



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P2

JUNE 2024

MARKS: 150

TIME: 2 hours



**This question paper consists of 13 pages,
a formula sheet and a 11-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 questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. A Financial Indicator Formula Sheet is attached at the end of this question paper.
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	Bank Reconciliation	35	30
2	Cost Accounting	45	35
3	Stock Valuation	45	35
4	Fixed Assets	25	20
TOTAL		150	120

QUESTION 1: BANK RECONCILIATION AND CREDITORS RECONCILIATION (35 marks; 30 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 1.1.5) in the ANSWER BOOK.

1.1.1 A Bank Reconciliation Statement should be prepared every month to assist in maintaining internal control of the cash of the business.

1.1.2 Credit card sales are regarded as cash transactions.

1.1.3 Debit interest on the bank statement must be recorded in the Cash Payments Journal as bank charges.

1.1.4 Credit balance on the bank statement reflects an unfavourable balance.

1.1.5 A bank overdraft is a short-term loan that is transferred into the business current bank account. (5)

1.2 BANK RECONCILIATION

The information provided relates to P&K Traders. The business is owned by Pako Kenneth. The business uses the official bank statement which is received on the 28th of each month.

REQUIRED:

1.2.1 Use the table provided in the ANSWER BOOK and calculate the final totals for the Cash Journals on 31 July 2023. (9)

1.2.2 Calculate the correct bank balance on 31 July 2023. (5)

1.2.3 Prepare the Bank Reconciliation Statement on 31 July 2023. (10)

1.2.4 Refer to information A (i).

- Explain why the rule of prudence will be used in accounting for fraudulent activities in the books and financial statements. Give ONE point. (2)

- Explain how this type of fraudulent activity can be avoided in the future. Give TWO points. (4)

INFORMATION:

A. Bank Reconciliation Statement on 30 June 2023:

Favourable balance as per Bank Statement	89 700
Outstanding deposit (3 June 2023)	67 500
Outstanding deposit (27 June 2023)	27 375
Outstanding EFT 153	5 800
Outstanding EFT 155	25 800
Favourable balance as per Bank account	?



NOTE:

- (i) The outstanding deposit of R67 500 did not appear on the Bank Statement for July 2023. An investigation revealed that this money was never deposited. The previous bookkeeper cannot be traced and the amount must be written off.
- (ii) EFT 153 was correctly reflected as R 8 500 on the July 2023 Bank Statement.
- (iii) All other outstanding amounts from the previous month appeared on the Bank Statement for July 2023.

B. Provisional Cash Journal totals on 31 July 2023:

- Cash Receipt Journal: R615 900
- Cash Payments Journal: R579 525

C. The following items appeared only on the Bank Statement for July 2023:

- Bank charges, R4 275
- Interest on favourable bank balance, R435
- A direct deposit of R9 375 from a debtor in settlement of an account of R9 750.
- A debit order of R5 550 for the monthly insurance appeared twice on the Bank Statement. The bank will rectify this on the Bank Statement next month.
- Deposit received from Ruth Technical College, R7 510.
NOTE: This is an error on the statement as the business does not deal with this college. This will be rectified on the next statement.

D. The owner withdrew R3 565 from an ATM to pay wages on 29 July 2023, but did not inform the bookkeeper.

E. The following entries were in the Cash Journals for July 2023 but not on the Bank Statement:

- A deposit of R41 000
- EFT No.228, R16 800
- EFT No.230, R4 255

F. The Bank Statement on 31 July 2023 reflected a balance of, R?



QUESTION 2: COST ACCOUNTING

(45 marks; 35 minutes)

- 2.1 Choose an example from COLUMN B that matches a cost category in COLUMN A. Write only the letter (A–D) next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK, e.g. 2.1.5 F.

COLUMN A	COLUMN B
2.1.1 Selling and distribution cost	A Raw materials used in the factory
2.1.2 Factory overheads cost	B Direct raw material plus Direct labour cost
2.1.3 Direct material cost	C Office telephone account
2.1.4 Prime cost	D Advertising expenses
	E Salary of the factory foreman

(4 x 1) (4)

2.2 LENA MANUFACTURERS

The business manufactures leather purses. The information relates to financial year ended on 29 February 2024.

