



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING P2

NOVEMBER 2023

MARKS: 150

TIME: 2 hours

This question paper consists of 15 pages,
a formula sheet and an 11-page answer book.





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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Reconciliations	40	30
2	Cost Accounting	35	30
3	Budgeting	40	30
4	Stock Valuation and Fixed Assets	35	30
TOTAL		150	120



QUESTION 1: RECONCILIATIONS**(40 marks; 30 minutes)****1.1 BANK RECONCILIATION**

The information relates to Mango Traders for June 2023. The business uses the official bank statement which is received on the 26th of each month.

REQUIRED:

1.1.1 Calculate the following on 30 June 2023:

- Correct totals for the Cash Journals. Use the table provided in the ANSWER BOOK. (12)
- Bank Account balance in the General Ledger of the business (4)

1.1.2 Prepare the Bank Reconciliation Statement on 30 June 2023. (8)

1.1.3 Explain TWO strategies that the business can use to address the problem of missing cash. (4)

INFORMATION:

A. The Bank Reconciliation Statement on 31 May 2023 showed the following:

Favourable balance on the Bank Statement	R27 600
Outstanding deposits:	
• 18 May 2023	30 000
• 30 May 2023	18 200
Outstanding EFTs:	
• EFT 816 (to Ace Stationers)	7 400
• EFT 817 (to Spark Wholesalers)	19 300
Favourable balance on the Bank Account in the Ledger	49 100

NOTE: The cashier reported that the cash to be deposited on 18 May was stolen while she was on her way to the bank. This amount must be written off.

B. Cash Journal totals on 30 June 2023 before receiving the Bank Statement:

Cash Receipts Journal	Cash Payments Journal
R81 300	R80 620



C. Extract from the June Bank Statement:

DETAILS	DEBIT	CREDIT
Ace Stationers (EFT 816)	4 700	
Spark Wholesalers (EFT 817)	19 300	
BK Builders (EFT 792)	6 200	
Deposit (30 May)		18 200
Cash deposit fee	320	
Direct deposit: G Glen		14 600
VX Garage (EFT 818)	3 780	
Interest		240
Transaction fees	540	
Transaction fees	540	

- EFT 816 (to Ace Stationers) is correct on the Bank Statement.
- EFT 792 (to BK Builders) was incorrectly recorded in the June Cash Receipts Journal (CRJ).
- The direct deposit by G Glen was for monthly rent.
- EFT 818 (to VX Garage) was for repairs to the company vehicle. The owner neglected to submit the transaction record slip to the bookkeeper. No entry was made in the books.
- The monthly transaction fees were duplicated on the bank statement.

D. Entries in the Cash Journals for June 2023 that do not agree with the June Bank Statement:

- Deposit on 27 June: R31 500
- EFT 944: R9 700
- EFT 945: R13 300

E. The owner withdrew R11 000 from an ATM to pay wages on 29 June 2023, but did not inform the bookkeeper.

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



1.2 CREDITORS' RECONCILIATION

The information relates to SEB Traders for August 2023.

REQUIRED:

1.2.1 Taking into account the errors and omissions, calculate the correct balance for the Creditors' Control Account and the Creditors' List. Indicate changes with '+' for an increase and a '-' for a decrease. (9)

1.2.2 SEB Traders intend settling the account of Phuto Wholesalers on 31 August 2023. Calculate the amount due to them. (3)

INFORMATION:**A. Balances and totals on 31 August 2023 (before correcting the errors and omissions)**

Creditors' Control Account balance	R175 940
Creditors' List total in the Creditors' Ledger	R186 350
LIST OF CREDITORS	
Phuto Wholesalers	R64 950
Planet Suppliers	R27 200
Mish Dealers	R51 800
Arial Suppliers	R42 400

B. Errors or omissions:

- (i) The total of the Creditors' Allowances Journal (CAJ) was understated by R3 600.
- (ii) A payment of R14 250 made to Phuto Wholesalers was in error posted as R15 240 to the Creditors' Ledger Account. Posting to the General Ledger was correct.
- (iii) An invoice received from Planet Suppliers, R9 540, and recorded in the Creditors' Journal (CJ), was posted in error to the account of Phuto Wholesalers in the Creditors' Ledger.
- (iv) Goods returned to Mish Dealers, R7 500, and recorded in the CAJ, was posted to their account in the Creditors' Ledger as an invoice.
- (v) SEB Traders recorded a purchase of R13 280 from Arial Suppliers in the CJ after deducting a trade discount of 20%. However, Arial Suppliers informed them that the trade discount agreed on was only 10%.





