysis was compiled on 30 April 2024:

DEBTOR	CREDIT LIMIT R	BALANCE R	CURRENT R	30 DAYS R	60 DAYS R	MORE THAN 90 DAYS R
B Ben	55 000	45 000	23 000	11 200	10 800	
M Morne	29 000	31 000	5 000	20 000	6 000	
N. Nosi	16 000	12 500	12 500			
S Sandy	52 000	51 000	31 000	20 000		
L Leo	16 000	12 500	500			12 000
TOTALS		R152 000	R72 000	R51 200	R16 800	R12 000

B. Rebecca, the daughter of the sales manager, is responsible for:

- Receiving cash from customers
- Collecting goods returned and issuing credit notes to customers who return goods.

The internal auditor is not happy with Rebecca's job description as he feels it has the potential for fraud, which could lead to loss of cash and trading stock.

QUESTION 2: MANUFACTURING

(50 marks; 40 minutes)

- 2.1** Choose ONE cost account for each of the following descriptions. Write only the cost account next to the question numbers (2.1.1 to 2.1.5) in the ANSWER BOOK.

direct labour cost; direct materials cost; factory overheads cost;
administration cost; selling and distribution cost

- 2.1.1 Salary of the factory foreman.
2.1.2 Depreciation on office equipment.
2.1.3 Transport costs paid for raw materials purchased.
2.1.4 Pension fund contributions paid on behalf of the workers in the production process.
2.1.5 Bad debts written off during the financial year. (5)

2.2 FANCY BAKE MANUFACTURERS

This information relates to the financial year ended 29 February 2024. The business manufactures cakes. The business maintains a mark-up of 60% on cost.

REQUIRED:

- 2.2.1 **Refer to Information B:**
Calculate the direct labour cost on 29 February 2024. (6)
2.2.2 Prepare the Factory Overhead Cost Note on 29 February 2024. (13)
2.2.3 Complete the Production Cost Statement on 29 February 2024. (11)

INFORMATION:

A. Stock balances

	29 February 2024 R	28 February 2023 R
Indirect material	18 600	22 300
Finished goods	186 000	218 000
Work-in-progress	?	181 992



B. Direct labour

Number of factory workers	4
Normal time expected per worker per year	1 960 hours
Normal time rate	R60 per hour
Overtime hours per worker per year	70 hours
Overtime is normal rate plus 60%.	?

- The business contributes 8% to the pension fund and 1% to UIF on normal time only.

C. Amounts extracted from the records for the year ended 29 February 2024.

	R
Indirect material purchased during the year	114 700
Water and electricity	168 000
Rent expense	258 000
Sundry expenses	88 100
Depreciation on factory equipment	78 610
Insurance: Administration	28 560
Direct material cost	767 584
Sales	2 896 000
Cost of sales	?

- Water and electricity, R16 000 for March 2024 is paid in advance. The factory uses 75% of the water and electricity.
- Rent expense is distributed according to floor space used. The factory occupies 9 600m² of the total floor space of 15 360m².
- 80% of the total Sundry Expenses account is allocated to the production process. The telephone account for February 2024 has been received and has not yet been paid, R5 700. Telephone is considered a Sundry Expenses.
- The bookkeeper divided the total insurance amount equally amongst the factory, administration and sales & distribution departments, but only posted to the administration cost account. The correct distribution should be 3 : 1 : 1.

2.3 LESIBANE TOY FACTORY

This factory manufactures toy racing cars. There is no work-in-progress stock at the beginning or end of each year. The financial year ends on 31 December.

Matilda, the owner decided to address the problem of low profits made in 2023 by making some changes to improve sales and production.