REQUIRED:

2.2.1 Refer to Information C.

Calculate the factory overhead cost (10)

2.2.2 Prepare the Production Cost Statement on 29 February 2024. (11)

INFORMATION:

A.		2024	2023
	Work in progress	?	525 000

B. Details of the workers in production:

Number of workers	45
Basic (normal) wage rate	55
Normal time hours worked by each worker	1 840
Overtime rate	60% (Above the normal wage rate)
Overtime time hours worked by each worker	250



C. NOTE: The bookkeeper calculated the factory overhead cost at R2 031 500.

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

- (i) The closing stock of factory indirect material, R8 000.
- (ii) Insurance is a fixed monthly premium for the entire financial year. The amount paid, R238 000, includes the premium for March and April 2024. $\frac{2}{3}$ of this expense relates to the factory.

- (iii) Water and electricity allocated to the sales department was R122 500.

NOTE that water and electricity is shared according to floor space, as follows:

Factory	630 m ²
Sales	350 m ²
Office	220 m ²

The following entry must be corrected:

Rent of R210 000 was recorded in the factory overhead cost. However, the bookkeeper used the incorrect ratio of 2 : 6 : 1 for Factory, Sales and Office. The correct ratio is 6 : 2 : 1 respectively.

- D.** Total prime cost for the year amounted to R12 800 000.
- E.** Total production for the year, 34 500 units, were produced at a cost of R450 per unit.



2.3 TLOTLO MANUFACTURERS

The information relates to Tlotlo manufactures. The business is owned by Tlotlo Mampe. He makes dresses. The financial year ended on 29 February 2024.

REQUIRED:

2.3.1 Control over raw material:

- Tlotlo is concerned about the wastage of material in production. Calculate the number of metres of fabric that was wasted. (4)
- Calculate the total cost of the wastage of fabric. (2)
- Provide TWO possible reasons for this wastage. (4)

INFORMATION:

A. Direct material stock:

	Fabric
Opening stock	2 830 metres
Purchases	15 340 metres
Raw materials issued to factory	14 160 metres

- Fabric is purchased at a fixed cost price of R250 per metre.
- It takes 1,6 metres of fabric to make one dress.
- Number of units produced and sold 8 750.



2.4 SUZAN'S TOY FACTORY

This factory manufactures toy teddy bears. There is no work-in-progress stock at the beginning or end of each year. The financial year ends on 29 February 2024.

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

REQUIRED:

- 2.4.1 Provide a calculation to confirm that the break-even point for the 2024 financial year is correct. (3)
- 2.4.2 Explain why Suzan is pleased with the production level, sales, and break-even point. Quote figures. (4)
- 2.4.3 Suzan is concerned about the increase of R5 700 in total fixed costs. Provide ONE reason why she should not be concerned. Quote figures. (3)

INFORMATION:

	29 FEBRUARY 2024		28 FEBRUARY 2023	
	TOTAL R	UNIT COST R	TOTAL R	UNIT COST R
Direct material	491 400	100,00	320 000	80,00
Direct labour	275 184	56,00	288 000	72,00
Selling and distribution	176 904	36,00	96 000	24,00
VARIABLE COST:	943 488	192,00	704 000	176,00
Factory overhead	171 007	34,80	168 000	42,00
Administration	74 693	15,20	72 000	18,00
FIXED COST:	245 700	50	240 000	60
Selling price per unit	R255		R240	
Units produced and sold	4 914 units		4 000 units	
Break-even point	3 900 units		3 750 units	

QUESTION 3: STOCK VALUATION

(45 marks; 35 minutes)

3.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question numbers (3.1.1 to 3.1.4) in the ANSWER BOOK.

3.1.1 In the (perpetual/periodic) inventory system, the cost of sales must be calculated at the end of the year.

3.1.2 The (specific identification/weighted-average) stock valuation method is best suited for unique high-value products.

3.1.3 In the perpetual inventory system, merchandise purchased is recorded as an (asset/expense) to the business.

3.1.4 The (first-in-first-out/weighted-average) stock valuation method is best suited for products of similar value purchased in large quantities.

(4 x 1) (4)

3.2 LUELLA LADIES' HANDBAGS

The information is relating to Luella Ladies Bags. The store is situated in Johannesburg and is owned by Reatlegile Maine. The business trades in handbags. Handbags are valued using the first-in-first-out method and periodic inventory system.