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QUESTION 2: COST ACCOUNTING**(35 marks; 30 minutes)****2.1 T2FIT MANUFACTURERS**

The business, owned by Mark Fit, manufactures T-shirts. The financial year ended on 28 February 2023.

REQUIRED:**2.1.1 Refer to Information A.**

Calculate the direct material cost. (4)

2.1.2 Refer to Information B.

Calculate the factory overhead costs for the year by completing the table in the ANSWER BOOK. (7)

2.1.3 Prepare the Production Cost Statement for the year ended 28 February 2023. (5)

2.1.4 Calculate the cost of the wastage of raw materials. (4)

2.1.5 Mark is concerned about the increase in the cost of raw materials over the financial year. Provide TWO strategies that Mark can use to address the problem of wastage. (2)

INFORMATION:**A. Stock records:****(i) Raw material (fabric to manufacture T-shirts):**

- Fabric is issued from the storeroom to the factory for production.
- The weighted-average method is used to determine the value of the fabric.

NOTE: 1,2 metres of fabric is required to make one T-shirt.

The following information was extracted from the records:

	METRES	AMOUNT R
Stock balance on 1 March 2022	1 600 m	64 800
Purchases	18 800 m	894 000
April 2022	6 400 m	288 000
August 2022	7 000 m	336 000
January 2023	5 400 m	270 000
Available for use	20 400 m	958 800
Raw material issued to the factory	18 900 m	?
Stock balance on 28 February 2023	1 500 m	?

(ii) Work-in-progress stock:

	28 Feb. 2023	1 Mar. 2022
Balance	235 500	0



B. Factory overhead costs:

The bookkeeper calculated the factory overheads as R600 000. However, he made the following errors which must be corrected:

- (i) The closing stock of factory indirect material, R7 000, was omitted.
- (ii) The total water and electricity cost for the year, R84 000, was included in factory overheads. This should be allocated as follows:

Office	15%
Selling and distribution	25%
Factory	60%

- (iii) Factory insurance of R45 000 was allocated according to the old ratio of 3 : 1 : 2 for factory, sales and office respectively. It should have been allocated according to floor space, as follows:

Factory	Sales	Office
1 500 m ²	300 m ²	600 m ²

C. Additional information:

- (i) Direct labour cost, R408 600
- (ii) Number of T-shirts manufactured, 15 000 units



2.2 LIGHTING KINGS (PTY) LTD

The business manufactures light bulbs. Richard Smith, the CEO (chief executive officer), intended to reduce the production cost of Orion bulbs due to technological changes and to introduce the new Starlet bulbs by setting up a new factory.

REQUIRED:

- 2.2.1 Do a calculation to confirm that the 2023 break-even point of 149 145 units for Orion bulbs is correct. (3)
- 2.2.2 Identify and explain TWO cost items (with figures) that may have contributed to the increase in the cost of production per unit. Provide a reason in each case. Note that the current inflation rate is 7%. (6)
- 2.2.3 Explain whether the new Starlet bulbs were a good idea or not. Provide TWO points. Quote figures. (4)

INFORMATION:

	FACTORY A		FACTORY B
	ORION		STARLET
	2023	2022	2023
Number of units produced and sold	163 000	198 860	225 000
Total cost of production per unit	R36,00	R28,54	R49,04
Break-even units	149 145	124 808	122 104
	R	R	R
Total sales	7 498 000	8 352 120	15 300 000
Selling price per unit	46,00	42,00	68,00
Variable costs per unit	26,00	18,10	40,90
Direct material	10,60	10,20	22,50
Direct labour	11,20	6,70	14,80
Selling and distribution	4,20	1,20	3,60
Total fixed cost	2 982 900	2 982 900	3 309 000
Fixed cost per unit	18,30	15,00	14,71
Factory overhead cost	2 314 600	2 314 600	2 640 700
Factory overhead cost per unit	14,20	11,64	11,74
Administration cost	668 300	668 300	668 300
Administration cost per unit	4,10	3,36	2,97



QUESTION 3: BUDGETING**(40 marks; 30 minutes)**

The information relates to Sunday Stores (Pty) Ltd. The business is owned by Adam Stevens.

REQUIRED:**3.1 Refer to Information B.**

Identify:

- TWO items that were incorrectly recorded in the Cash Budget. (2)
- TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income. (2)

3.2 Complete the Debtors' Collection Schedule for December 2023. (8)

3.3 Refer to Information A and B.

Calculate the amounts indicated by (i) to (iv). (12)

3.4 Refer to Information G (budgeted and actual figures).

3.4.1 In order to increase sales, Adam decided to change the way in which the salespeople are paid each month from 1 November 2023. The salespeople agreed to the change.