REQUIRED:

- 2.3.1 Provide a calculation to confirm that the break-even point for the 2024 financial year is correct. (3)
- 2.3.2 Explain why Matilda is pleased with the production level, sales and break-even point. Quote figures. (4)
- 2.3.3 Explain to Matilda why the fixed cost per unit decreased from R56,00 to R45,00. (2)
- 2.3.4 Matilda made deliberate decisions regarding variable costs to improve the business.
- Explain the decisions that she might have taken on these costs and how these could have had positive effects on the business. Quote figures. (6)

INFORMATION:

	29 FEBRUARY 2024		28 FEBRUARY 2023	
	AMOUNT R	UNIT COST R	AMOUNT R	UNIT COST R
Direct material cost	450 000	90,00	308 000	70,00
Direct labour cost	270 000	54,00	272 800	62,00
Selling and distribution cost	150 000	30,00	105 600	24,00
VARIABLE COST	870 000	174,00	686 400	156,00
Factory overhead costs	162 500	32,50	171 600	39,00
Administration cost	62 500	12,50	74 800	17,00
FIXED COST	225 000	45,00	246 400	56,00
Selling price per unit	R251		R236	
Units produced and sold	5 000 units		4 400 units	
Break-even point	2 922 units		3 080 units	

QUESTION 3: INVENTORY AND FIXED ASSETS

(50 marks; 40 minutes)

3.1 BARBIE BAGS

Barbie Bags is a business that sells leather bags. The financial year ends on 29 February 2024, and make use of the periodic stock system and the weighted average method to value their stock.

REQUIRED:

3.1.1 Calculate the following on 29 February 2024:

- Value of the closing stock using the weighted average method. (6)
- Calculate the stockholding period (in days) on 29 February 2024. Use the closing stock figure (3)
- Comment on your findings above. Provide TWO points, with figures. Note that the stockholding period for 2023 was 85 days. (4)
- Creditor's payment period. (Use average creditors). (4)

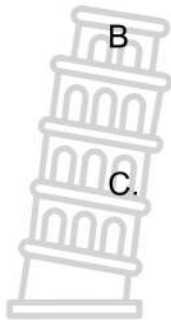
3.1.2 Stock of bags

- Provide a calculation to indicate whether or not theft of stock is a problem in this business. (5)
- Provide TWO suggestions to the owner to improve control over stock. (4)

INFORMATION:

A

BARBIE BAGS	UNITS	COST PRICE PER UNIT	TOTAL AMOUNT
		R	R
Opening stock: 1 March 2023	450		540 000
Purchases	2 100		2 917 500
May 2023	500	1 300	650 000
August 2023	900	1 350	1 215 000
November 2023	450	1 450	652 500
January 2024	250	1 600	400 000
Total bags available	2 550		3 457 500
Returns 60	60	(R 1 600)	(96 000)
Carriages on purchases			261 450
Closing stock: 29 February 2024	215		
Cost of sales			3 310 125
Sales	2 263		4 979 500



B

Purchases:

All credit purchased are subjected to 90-day payment terms, and all carriage are paid cash, and can't be claimed back for any returns.

C.

Comparative figures:

	29 February 2024	28 February 2023
Stock holding period	?	85 days
Creditor's payment period	?	90 days
Creditors	R625 000	R550 000

3.2 MANAGEMENT OF INVENTORIES

You are provided with information from the books of Andrew's Linen for the year ended 29 February 2024. The business sells duvets and sheets.

Andrew made certain decisions at the beginning of the financial year. The results are provided in the table.

REQUIRED:

Where applicable, provide relevant figures for ALL the questions below.

3.2.1 Duvets:

- What decision did Andrew take regarding the selling price of the duvets? Provide figures to support your answer. (2)
- How has this decision affected the business? State TWO points and provide figures. (4)

3.2.2 Sheets:

- Why was it not a good idea for Andrew to change to a cheaper supplier of sheets? Give TWO reasons. (4)

INFORMATION:

	DUVETS		SHEETS	
	2024	2023	2024	2023
Orders received from customers	720	480	720	955
Gross units sold	700	470	600	820
Returns by customers	0	10	108	0
Selling price	R280	R217	R448	R700
Cost price	R160	R140	R320	R500
Mark-up %	75%	55%	40%	40%
Gross profit	R84 000	R36 190	R76 800	R164 000
Stock turnover rate	9 times	5 times	4 times	5 times