REQUIRED:

3.2.1 Calculate the following:

- Value of the closing stock on 31 December 2023 (5)
- Gross profit for the year ended 31 December 2023 (8)
- Calculate how long (in days) it will take to sell the closing stock of Luella ladies' handbags. (3)

3.2.2 Reatlegile suspects that some handbags have been stolen despite the cameras installed in the store.

- Calculate the number of handbags that are missing. (6)
- Explain to Reatlegile why she only discovered the loss at the end of the year. (2)
- Suggest ONE additional measure that she can implement to address the problem of missing items. (2)

3.2.3 Refer to information E.



The owner Reatlegile Maine feels that the Specific Identification method is more suitable to value the handbags. She requested the bookkeeper to extract the units sold from each batch purchased.

- Explain TWO points to the owner regarding the benefits of using Specific Identification method. (4)
- Calculate the value of closing stock on 31 December 2023 using Specific Identification method. (5)

INFORMATION

A. Stock of handbags:

DATE	UNITS	Cost price per unit	TOTAL (including transport)
1 January 2023	180	R1 200	R237 600
31 December 2023	220	?	?

Purchases during the year:

DATE	UNITS	Cost price per unit	TOTAL (including transport)
February 2023	250	R1 230	R338 250
June 2023	370	R1 250	R508 750
September 2023	200	R1 275	R280 500
	820		R1 127 500

NOTE: Carriage on purchases is charged at 10% of the cost price.

C. Returns:

20 units from September 2023 purchases were returned to suppliers. They only covered the cost of the units returned, excluding transport costs.

D. Sales:

740 units were sold at R1 750 each, R1 295 000.

E. Units sold:

To test the specific identification option, the bookkeeper was able to obtain the following sales figures as requested by the owner:

DATE PURCHASED	UNITS SOLD PER BATCH
January 2023 (opening stock)	120
February 2023	205
June 2023	285
September 2023	170

3.3 PROBLEM SOLVING

John T Mobile Traders has two branches in two different towns selling Freestyle projectors. John, the owner, is concerned about the performance of each branch and has decided to investigate. Information for the two branches for March 2023 is presented below:

REQUIRED:

- 3.3.1 Identify ONE problem in relation to each branch. Quote relevant figures to support your answer. In each case, offer John advice on how to solve the problem. (6)

INFORMATION:

- A. General information for both branches (**per month**):

Normal time	Monday to Fridays	8:30–16:30	160 hours
Overtime	Mondays to Fridays	16:30–18:30	40 hours
	Saturdays	9:30–12:30	12 hours
	Total		52 hours

Overtime salary/wage is 1½ times the normal rate.

	OMOLEMO BRANCH	NGIXI BRANCH
Stock on hand (1 March 2023)	80 units	80 units
Selling price per unit	R5 800	R5 800
Units sold	58	47
Units returned by customers	3	8
Credit sales	R191 400	R104 400
Cash received and deposited from cash sales	R120 000	R121 800
Hours worked (normal time)	156 hours	120 hours
Overtime hours	10 hours	50 hours
Rent expense per month	R8 000	R8 000

QUESTION 4: FIXED ASSETS

(25 marks; 20 minutes)

4.1 FIXED ASSETS

The information relates to California Hardware. The financial year ended 30 June 2023.

4.1.1 The business owns three delivery bakkies.

Refer to information A.

- The bookkeeper calculated the depreciation of Bakkie 1 as:
 $R500\,000 \times 20\% = R100\,000$.

Explain to him why his method is incorrect and provide a calculation to support your explanation. (4)

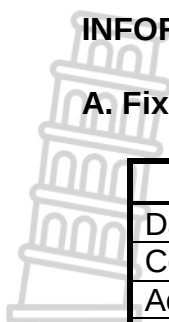
- Calculate the carrying value of Bakkies at the end 30 June 2023.
(Show ALL calculations) (12)

4.1.2 The business offers a delivery service to clients within a 30 km radius of the store.

- They charge a fixed amount of R250 per delivery. Clients pay this amount directly to the drivers of the bakkies.
- A total of 3 680 deliveries were made during the year in the 260 days the bakkies operated.
- As the internal auditor, you are concerned about the problems with the delivery bakkies and the drivers.

Refer to information B.