- Explain the changes that Adam made. (2)
- Explain why some of the salespeople regretted their decision to agree to these changes. Quote figures or show calculations. (3)
- Adam feels that the decision has benefitted the company, while the sales manager, Milly, is concerned that it did not benefit the company. Provide ONE point (with figures or calculations) to support EACH of these opinions. (4)

3.4.2 Refer to Information H.

Adam is concerned about the escalating rent expenses and plans to purchase the property.

- Calculate the net effect of this purchase on the receipts and payments in the Cash Budget. (5)
- Give ONE reason why Adam has decided to go ahead with this purchase. (2)



INFORMATION:**A. Extract from the Projected Statement of Comprehensive Income:**

	OCT. 2023	NOV. 2023	DEC. 2023
Sales	R1 067 500	R1 085 000	R1 137 500
Cost of sales		(620 000)	
Rent expenses			31 640
Discount allowed		(i)	13 650
Depreciation	13 300	13 300	13 300
Bad debts	12 000	12 180	10 710

B. Extract from the Cash Budget prepared by the bookkeeper:

	NOV. 2023 R	DEC. 2023 R
RECEIPTS		
Cash sales	434 000	
Cash from debtors	610 470	?
Interest on savings	1 200	(ii)
Interest on fixed deposit	7 500	7 500
Discount received	5 200	6 700
PAYMENTS		
Payments to creditors	580 000	(iii)
Salaries of salespeople	72 000	72 000
Rent expense	(iv)	31 640
Delivery expenses	43 400	43 400
Maintenance of vehicles	16 800	16 800
Audit fees	72 000	0
Bad debts	12 180	?
Depreciation	13 300	13 300

C. Sales and collection from debtors:

Credit sales comprise 60% of total sales.

Debtors pay according to the following trends:

- 40% is collected in the month of sale. They receive a 5% discount.
- 50% is collected in the month following the month of sale.
- 8% is collected two months after the sale.
- 2% is written off as irrecoverable in the third month after the sale.

D. Purchases of stock and payments to creditors:

- The mark-up percentage is 75% on cost.
- Stock is replaced in the month of sale. A base stock is maintained.
- All purchases of stock are on credit.
- Creditors are paid in full two months after purchase.

E. Rent expenses are expected to increase by 13% from 1 December 2023.**F. The savings account will be increased by R84 000 on 1 December 2023. Interest at 4% p.a. is not capitalised and is receivable at the end of each month.**

G. Budgeted and actual figures for November 2023:

	BUDGETED	ACTUAL
Average number of customers	480	640
Cash sales	R434 000	R341 800
Credit sales	651 000	1 068 700
Total sales	1 085 000	1 410 500
Salaries: Salespeople	165 000	20 000
Commission: Salespeople	0	141 050
Delivery expenses	43 400	79 300

H. Information relevant to the purchase of the property:

Adam plans to finance the purchase of the property by acquiring a loan and using the fixed deposit that matures.

Cost of the property	R2 500 000
Fixed deposit to mature on 1 January 2024	1 000 000
New loan from BK Bank on 1 January 2024	1 500 000
Interest on loan for January 2024	18 750
Monthly maintenance, rates and insurance	12 500



QUESTION 4: STOCK VALUATION AND FIXED ASSETS (35 marks; 30 minutes)

- 4.1 Choose the correct cost concepts from those given in brackets. Write only the word(s) next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.
- 4.1.1 The (periodic/perpetual) stock system records the cost of goods sold at the point of sale.
- 4.1.2 The (first-in first-out/weighted-average) method is more relevant for low-cost stock items purchased on a more regular basis.
- 4.1.3 The (first-in first-out/weighted-average) stock valuation method will value closing stock at the most current stock prices. (3 x 1) (3)

4.2 INVENTORY VALUATION

Clearview Electronics is owned by Sipho Cossa. The business sells two models of printers, Hawi and Yama. The specific identification method is used to value their stock. Their financial year ended on 28 February 2023. Good internal controls ensured that there were no stock shortages.