3.3 FIXED ASSETS

REQUIRED:

3.3.1 List THREE points for good internal control over movable fixed assets. (3)

3.3.2 Refer to Information A and B.

Calculate the cost of land and buildings purchased on 31 August 2023. (3)

3.3.3 Refer to Information A and C.

Calculate depreciation on the vehicles for the year ended 29 February 2024. (5)

3.3.4 Refer to Information A and D.

Calculate depreciation on the laptops for the year ended 29 February 2024. (3)

INFORMATION:

A. Extract from Trial Balances on 29 February:

	2024 R	2023 R
Balance Sheet Accounts section		
Land and buildings	7 250 000	6 500 000
Vehicle	1 080 000	660 000
Accumulated depreciation on vehicles	?	450 000
Equipment	99 000	99 000
Accumulated depreciation on equipment	?	89 900

B. Land and buildings:

A new storeroom was built during the financial year.

C. Vehicles:

A new vehicle was purchased on 1 December 2023. No vehicles were sold during the year.

The depreciation rate is 20% p.a. on the diminishing-balance method.

D. Equipment:

The business has three laptops which were bought for R33 000 each on the same day.

They sold the three laptops on 29 February 2024 for R2 000 cash each.

The depreciation rate is 20% p.a. on the cost price method.

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$$\frac{\text{Gross profit} \times 100}{\text{Sales} \quad 1}$$

$$\frac{\text{Gross profit} \times 100}{\text{Cost of sales} \quad 1}$$

$$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating expenses} \times 100}{\text{Sales} \quad 1}$$

$$\frac{\text{Operating profit} \times 100}{\text{Sales} \quad 1}$$

Total assets : Total liabilities

Current assets : Current liabilities

(Current assets – Inventories) : Current liabilities

Non-current liabilities : Shareholders' equity

(Trade & other receivables + Cash & cash equivalents) : Current liabilities

$$\frac{\text{Average trading stock} \times 365}{\text{Cost of sales} \quad 1}$$

$$\frac{\text{Cost of sales}}{\text{Average trading stock}}$$

$$\frac{\text{Average debtors} \times 365}{\text{Credit sales} \quad 1}$$

$$\frac{\text{Average creditors} \times 365}{\text{Cost of sales} \quad 1}$$

(See Note 2 below)

$$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$$

$$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$$

(See Note 3 below)

$$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$$

$$\frac{\text{Shareholders' equity} \times 100}{\text{Number of issued shares} \quad 1}$$

$$\frac{\text{Dividends for the year} \times 100}{\text{Number of issued shares} \quad 1}$$

$$\frac{\text{Interim dividends} \times 100}{\text{Number of issued shares} \quad 1}$$

$$\frac{\text{Final dividends} \times 100}{\text{Number of issued shares} \quad 1}$$

$$\frac{\text{Dividends per share} \times 100}{\text{Earnings per share} \quad \text{s1}}$$

$$\frac{\text{Dividends for the year} \times 100}{\text{Net income after tax} \quad 1}$$

$$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$$

- NOTE:**
1. Trading stock at the end of a financial year may be used if required in a question.
 2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant).
 3. 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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ACCOUNTING P2

GRADE 12

JUNE 2024

ANSWER BOOK



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SCHOOL: _____

LEARNER: _____

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
TOTAL			

This answer book consists of 10 pages.

QUESTION 1

1.1 BIG BEN TRADERS

1.1.1

No.	No entry	Entry in CRJ		Entry in CPJ		Entry in Bank Reconciliation	
		Amount	Details	Amount	Details	Debit side	Credit side
e.g.	(a)	350	Rent income				
	(b)					111	
(i)							
(ii)							
(iii)							
(iv)							
(v)							
(vi)							

12

1.2 DECLAN ELECTRICAL SUPPLIERS

1.2.1 Why must a prospective debtor submit three months' bank statements as well as his payslip with their application for an account? Give three reasons

3

1.2.2

Calculate: Correct closing balance of the Debtors' Control Account on 31 May 2024. Indicate changes with '+' for an increase, '-' for a decrease or '0' for no change.