- Identify and explain ONE big problem with each bakkie and its driver. Quote figures in each case and provide a solution. (9)



INFORMATION:

A. Fixed asset register on 01 July 2022:

	BAKKIE 1	BAKKIE 2	BAKKIE 3
Date of purchased	1 January 2018	1 July 2021	1 July 2022
Cost price	500 000	437 500	350 000
Accumulated depreciation	(450 000)	(87 500)	-
Depreciation	100 000	-	70 000

NOTE:

- Vehicle 1 is a very old asset
- Vehicle 2 was sold at its carrying value on 1 April 2023
- Depreciation: vehicles at 20% on cost

B. Information in respect of delivery bakkies and drivers on 31 May 2023:

	Bakkie 1	Bakkie 2	Bakkie 3
Name of driver	Lebo	Nomsa	Dan
Number of days worked	210 days	260 days	260 days
Number of deliveries made	280	2 100	1 300
Cash paid in by drivers	R70 000	R525 000	R275 000
Salaries paid to drivers	R52 000	R52 000	R52 000
Fuel and maintenance costs for the year	R36 000	R430 500	R201 500
Fuel and maintenance costs per kilometer	R1,30	R2,05	R1,55

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE: * In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice.	



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PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P2

JUNE 2024

ANSWER BOOK

NAME OF LEARNER _____

SCHOOL NAME _____

QUESTION	MARKS	INITIALS	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

5

1.2 BANK RECONCILIATION

1.2.1

CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL	
	Amount			Amount
Total	615 900		Total	579 525

9

1.2.2

Calculate the correct bank balance on 31 July 2023.	
WORKINGS	ANSWER

5

1.2.3 BANK RECONCILIATION STATEMENT

10

1.2.4

Explain why the rule of prudence will be used in accounting for fraudulent activities in the books and financial statements. Give ONE point.

--

2

Explain how this type of fraudulent activity can be avoided in the future. Give TWO points.

--

4

TOTAL MARKS
35

QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

2.2 LENA H MANUFACTURERS

2.2.1 FACTORY OVERHEADS COST

TOTAL before corrections	2 031 500

10

2.2.2 PRODUCTION COST STATEMENT ON 29 FEBRUARY 2024

PRIME COST	12 800 000
TOTAL MANUFACTURING COST	
Work-in-progress at beginning of the year	525 000
Work-in-progress at end of the year	
COST OF PRODUCTION OF FINISHED GOODS	

11

2.3 TLOTLO MANUFACTURERS

2.3.1 Control over raw material:

Tlotlo is concerned about the wastage of material in production. Calculate the number of metres of fabric that was wasted.

WORKINGS	ANSWER

4

Calculate the total cost of the wastage of fabric.

WORKINGS	ANSWER

2

Provide TWO possible reasons for this wastage.

REASON 1	
REASON 2	

4



2.4 SUZAN'S TOY FACTORY

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

3

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

4

2.4.3 Suzan is concerned about the increase of R5 700 in total fixed costs. Provide ONE reason why he should not be concerned. Quote figures.

3

**TOTAL
MARKS**

45

QUESTION 3

3.1 STOCK CONCEPTS

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 LUELLA LADIES' HANDBAGS

3.2.1

Calculate the value of the closing stock on 31 December 2023.

--

5

Calculate the Gross profit for the year ended 31 December 2023.

--

8

Calculate how long (in days) it will take to sell the closing stock of Luella ladies' handbags.

--

3

3.2.2

Calculate the number of handbags that are missing.

6

Explain to Reatlegile why she only discovered the loss at the end of the year.

2

Suggest ONE additional measure that she can implement to address the problem of missing items.

2

3.2.3

Explain TWO points to the owner regarding the benefits of using Specific Identification method.

4

Calculate the value of closing stock on 31 December 2023 using Specific Identification method.

5

3.3.1

	PROBLEM	ADVICE
OMOLEMO BRANCH		
NGIXI BRANCH		

6

TOTAL MARKS
45

QUESTION 4

FIXED ASSETS

4.1.1

Explain to the bookkeeper why his method is incorrect:

Provide a calculation to support your explanation:

4

Calculate the carrying value of Bakkies at the end 30 June 2023.
Show ALL calculations

WORKINGS

ANSWER

12

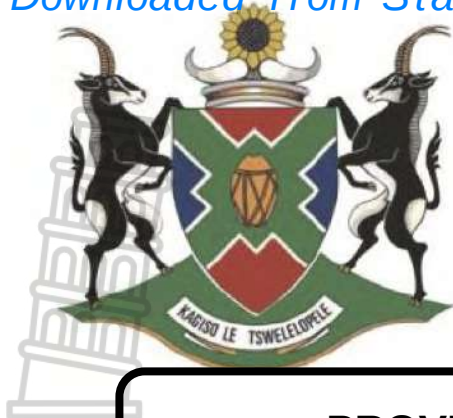
4.1.2

Identify and explain ONE big problem with each bakkie and its driver. Quote figures in each case and provide a solution.