REQUIRED:

- 4.2.1 Calculate the value of the closing stock on 28 February 2023. Use the specific identification method. (6)
- 4.2.2 Calculate how long (in days) it will take to sell the closing stock of the Hawi printers. (4)
- 4.2.3 Explain whether Sipho should be concerned about the stockholding periods of the Hawi and Yama printers. Quote figures. Give possible reasons for the difference in the holding periods of the two models. (6)

INFORMATION:

Stock records	Model	Units purchased	Cost price	Total
Opening stock	Hawi	90	R3 800	R342 000
		835		R3 969 950
Purchases	Hawi	340	R3 800	R1 292 000
	Yama	495	R5 410	R2 677 950
Returns	Hawi	5	R3 800	R19 000

Sale of printers and stock holding periods:

Model	Units sold	Selling price	Stockholding period
Hawi	300	R5 700	?
Yama	430	R7 300	55,2 days



4.3 **FIXED ASSETS**

The information relates to the fixed/tangible assets of Thembeke (Pty) Ltd. The CEO is Lee Klou. The financial year ended on 28 February 2023.

4.3.1 Calculate the following:

- Cost price of vehicles on 1 March 2022 (3)
- Trade-in value received on the vehicle disposed of on 1 June 2022 (5)

4.3.2 The bookkeeper calculated the depreciation of the computers as:
 $R300\ 000 \times 25\% = R75\ 000$

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

4.3.3 The CEO, Lee Klou, wants to improve the company's image by donating the old computers to a local school in March 2023. He also plans to upgrade the software on these computers at an extra cost of R20 000. The shareholders feel that the old computers should be sold at a profit.

Explain TWO possible points that the CEO can use to support his decision. (4)

INFORMATION:**A. Depreciation policy:**

- Vehicles: 20% p.a. on the diminishing-balance method
- Computers: 25% p.a. on cost

B. Balances:

	2023	2022
	R	R
Vehicles	930 000	?
Computers	300 000	300 000
Accumulated depreciation on vehicles	?	275 000
Accumulated depreciation on computers	?	262 500

C. A vehicle was traded in for a new one on 1 June 2022, costing R260 000. The extract from the Fixed Asset Register reflects the following:

Asset	Hyundai XL	
Date purchased:	1 March 2019	
Cost price:	R180 000	
Depreciation rate:	20% p.a. on the diminishing-balance method	
Date	Depreciation	Accumulated depreciation
28 February 2020	R36 000	R36 000
28 February 2021	R28 800	R64 800
1 June 2022	R?	R?

NOTE: The profit on the disposal of this vehicle was R5 560.



GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

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

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

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

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

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

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

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

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

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

(See Note 1 below)

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

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

(See Note 2 below)

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

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

(See Note 3 below)

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

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

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

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

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

$$\frac{\text{Dividends per share} \times 100}{\text{Earnings per share} \quad 1}$$

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

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

- 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.





STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING P2

GRADE 12

NOVEMBER 2023

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.



- 1.1.3 Explain TWO strategies that the business can use to address the problem of missing cash.

4

1.2.1 CREDITORS' RECONCILIATION

NO.	CREDITORS' CONTROL	CREDITORS' LIST
Provisional balances	175 940	186 350
(i)		
(ii)		
(iii)		
(iv)		
(v)		

9

- 1.2.2 SEB Traders intend settling the account of Phuto Wholesalers on 31 August 2023. Calculate the amount due to them.

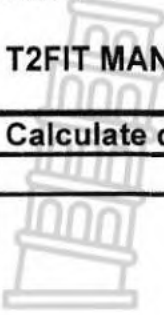
WORKINGS	ANSWER
64 950	

3

TOTAL MARKS
40



QUESTION 2**2.1 T2FIT MANUFACTURERS****2.1.1 Calculate direct material cost.**

WORKINGS	ANSWER
	

4

2.1.2 Calculate factory overhead costs for the year.

Incorrect total	600 000
Correct total for factory overhead costs	

7

2.1.3 PRODUCTION COST STATEMENT FOR YEAR ENDED 28 FEBRUARY 2023

Direct labour costs	408 600
Total cost of production	
Cost of production of finished goods	

5



2.1.4 Calculate the cost of the wastage of raw materials.

WORKINGS	ANSWER

4

2.1.5 Mark is concerned about the increase in the cost of raw materials over the financial year. Provide TWO strategies that Mark can use to address the problem of wastage.

2

2.2 LIGHTING KINGS (PTY) LTD

2.2.1 Do a calculation to confirm that the 2023 break-even point of 149 145 units for Orion bulbs is correct.

3



- 2.2.2 Identify and explain TWO cost items (with figures) that may have contributed to the increase in the cost of production per unit. Provide a reason in each case. Note that the current inflation rate is 7%.

	COST (with figures)	REASON FOR CHANGE
Point 1		
Point 2		

6

- 2.2.3 Explain whether the new Starlet bulbs were a good idea or not. Provide TWO points. Quote figures.