PROVISIONAL BALANCE		123 800	
(i)			
(ii)			
(iii)			
(iv)			
(v)			
(vi)			
(vii)			
(viii)			
(ix)			
			11

Calculate: Correct amounts owed by the following debtors only:

DEBTOR	WORKINGS	ANSWER	
A. Amore	17 500		
P. Porogo	33 000		
M. Masiane	18 700		
S. Swart	29 450		12

1.3 AHMED CELL PHONES

1.3.1 Calculate the percentage of debtors who adhere to the credit terms.

WORKINGS	

4

1.3.1 Explain TWO different problems highlighted by the debtors' age analysis. Provide the name of a debtor and/or figure(s) in EACH case.

PROBLEM	NAME OF DEBTOR AND / OR FIGURES

4

1.3.2 Provide TWO points to support the internal auditor's concern that Rebecca's job description could lead to potential fraud.

--

4

TOTAL MARKS
50

QUESTION 2

2.1 Choose ONE cost account for each of the following descriptions:

2.1.1	
2.1.2	
2.1.3	
2.1.4	
2.1.5	

5

2.2 FANCY BAKE MANUFACTURERS

2.2.1	Calculate the direct labour cost on 29 February 2024	Answer
		

6

2.2.2 Prepare the Factory Overhead Cost Note on 29 February 2024

Indirect material	

13

2.2.3 Complete the Production Cost Statement on 29 February 2024

Direct material cost	767 584
Prime cost	
Total manufacturing cost	
Work-in-progress at the beginning of the year	181 992
Cost of production of finished good	

11

2.3 LESIBANE TOY FACTORY

2.3.1 Provide a calculation to confirm that the break-even point for the 2024 financial year is correct.



3

2.3.2 Explain why Matilda is pleased with the production level, sales and break-even point. Quote figures.




4

2.3.3 Explain to Matilda why the fixed cost per unit decreased from R56,00 to R45,00.

2

2.3.4 Matilda made deliberate decisions regarding variable costs to improve the business. Explain the decisions that she might have taken on these costs and how these could have had positive effects on the business. Quote figures.

Cost	Comment and positive effect (with figures)
Direct material cost	
Direct labour cost	 Stanmorephysics.com
Selling and distribution cost	

6

TOTAL MARKS
50

QUESTION 3

3.1 BARBIE BAGS

3.1.1 Calculate the value of the closing stock on 29 February 2024 using the weighted average method.

	WORKINGS	ANSWER

6

Calculate the stockholding period (in days) on 29 February 2024. Use the closing stock figure.

WORKINGS		ANSWER
		

3

Comment on your findings above. Provide TWO points, with figures. Note that the stockholding period for 2023 was 85 days.

4

Creditor's payment period

WORKINGS	ANSWER

4

3.1.2

Provide a calculation to indicate whether or not theft of stock is a problem in this business.

WORKINGS

ANSWER

5

Provide TWO suggestions to the owner to improve control over stock.

4

3.2

MANAGEMENT OF INVENTORIES

3.2.1

What decision did Andrew take regarding the selling price of the duvets? Provide figures to support your answer.

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2

How has this decision affected the business? State TWO points and provide figures.

4

3.2.2

Why was it not a good idea for Andrew to change to a cheaper supplier of sheets? Give TWO reasons.

Explain TWO points. Provide figures.