	PROBLEM AND FIGURES	SOLUTION
Bakkie 1 (Lebo)		
Bakkie 2 (Nomsa)		
Bakkie 3 (Dan)		

9

TOTAL MARKS
25



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PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P2

JUNE 2024

MARKING GUIDELINES

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

1.1.1	True ✓
1.1.2	True ✓
1.1.3	False ✓
1.1.4	False ✓
1.1.5	False ✓

5

1.2 BANK RECONCILIATION

1.2.1

CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL	
	Amount			Amount
Total	615 900		Total	579 525
	435 ✓			67 500 ✓
	9 375 ✓			2 700 ✓✓
				4 275 ✓
				5 500 ✓
				3 565 ✓
	625 710	✓ both totals must include provisional totals		663 065

9

1.2.2

Calculate the correct bank balance on 31 July 2023.			
WORKINGS		ANSWER	
150 225 ✓✓ + 625 710 ✓ – 663 065 ✓		112 870 ✓	
OR		one part correct	
150 255	663 065		
625 710	c/d 101 435		

5

1.2.3 BANK RECONCILIATION STATEMENT

	Dr	Cr
Cr Balance per Bank Statement		98 450 ✓ balancing figure could be DR
Cr Outstanding deposit		41 000 ✓
Dr Outstanding EFT No. 228	16 800 ✓	
No. 230	4 255 ✓	
Correction of error		5 550 ✓✓
Dr deposit wrongly Cr	7 510 ✓	
Dr ATM withdrawal for wages	3 565 ✓	
Dr Balance per Bank Account	112 870 ✓ could be CR. see 1.2.2	
✓ both totals must	145 000	145 000

10

1.2.4

Explain why the rule of prudence will be used in accounting for fraudulent activities in the books and financial statements. Give ONE point.

Any valid answer ✓✓

part-mark for unclear/incomplete answer

- The business cannot guarantee that the amount will be recovered and must regard this transaction in a pessimistic light and take the conservative approach.
- The rule of prudence dictates a conservative approach in reporting financial information.

2

Explain how this type of fraudulent activity can be avoided in the future. Give TWO point.

Any valid answer ✓✓

part-mark for unclear/incomplete answer

- Division of duties where one person will not perform multiple tasks.
- All transactions must be authorised.
- Set up a bank notification service for all transactions.

Responses for 1 mark

- Supervision.
- Division of duties.

4

**TOTAL
MARKS**

35

QUESTION 2

2.1

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

4

2.2 LENA MANUFACTURERS

2.2.1. FACTORY OVERHEADS COST

TOTAL before corrections	2 031 500
Indirect material	(8 000) ✓
Insurance $(204\ 000 \times \frac{2}{3})$ $[238\ 000 - 34\ 000]$ $[238\ 000 \times \frac{12}{14}]$	136 000 ✓✓
Water and electricity $(122\ 500 \times \frac{630}{350})$ $(420\ 000 \times \frac{630}{1\ 200})$	220 500 ✓
Rent expenses $(945\ 000 \times \frac{6}{9} = 630\ 000 - 210\ 000)$ $(210\ 000 \times \frac{4}{2})$	420 000 ✓
Operation, must include 2 031 500	2 800 000 ✓

10

2.2.2 PRODUCTION COST STATEMENT ON 29 FEBRUARY 2024

Direct material cost	prime cost - DLC	7 256 000 ✓
Direct labour cost $(45 \times 55 \times 1\ 840)$	4 554 000 ✓✓	5 544 000 ✓
Overtime $(88 \times 250 \times 45)$	990 000 ✓✓ + 4 554 000	one part correct
PRIME COST		12 800 000
Factory overheads cost		2 800 000 ✓
TOTAL MANUFACTURING COST		15 600 000 ✓
Work-in-progress at beginning of the year		525 000
		16 125 000
Work-in-progress at end of the year		(600 000) ✓
COST OF PRODUCTION OF FINISHED GOODS $(34\ 500 \times 450)$		15 525 000 ✓✓

11

2.3 TLOTLO MANUFACTURERS

2.3.1 Control over raw material:

TLOTLO is concerned about the wastage of material in production. Calculate the number of metres of fabric that was wasted.