--

4

TOTAL MARKS

35



QUESTION 3

3.1 Identify TWO items that were incorrectly recorded in the Cash Budget.

2

Identify TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income.

2

3.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	NOVEMBER	DECEMBER
SEPTEMBER	535 500	42 840	
OCTOBER	640 500	320 250	
NOVEMBER	651 000	247 380	
DECEMBER	682 500		
CASH FROM DEBTORS		610 470	

8



3.3 Calculate:

(i) Discount allowed in November 2023		
WORKINGS	ANSWER	
		3
(ii) Interest on savings account in December 2023		
WORKINGS	ANSWER	
		4
(iii) Payments to creditors in December 2023		
WORKINGS	ANSWER	
		3
(iv) Rent expense for November 2023		
WORKINGS	ANSWER	
		2



3.4.1 Explain the changes that Adam made.

2

Explain why some of the salespeople regretted their decision to agree to these changes. Quote figures or show calculations.

3

Adam feels that the decision has benefitted the company, while the sales manager, Milly, is concerned that it did not benefit the company. Provide ONE point (with figures or calculations) to support EACH of these opinions.

ADAM

MILLY

4

3.4.2 Calculate the net effect of the purchase of the property on the receipts and payments in the Cash Budget.

WORKINGS

ANSWER

5

Give ONE reason why Adam has decided to go ahead with this purchase.

2

TOTAL MARKS

40



QUESTION 4

4.1	4.1.1		
	4.1.2		
	4.1.3		

3

4.2.1 Calculate the value of the closing stock on 28 February 2023. Use the specific identification method.

WORKINGS	ANSWER

6

4.2.2 Calculate how long (in days) it will take to sell the closing stock of the Hawi printers.

WORKINGS	ANSWER

4

4.2.3 Explain whether Sipho should be concerned about the stockholding periods of the Hawi and Yama printers. Quote figures. Give possible reasons for the difference in the holding periods of the two models.

6



4.3.1 Calculate the cost price of vehicles on 1 March 2022.

WORKINGS	ANSWER
	

3

Calculate the trade-in value received on the vehicle disposed of on 1 June 2022.

WORKINGS	ANSWER

5

4.3.2 Explain to the bookkeeper why his method is incorrect:

Provide a calculation to support your explanation:

4

4.3.3 Explain TWO possible points that the CEO can use to support his decision.

4

TOTAL MARKS
35

TOTAL: 150





basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P2
NOVEMBER 2023
MARKING GUIDELINES**

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 correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). Note: figures stipulated in the marking guidelines as components of workings are marked together; these do not carry the method mark for parts thereof.
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. These marking guidelines are 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, marker must inspect reasonableness of the answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷ as per candidate's calculation (if valid) or per marking guideline.
12. In calculations, do not award marks for workings if 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 11 pages.

QUESTION 1**1.1 BANK RECONCILIATION****1.1.1**

TOTAL RECEIPTS	TOTAL PAYMENTS
81 300	80 620
2 700 ✓✓ 7 400	4 700 together for two marks
	30 000 ✓
14 600 ✓	12 400 ✓✓ (6 200 one mark + 6 200 one mark)
240 ✓	3 780 ✓
	320 ✓
	860 two marks 540 ✓
	11 000 ✓
98 840	☒ both totals 138 660 one part correct; must include provisional totals

12

- 1 (max -1) foreign / superfluous items (only if mark/s are earned elsewhere for the same figure)
In awarding the method mark for totals, ensure that the candidate do not get full marks for including any incorrect figure/s. Indicate with a ☒ (Principle 13).

Bank balance in the General Ledger on 30 June 2023

WORKINGS	ANSWER
(- 39 820 two method marks) 49 100✓ + 98 840 ☒ - 138 660 ☒ see CRJ see CPJ	R9 280 ☒ one part correct
Accept alternative presentations for calculations e.g. Ledger a/c. Signs cannot be reversed	

4

Be alert to journal totals reflected as workings to calculate the bank balance (if 1.1.1 was not answered)

1.1.2 TWO COLUMN METHOD:

If both methods are answered,
mark both and choose the option that benefits the candidate.

BANK RECONCILIATION STATEMENT ON 30 JUNE 2023		
Figures must appear in the correct columns	DEBIT	CREDIT
Balance as per <u>bank statement</u> Dr and Cr totals are the same; could be a Dr balance;	balancing figure; two marks or nothing Do not accept R27 600.	11 240 ☒☒ one part correct
Outstanding deposit		31 500 ✓
Outstanding EFTs: 944	9 700 ✓	
945	13 300 ✓	
ATM withdrawal for wages	11 000 ✓	
Cr incorrect amount		540 ✓
Balance as per <u>bank account</u>	9 280 ☒	Dr or Cr as per 1.1.1 Do not accept R49 100.
-1 (max -1) Presentation (inappropriate / no details provided); -1 (max -1) foreign items / superfluous items, (only if mark/s are earned elsewhere for the same figure).	43 280	43 280

8**OR ONE COLUMN METHOD:**

Refer marking conditions applicable above.