4

3.3 FIXED ASSETS

3.3.1 List **THREE** points for good internal control over movable fixed assets.

3

3.3.2 Calculate: Cost of land and buildings purchased on 31 August 2023.

WORKINGS

ANSWER

3

3.3.3 Calculate: Depreciation on vehicles for year ended 29 February 2024.

WORKINGS

ANSWER

5

3.3.4 Calculate: Depreciation on the laptops on 29 February 2024.

WORKINGS

ANSWER

3

TOTAL MARKS

50

TOTAL: 150 MARKS



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ACCOUNTING

GRADE 12

JUNE 2024 – EXAMINATION PAPER 2

MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for a correct answer. If the answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in the memo for components of workings, these do not carry the method mark for a 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, the marker must inspect reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
12. In calculations, do not award marks for workings if the numerator & denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 10 pages.

QUESTION 1

1.1 BIG BEN TRADERS

No.	No entry	Entry in CRJ		Entry in CPJ		Entry in Bank Reconciliation	
		Amount	Details	Amount	Details	Debit side	Credit side
(a)		350	Rent income				
(b)						111	
(i)				#168 ✓	Bank charges ✓		
				#120 ✓	Interest on overdraft ✓		
(ii)							8 865 ✓
(iii)		1 500 ✓	Debtors Control ✓				
(iv)						775 ✓	
(v)	X✓✓						
(vi)						3 636 ✓✓	

Can combined for R288 for 2 marks

12

1.2 DECLAN ELECTRICAL SUPPLIERS

1.2.1 Why must a prospective debtor submit three months' bank statements as well as his payslip with their application for an account? Give three reasons

THREE ✓ ✓ ✓

- Salary advice slip/proof of income/payslip only indicates the remuneration.
- The bank statements show all commitments and patterns.
- This is to determine the disposable income to see how much credit can be allowed.

3

1.2.2

Calculate: Correct closing balance of the Debtors' Control Account on 31 May 2024. Indicate changes with '+' for an increase, '-' for a decrease or '0' for no change.

PROVISIONAL BALANCE		123 800	
(i)		+ 13 000 ✓	
(ii)		+ 1 800 ✓	
(iii)		- 9 850 ✓	
(iv)		+ 7 750 ✓	
(v)		+ 5 200 ✓✓	
(vi)		0	
(vii)		0	
(viii)	(1 250 - 1 700) two marks	- 450 ✓✓	
(ix)	+4 800 one mark +4 800 one mark	+ 9 600 ✓✓	
		R150 850 ✓	

Accept brackets for – sign; if no sign assume positive

-1 foreign entries (max - 2); see ii and vii.

11

Calculate: Correct amounts owed by the following debtors only:

DEBTOR	WORKINGS	ANSWER
A. Amore	17 500 – 9 850 ✓ + 12 500 ✓	20 150 ✓*
P. Porogo	33 000 + 4 800 ✓ + 4 800 ✓ or 9 600 two marks	42 600 ✓*
M. Masiane	18 700 – 12 500 ✓ – 450 ✓	5 750 ✓*
S. Swart	29 450 + 7 750 ✓ – 5 850 ✓	31 350 ✓*

Pre-printed balances are not regarded as "one part correct" *one part correct

12

1.3 AHMED CELL PHONES

1.3.1 Calculate the percentage of debtors who adhere to the credit terms.

Workings	
$\frac{72\,000 \text{ one mark} + 51\,200 \text{ one mark}}{123\,200 \checkmark \checkmark} \times 100$ $152\,000 \checkmark$	$81,1\% \checkmark^*$ <p>Operation one part correct</p>

4

Explain TWO different problems highlighted by the debtors' age analysis. Provide the name of a debtor and/or figure(s) in EACH case.

PROBLEM ✓ ✓	NAME OF DEBTOR AND / OR FIGURES ✓ ✓
Not adhering to credit terms / slow payers	<ul style="list-style-type: none"> B. Ben: R10 800 for 60 days L. Leo: R12 000 more than 90 days M Morne: R6 000 for 60 days.
Not adhering to credit limit	<ul style="list-style-type: none"> M. Morne: R2 000 more than the limit.

4

1.3.2 Provide TWO points to support the internal auditor's concern that Rebecca's job description could lead to potential fraud.