WORKINGS

$$14\,160 / 1,6 = 8\,850 \checkmark\checkmark - 8\,750 \\ = 100 \times 1,6 \checkmark$$

$$\text{Or } 14\,160 - 14\,000$$

one marks two marks

ANSWER

160 m ☒

one part correct

4

Calculate the total cost of the wastage of fabric.

WORKINGS

$$160 \text{ m} \times 250$$

See 2.2.1

ANSWER

R40 000 ☒☒

one part correct

2

Provide TWO possible reasons for this wastage.

TWO valid points ☒☒ ☒☒ part marks for incomplete / unclear responses

- Poor supervision in the factory / in production process.
- Untrained employees – making many mistakes
- Carelessness – because of no consequences for poor workmanship
- Poor quality material used.

4

2.4 SUZAN'S TOY FACTORY

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

$$\frac{245\,700}{255 - 192} = 3\,900 \text{ units}$$

$$255 - 192$$

63 two marks

Numerator and denominator must be marked as such

3

2.4.2 Explain why Suzan 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 four marks

- Produced and sold 1 014 units above the BEP (4 914 – 3 900) / making a profit on 1 014 units.
- Made a profit (includes production and sales) on 1 344 units (4 914 – 3 900) in 2024 compared to 250 units (4 000 – 3 750) in 2023 / profit on an additional 764 units (305,6%)
- Profit (includes production and sales) was R63 882 (1 014 x R63) in 2024 and R16 000 (250 x R64) in 2023; an increase in of R47 882.
- Sales / production increased by 914 units (4 914 – 4 000) / by 22,85% whereas BEP increased by only 150 (3 900 – 3 750) / by 4%. – good control over costs.

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

- Revenue from sales increased from R960 000 to R1 249 500 (R289 500 / 30,2%)
- Comparison of units produced only (4 914 – 4 000) / by 914
- Comparison of BEP only (3 900 – 3 750) / by 150

4

2.4.3 Suzan is concerned about the increase of R5 700 in total fixed costs. Provide ONE reason why he should not be concerned. Quote figures.

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

- Enjoy Economies of scale: As more units are produced, fixed cost per unit would decrease.
- Increased production (by 914 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.

3

**TOTAL
MARKS**

45

QUESTION 3

3.1 STOCK CONCEPTS

3.1.1	Periodic ✓
3.1.2	Specific identification ✓
3.1.3	Asset ✓
3.1.4	Weighted average ✓

4

3.2 LUELLA LADIES HANDBAGS

3.2.1 Calculate the value of the closing stock on 31 December 2023.

$$\begin{array}{l}
 200 - 20 \\
 180 \times R1\,275 \times 1.1 = R\,252\,450 \checkmark \checkmark \text{ OR } 229\,500 + 22\,950 = 252\,450 \\
 40 \times R1\,250 \times 1.1 = \underline{55\,000} \checkmark \checkmark \text{ OR } 50\,000 + 5\,500 = \underline{55\,000} \\
 \underline{307\,450} \checkmark \text{ one part correct} \qquad \qquad \qquad 307\,450
 \end{array}$$

5

Calculate the Gross profit for the year ended 31 December 2023.

$$\begin{array}{l}
 \text{see 3.2.1} \\
 237\,600 \checkmark + 1\,127\,500 \checkmark - 25\,500 \checkmark \checkmark - 307\,450 \checkmark = 1\,032\,150 \\
 1\,295\,000 \checkmark - 1\,032\,150 \checkmark = 262\,850 \checkmark \text{ one part correct} \\
 \text{see above}
 \end{array}$$

8

Calculate how long (in days) it will take to sell the closing stock of Luella ladies handbags.

$$\begin{array}{l}
 \text{see 3.2.1} \\
 \underline{307\,450} \checkmark \times 356 = 29,8 \text{ days } \checkmark \\
 1\,032\,150 \checkmark \text{ one part correct}
 \end{array}$$

3

3.2.2 Calculate the number of handbags that are missing.

$$180 \checkmark + 820 \checkmark - 20 \checkmark - 220 \checkmark - 740 \checkmark = 20 \checkmark \text{ missing one part correct}$$

6

Explain to Reatlegile why she only discovered the loss at the end of the year.

- Periodic inventory system is in use where physical stock is counted at particular periods. ✓✓

2

Suggest ONE additional measure that she can implement to address the problem of missing items.