Be alert to candidates who start with the bank account balance*

Note: brackets / no brackets must be reversed. See shaded column.

BANK RECONCILIATION STATEMENT ON 30 JUNE 2023		
Balance as per <u>bank statement</u>	9 280*	11 240 ☒☒
Outstanding deposit	(31 500)	31 500 ✓
Outstanding EFTs: 944	9 700	(9 700) ✓
945	13 300	(13 300) ✓
ATM withdrawal for wages	11 000	(11 000) ✓
Cr incorrect amount	(540)	540 ✓
Balance as per <u>bank account</u>	11 240*	9 280 ☒

8

1.1.3 Explain TWO strategies that the business can use to address the problem of missing cash.

partial answers

award part marks for incomplete /

Any TWO strategies ✓✓ ✓✓

Be alert to other valid alternative responses. Do not accept 'instal cameras'.

- Receiving and banking of cash should be done by different people / divide or delegate or rotate duties to prevent mismanagement of cash that can lead to missing money or theft. *Division of duties* is an incomplete answer (one mark).
- Request SMS notifications from the bank / check bank statements (mini statements on App) regularly – ensure correct amounts deposited.
- Outsource the transportation of cash to security companies (large amounts).
- Accompany the person in charge of depositing cash / escorted by security guard.
- Encourage customers to pay online (EFTs) / strive towards cashless or minimal cash handling.
- Do deposits regularly, at different times, using different routes for security purposes / train employees on security or emergency responses.
- Alarm systems or GPS tracking on vehicles used to transport cash.
- Background checks on staff involved with cash – reliable, trustworthy.

4

1.2.1 CREDITORS' RECONCILIATION

NO.	CREDITORS' CONTROL	CREDITORS' LIST
Provisional balances	175 940	186 350
(i)	- 3 600 ✓	0
(ii)	0	+ 990 ✓✓ [15 240 – 14 250] two marks
(iii)	0	0
(iv)	0	- 15 000 ✓✓ – 7 500 one mark – 7 500 one mark
(v) three marks in total; amounts may be in either column	+ 1 660 ✓✓ +14 940 – 13 280	+ 1 660 ✓ see creditors control
	174 000	✓ 174 000 one part correct
Both totals; must include provisional balances; could be different amounts		

9

Accept brackets for – sign; if no sign assume positive.

Accept correct identifiable amounts presented in wrong line/s.

Foreign entries, -1 per line if a mark has been scored on that line.

1.2.2 SEB Traders intends settling the account of Phuto Wholesalers on 31 August 2023. Calculate the amount due to them.

WORKINGS	ANSWER
64 950 + 990 ✓ – 9 540 ✓ see 1.2.1(ii) on creditors' list Be alert to alternative presentations for calculations e.g. ledger, Dr and Cr	56 400 ✓ One part correct, with correct signs

3

TOTAL MARKS

40

QUESTION 2

2.1 T2FIT MANUFACTURERS

2.1.1 Calculate direct material cost.

WORKINGS	ANSWER
[958 800 / 20 400] R47✓✓ x 18 900 ✓ OR: [64 800 + 894 000] [1 500 x 47] 958 800 one mark – 70 500 two marks Be alert to alternative presentations for calculations e.g. ledger format	R888 300 ✓ one part correct

4

2.1.2 Calculate factory overhead costs for the year.

Incorrect total	600 000
Indirect material	(7 000) ✓
Water and electricity [84 000 x 40%] OR 12 600 + 21 000 OR – 84 000 + R50 400 [84 000 x 60%]	(33 600) ✓✓*
Insurance [90 000 x 5/8] 56 250✓ – 45 000✓ OR 45 000 – 33 750 [90 000 – 56 250] 90 000 x 1/8 OR 90 000 x 0,125 OR 45 000 x 1/4 OR 28 125 – 16 875 Allocate one mark for each component of each alternative above. Be alert to the correct signs when awarding part marks.	11 250 ✓*
Correct total for factory overhead costs	570 650 ✓* must include 600 000

7

* one part correct

Ignore brackets or signs, if incorrect, lose method mark on final answer.
Ignore foreign items.