Any TWO separate or different points ✓✓ ✓✓ part marks for incomplete / partial / unclear responses

- Too many related functions performed by one person - could compromise efficiency/job not done well.
- Conflict of interest/nepotism because of family ties will create an audit risk.
- Lack of supervision could lead to negligence / rolling over of cash/theft / no authorisation for returns / not applying returns policy effectively.
- No division of duties – the temptation to engage in fraudulent transactions / manipulating sales or returns / creating false documents/mismanagement / poor record-keeping (stock sheets/debtors)
- No continuity of tasks/tasks may not get done/lag behind if Rebecca is on leave/absent.
- Cash is easily stolen (not using electronic payments/credit cards / EFT)

One-mark option:

- Division of duties

4

TOTAL MARKS

50

QUESTION 2

2.1 Choose ONE cost account for each of the following descriptions:

2.1.1	Factory overhead cost	✓
2.1.2	administration cost	✓
2.1.3	direct materials cost	✓
2.1.4	direct labour cost	✓
2.1.5	selling and distribution cost	✓

5

2.2 FANCY BAKE MANUFACTURERS

2.2.1 Calculate the direct labour cost on 29 February 2024

Normal time $4 \times 1\,960 \times R60 = R470\,400$ ✓
 Overtime $4 \times 70 \times R96 = 26\,880$ ✓
 Contributions $470\,400 \times 9\% = 42\,336$ (normal time) ✓
 (8% + 1%)

Answer

R539 616 ✓*

one part correct

6

2.2.2 Prepare the Factory Overhead Cost Note on 29 February 2024

Indirect material $(22\,300 + 114\,700 - 18\,600)$	118 400 ✓✓*
Water and electricity $(168\,000 - 16\,000) \times 75\%$	114 000 ✓✓*
Rent expense $(258\,000 \times 9\,600\text{ m}^2 / 15\,360\text{ m}^2)$ or $\times \frac{5}{8}$	161 250 ✓✓*
Sundry expenses $(88\,100 + 5\,700) \times 80\%$	75 040 ✓✓*
Depreciation on factory equipment	78 610 ✓
Insurance $(28\,560 \times 3) \times \frac{3}{5}$ or $\times \frac{9}{5}$ 85 680	51 408 ✓*
* one part correct	598 708 ✓*

13

2.2.3 Complete the Production Cost Statement on 29 February 2024

Direct material cost	767 584
Direct labour cost see.2.1.1	539 616 ✓
Prime cost DMC + DLC	1 307 200 ✓
Factory overhead cost see 2.1.2	598 708 ✓
Total manufacturing cost PC + FOHC	1 905 908 ✓
Work-in-progress at the beginning of the year	181 992
operation	2 087 900 ✓
Work-in-progress at the end of the year Balancing figure (accept +ve difference)	(309 900) ✓
Cost of production of finished goods $186\,000 \checkmark + 1\,810\,000 \checkmark \checkmark - 218\,000 \checkmark$ One part correct	1 778 000 ✓

11

2.3 LESIBANE TOY FACTORY

2.3.1 Provide a calculation to confirm that the break-even point for the 2024 financial year is correct.

$$\frac{225\,000}{251 - 174} = 2\,922 / 29\,23 \text{ units}$$

77 two marks

3

2.3.2 Explain why Matilda is pleased with the production level, sales and break-even point. Quote figures.

Valid comparison ✓✓ Figures ✓✓ part marks for incomplete / partial / unclear responses

Must mention Production (and sales) and BEP for two marks

- Produced and sold is 2 078 units above the BEP (5 000 – 2 922(3)) / making a profit on 2 078(7) units

Two-mark options: Only ONE of: (max 2 marks)

- Comparison of units produced increase from 4 400 to 5 000 / by 600 units.

OR

Comparison of BEP decrease from 3 080 to 2 922(3) units / by 158(7) units.