Any one relevant comments ✓✓

- Do regular stock taking and compare with stock records.
- Change to perpetual inventory system.

2

3.2.3

Explain TWO points to the owner regarding the benefits of using Specific Identification method.

Any two relevant point ✓✓ ✓✓

- Simplest method of stock valuation
- Realistic valuation
- Each item is assigned a specific cost
- The system is best suited for business selling small quantities of large and expensive items

4

Calculate the value of closing stock on 31 December 2023 using Specific Identification method.

January	60 x 1 200 x 1.1	79 200 ✓
February	45 x 1 230 x 1.1	60 885 ✓
June	85 x 1 250 x 1.1	116 875 ✓
September	10 x 1 275 x 1.1	14 025 ✓
Value of stock	Operation, one part correct	270 985 ✓

5

3.3.1

	PROBLEM Problem ✓ figure ✓	ADVICE ✓✓
OMOLEMO BRANCH	Only R120 000 deposited instead of R127 600 – R7 600 cash is missing. 60% of total sales is on credit.	Division of duties Regular check on sales and deposit. Increase cash sales/ reduce the credit sales.
NGIXI BRANCH	8 units were returned. Worked only 75% of the normal time/ worked 96% of the overtime.	Set sales targets. Calculate commission on net sales. Minimise overtime hours.

6

TOTAL MARKS
45



QUESTION 4

FIXED ASSETS

4.1.1

Explain to the bookkeeper why his method is incorrect:

Part mark for incomplete or unclear answer

Explanation ✓✓

Explanation and calculation may be provided in the same response.

He has not realised that the asset is almost fully depreciation/

The R100 000 cannot be correct as this would lead to a negative carrying value/

A fully depreciated asset must retain a R1 book value for disclosure purposes.

Provide a calculation to support your explanation:

$$\begin{array}{rcl} (500\,000 - 450\,000) & \text{CV} = & 50\,000 - 1 \\ 50\,000 & & = 49\,999 \quad \checkmark\checkmark \end{array}$$

4

**Calculate the carrying value of Bakkies at the end 30 June 2023.
(Show all calculations)**

WORKINGS	ANSWER
Depreciation New 70 000	
$437\,500 \times 9/12 \checkmark = 328\,125 \times 0.20 \checkmark$ $= 65\,625 \checkmark$	
Depreciation: $(49\,999 \checkmark + 70\,000 \checkmark + 65\,625 \checkmark) =$ $185\,624 \checkmark$	R280 001 ✓ one part correct
Accumulated depreciation at the end $(450\,000 + 185\,624) = 635\,624 \checkmark\checkmark$ $(635\,624 - 65\,625) = 569\,999$	
Or $(450\,000 + 87\,500) = 537\,500 + 185\,624 - 153\,125$	
Carrying value at the end $(500\,000 + 350\,000) = 850\,000 \checkmark - 569\,999 \checkmark$	

12

4.1.2

Identify and explain ONE big problem with each bakkie and its driver. Quote figures in each case and provide a solution.		
	PROBLEM ✓ ✓ ✓ FIGURES ✓ ✓ ✓ Mark problem and figures independently	SOLUTION ✓ ✓ ✓
Bakkie 1 (Lebo)	- Neo made only 280 deliveries. - Neo was absent too much – 50 days of work. - Neo is paid the same salary despite the fact that he is making only 7,6% of deliveries. - Vehicle is underutilized because it has the lowest operating costs (R1, 30) but makes only 7,6% of total deliveries. - Poor internal control that allows the vehicle to be operated at a loss. (Income: R70 000 Cost: R88 000)	Pay drivers per delivery – this will encourage them to work harder. Give this vehicle to the best/ most reliable driver.
Bakkie 2 (Nomsa)	- Thabo worked too hard with this vehicle – he did (2,100/260 days = 8 deliveries a day). - This vehicle is old and has the highest operating costs (R2,05) but it does 2,100/3,680 = 57% of all deliveries.	Limit the use of this vehicle if it cannot be replaced. Give this vehicle to the weakest/most idle driver.
Bakkie 3 (Dan)	Cleo is dishonest and he stole R50 000 of the fees collected (R325 000 – R275 000).	Conduct a full audit of fees collected. Fees must be paid electronically in advance. No cash should be handled by drivers. Institute disciplinary action against Cleo.

9

TOTAL MARKS

25