2.1.3 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023

Direct material costs	see .2.1.1	888 300 ✓
Direct labour costs		408 600
Prime costs	DMC + DLC	1 296 900 ✓
Factory overhead costs	see 2.1.2	570 650 ✓
Total cost of production		1 867 550
Work-in progress (beginning)		0
		1 867 550
Work-in-progress (end of year)	ignore brackets	(235 500) ✓
Cost of production of finished goods	PC + FOHC – WIP / TCOP – WIP	1 632 050 ✓

5

-1 foreign items (max -1)

2.1.4 Calculate the cost of the wastage of raw materials.

WORKINGS	ANSWER
Choose the option that benefits the candidate; mark each line consistently.	
Metres: $[15\ 000 \times 1,2]$ two marks $18\ 900 \checkmark - 18\ 000 \checkmark \checkmark$ 900m x R47 see 2.1.1 three marks	
T-shirts: $[15\ 750 - 15\ 000]$ two marks 750 two marks x $1,2$ one mark 900m x R47 three marks	
OR $(15\ 000 \times 1,2 \times 47)$ $888\ 300$ one m.mark – $846\ 000$ one mark & one m.mark see 2.1.1	R42 300 ☒ one part correct if x by Weighted Average

4

2.1.5 Mark is concerned about the increase in the cost of raw materials over the financial year. Provide TWO strategies that Mark can use to address the problem of wastage.Any TWO valid strategies ☒ ☒ **accept short statements / responses****Possible responses:**

be alert to other valid alternative responses.

- Improve the training of factory workers.
- Use cutting patterns / cutting technology / cutting machines / order pre-cut fabric.
- Use material of a better quality / cheaper supplier / change suppliers.
- Regular servicing/maintaining of machines.
- Use offcuts effectively for related products, e.g. caps, hoodies.
- Pay incentives/bonuses for minimising wastage; encourage efficiency.
- Increase supervision / monitor production to ensure workers are not careless.

2

2.2 LIGHTING KINGS (PTY) LTD**2.2.1 Do a calculation to confirm that the 2023 break-even point of 149 145 units for Orion bulbs is correct.**

$[163\ 000 \times 18,30]$ one mark $2\ 982\ 900 \checkmark$ $46 \checkmark - 26 \checkmark$ 20 two marks	
Mark numerator and denominator as such. Principle 7.	
OR $[46 \times 149\ 145]$ $[26 \times 149\ 145]$ fixed cost $6\ 860\ 670 - 3\ 877\ 770 - 2\ 982\ 900 = 0$ one mark one mark one mark	

3

2.2.2

Identify and explain TWO cost items (with figures) that may have contributed to the increase in the cost of production per unit. Provide a reason in each case. Note that the current inflation rate is 7%.

Do not accept DMC, SDC and AC as major points.

	COST (with figures) Costs ✓ ✓ trend ✓ ✓	REASON Explanation ✓ ✓ Accept if cost item or figures are provided in this column
Point 1	<u>Direct labour cost</u> / unit increased (from R6,70) to R11,20 / by R4,50 / by 67,2%.	Poor supervision Excessive overtime / linked to load shedding or other disruptions / needed to meet targets Inflationary increases in wages (not linked to production). Poor or lack of effective training. Poor recruitment policy. Lack of motivation – no incentives or rewards for effort.
Point 2	<u>Factory overhead cost</u> per unit increased (from R11,64) to R14,20 / by R2,56 / by 22%.	Diseconomies of scale / drop in production while FOHC remains constant / economies of scale not being achieved. Poor management / supervision of production process – drop in production. Do not accept increases in specific expenses such as rent or electricity (total FOHC was constant over the two years).

6

2.2.3

Explain whether the new Starlet bulbs were a good idea or not. Provide TWO points. Quote figures.

Part mark for incomplete or unclear answers

Any TWO valid points ✓ ✓

Comparative figures ✓ ✓

Comparison: Starlet exceeds or is better than Orion	
Better sales revenue	By R7 802 000 (15 300 000 – 7 498 000) / by 104%
More units sold	By 62 000 units (225 000 – 163 000) / by 38%
Better profit	By 89 041 units above BEP (102 896 – 13 855) Better CPU by R7,10 (27,10 – 20,00) includes VC By R2 511 382 (2 788 482 – 277 100).
Less units to break-even	By 27 041 (149 145 – 122 104)
Enjoys economies of scale	Better fixed cost per unit of R14,71 compared to R18,30.
* Significant profit on sales of Starlet bulbs	Produced and sold 102 896 units above the BEP (225 000 – 122 104) OR profit of R2 788 482.
Negatives trends in Orion:	
More expensive to produce	BEP increased by 24 337 units (149 145 – 124 808) Marginal increase of 13 855 units above the BEP.
Not popular – drop in production / sales levels	By 35 860 units (198 860 – 163 000) / 18%
Drop in sales revenue	By R854 120 (8 352 120 – 7 498 000) / 10,2%

4

TOTAL MARKS

35

QUESTION 3**3.1 Identify TWO items that were incorrectly recorded in the Cash Budget.**

Any TWO valid items ✓ ✓

- Discount received
- Bad debts
- Depreciation

2

Identify TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income.