4

2.3.3 Explain to Matilda why the fixed cost per unit decreased from R56,00 to R45,00.

ONE point that either mentions or explains economies of scale ✓✓ Two marks or nothing

- Economies of scale: As more units are produced, fixed cost per unit would decrease.
- Increased production (by 600 units) resulted in a decrease in fixed cost per unit, due to fixed cost remaining fairly constant or not influenced by levels of production.
- The average fixed cost per unit would decrease as units produced increases / total fixed costs (constant) are divided by a large number of units.

2

2.3.4 Matilda made deliberate decisions regarding variable costs to improve the business. Explain the decisions that she might have taken on these costs and how these could have had positive effects on the business. Quote figures.

Cost	Comment and positive effect (with figures) Unit costs must be compared (not the total amounts for cost items)
Direct material cost Comment (with figure) ✓ Positive effect ✓	Increased from R70 to R90 per unit / by R20 / 28,6% <ul style="list-style-type: none"> Improved quality of racing cars; justifies price increase Better quality – satisfied customers – less returns – improved sales – higher profits
Direct labour cost Comment (with figure) ✓ Positive effect ✓	Decreased from R62 to R54 per unit / by R8 / 12,9% <ul style="list-style-type: none"> Improved efficiency through training Better supervision of normal-time targets / more control over overtime. Shift from physical labour to machines
Selling and distribution cost Comment (with figure) ✓ Positive effect ✓	Increased from R24 to R30 per unit / by R6 / 20% <ul style="list-style-type: none"> More advertising increased sales Delivering to a wider area / offered free delivery Commission to motivate sales persons

6

* Do not accept increase in selling price, it must be a cost

TOTAL MARKS
50

QUESTION 3

3.1 BARBIE BAGS

3.1.1 Calculate the value of the closing stock on 29 February 2024 using the weighted average method.

WORKINGS	ANSWER
$\begin{array}{r} 540\,000 + 2\,917\,500 \\ 3\,457\,500\checkmark - 96\,000\checkmark + 261\,450\checkmark \\ \hline 2\,550\checkmark - 60\checkmark \\ \hline = 3\,622\,950 \\ \text{three marks} \\ 2\,490 \\ \text{two marks} \end{array}$	$= R312\,825\checkmark$ <p>one part correct and x 215</p>
$1\,455 \text{ five marks } \times 215$	

6

Calculate the stockholding period (in days) on 29 February 2024. Use the closing stock figure.

WORKINGS	ANSWER
$\begin{array}{r} \text{see above} \\ 312\,825\checkmark \times 365 \\ \hline 3\,310\,125\checkmark \end{array}$ <p>OR if Units are used:</p> $\begin{array}{r} 215 \text{ one mark } \times 365 \\ \hline 2\,263 \text{ one mark } \end{array}$	$34,5 \text{ days } \checkmark$ <p>One part correct; if x 365 Accept 35 days</p> <p>OR 34,7 days Accept 35 days</p>

3

Comment on your findings above. Provide TWO points, with figures. Note that the stockholding period for 2023 was 85 days.

TWO valid comments ✓ ✓ comparative figures ✓✓

TWO valid comments : ONE mark each Be alert to valid alternative responses

- The product is selling good / stock is selling at a faster rate than last year
- Less cash tied up in stock / working capital / may have less liquidity pressure.
- This is a leather bag with a long shelf-life.

Relevant figures: TWO marks for figures / trend

SHP decrease from 85 days to 34,5 days / by 50,5 days

OR

SHP decrease from 85 days to 34,7 days / by 50,3 days

4

Creditor's payment period

WORKINGS	ANSWER
$\begin{array}{r} 1\,175\,000 / 587\,500 \\ \hline \frac{1}{2} (550\,000\checkmark + 625\,000\checkmark) \times 365 \\ \hline 3\,310\,125\checkmark \text{ or } 2\,821\,500 \\ \text{Cost of sales} \quad \text{credit purchases} \end{array}$	$64,8 \text{ days } \checkmark$ <p>Accept 65 days One part correct; if x 365</p> <p>Accept 76 days</p>

4

3.1.2

Provide a calculation to indicate whether or not theft of stock is a problem in this business.

WORKINGS	ANSWER
2 550 ✓ – 60 ✓ – 2 263 ✓ – 215 ✓	12 bags ✓ one part correct

5

Provide TWO suggestions to the owner to improve control over stock.

Any TWO valid suggestions ✓✓ ✓✓ part marks for incomplete / partial / unclear responses

- Regular stock counts and comparison with records.
- Division of duties, person ordering is not same person recording the transactions in the accounting records.
- Proper safeguarding of the stock while in storage.
- Fit security magnets/scanning/ tracking strips into bags.
- Upgrade physical security e.g. security guards at exit points/cameras.
- Well-trained staff to be alert for shoplifting.
- Limited entrance to storage area.

Do not accept camaras only

4

3.2

MANAGEMENT OF INVENTORIES

3.2.1

What decision did Andrew take regarding the selling price of the duvets? Provide figures to support your answer.

Decision ✓ Figures ✓

- He increased the markup from 55% to 75%. (by 20% percentage points/ 36,3%)
- He increased the selling price from R217 to R280 / by R63 / by 29%pp.
- Changed his supplier, better quality (cost price increased from R140 to R160/ by R20). Returns decreased from 10 to 0 / by 10

2

How has this decision affected the business? State TWO points and provide figures.

Any two valid points ✓✓ Figure ✓✓ part marks for incomplete / partial / unclear responses

- Gross profit increased from R36 190 to R84 000 / by R47 810
- Stock turnover rate increased from 5 to 9 times.
- Sales of duvets increase from 470 to 700 units / 230 units (by 49%).

4

3.2.2

Why was it not a good idea for Andrew to change to a cheaper supplier of sheets? Give TWO reasons.

Explain TWO points. Provide figures.

Any two valid points ✓✓ Figure ✓✓ part marks for incomplete / partial / unclear responses

- The gross profit decreased from R164 000 to R76 800 /by R87 200 /113,5%
- The returns increased from 0 to 108 units (indicating that the customers were not satisfied with the quality of the product).
- The cheaper price of R448 did not affect the number of units sold (600)
- Stock turnover rate decrease from 5 times to 4 times.

4

3.3 FIXED ASSETS

3.3.1 List THREE points for good internal control over movable fixed assets.

Any THREE valid points ✓ ✓ ✓

- Maintain an updated fixed asset register / depreciation / carrying value / condition.
- Regular physical inspection / count the items / identification tags (barcodes)
- Service and maintenance plans and ensure that this is done regularly.
- Insurance plan to cover loss/damage/accidents.
- Keep a logbook and mileage/install tracking devices/GPS
- Note drivers / users in a register / authorisation for use / record of time in/out.
- Only trained personnel to use technical equipment.
- Cameras at exits and physical security to monitor the use of equipment.
- Secure premises for storage/locked garage/alarm system in premises

3

3.3.2 Calculate: Cost of land and buildings purchased on 31 August 2023.

WORKINGS	ANSWER
R7 250 000✓ – 6 500 000✓	R750 000 ✓* one part correct

3

3.3.3 Calculate: Depreciation on vehicle for year ended 29 February 2024.

WORKINGS	ANSWER
Old $660\,000 - 450\,000 = 210\,000 \times 20/100 = 42\,000 \checkmark \checkmark^*$	63 000 ✓* one part correct
New $1\,080\,000 - 660\,000$ $420\,000 \times [20/100 \times 3/12] = 21\,000 \checkmark \checkmark^*$	

5

3.3.4 Calculate: Depreciation on the laptops on 29 February 2024.

WORKINGS	ANSWER
9 100 Carrying value $9\,100 \checkmark - 3 \checkmark$ $99\,000 - 89\,900 = 9\,100 - 3$	9 097 ✓* one part correct

3

TOTAL MARKS

50

TOTAL: 150 MARKS