Any TWO valid items ✓ ✓

- Cash from debtors
- Payment to creditors

2

3.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	NOVEMBER	DECEMBER
SEPTEMBER	535 500	42 840	Superfluous entry; Lose method on total
OCTOBER	640 500	320 250	51 240 ✓✓
NOVEMBER	651 000	247 380	325 500 ✓✓
DECEMBER	682 500	x 40% x 95%	259 350 ✓✓☑*
CASH FROM DEBTORS		610 470	636 090 ☑*

8

*one part correct

Accept correct figures placed in the wrong rows in December column.
Ignore workings or correct figures not reflected in the December column.



3.3 Calculate:

(i) Discount allowed in November 2023	
WORKINGS	ANSWER
$651\,000 \checkmark \times [40\% \times 5\%] \checkmark \text{ OR } 651\,000 \times [0,4 \times 0,05]$ $\text{OR } 260\,400 \text{ one mark} - 247\,380 \text{ one mark}$ $\text{OR } 247\,380 \text{ one mark} \times \frac{5}{95} \text{ one mark}$ $\text{OR } [651\,000 - 247\,380 - 325\,500] - 65\,100$ 78 120 one mark one mark	13 020 ☒ one part correct
(ii) Interest on savings account in December 2023	
WORKINGS	ANSWER
$\begin{array}{rcl} & [84\,000 \times 4\%] \text{ one mark} & \\ & 3\,360 \checkmark & \times 1/12 \checkmark \\ 1\,200 \checkmark & + & 280 \text{ two marks} \end{array}$ OR $[84\,000 + 360\,000]$ $444\,000 \text{ two marks} \times 4\% \times 1/12 \text{ one mark}$ Note: 4% does not constitute 'one part correct'.	1 480 ☒ one part correct
(iii) Payments to creditors in December 2023	
WORKINGS	ANSWER
$[640\,500 \times 100/60] \text{ one mark}$ $1\,067\,500 \checkmark \times \frac{100}{175} \checkmark$	610 000 ☒ one part correct
(iv) Rent expenses for November 2023	
WORKINGS	ANSWER
$31\,640 \times \frac{100}{113}$	28 000 ☒ No part marks

3.4.1 Explain the changes that Adam made.

Any valid explanation ✓✓ figures not required

He introduced a commission to sales staff / decided on a smaller or reduced fixed salary.

2

Explain why some of the salespersons regretted their decision to agree to these changes. Quote figures or show calculations.

Comment ✓ comparative figures ✓✓

- The fixed salary plus commission of R161 050 is less than R165 000 which they earned previously. This is R3 950 or 12% less than the previous month.
- Their contribution to total sales is R325 500 (30%) above the budgeted sales (1 410 500 – 1 085 000), yet they now earned less.
- Attracted 160 (33,3%) more customers than budgeted (640 – 480), yet earned less.

3

Adam feels that the decision has benefitted the company, while the sales manager, Milly, is concerned that it did not benefit the company. Provide ONE point (with figures or calculations) to support EACH of these opinions.

ADAM
Point ✓
Figure ✓

Total sales is above budget by R325 500 (1 410 500 – 1 085 000) by 30%.
Attracted 160 more customers than expected (640 – 480) / by 33,3%.
Profit exceeds budget by **R139 500 (604 500 – 465 000)** / by 30%.

One mark options

May lead to improved sales in the future / good for advertising.

MILLY
Point ✓
Figure ✓

Credit sales above budget by R417 700 (1 068 700 – 651 000) / by 64,2% /
Credit sales is 76% of total sales (1 410 500 – 1 068 700)
Lower cash sales – R92 200 less than budget (434 000 – **341 800**); cash flow problems.

One mark options

This compromises the liquidity of the business / may cause additional admin duties / possible bad debts / better control over delivery needed.

Note: Delivery expenses are not relevant to the decision on commission.

4

3.4.2 Calculate the net effect of this purchase on the receipts and payments in the Cash Budget.

-1 (max -1) for figures that are not relevant to the calculation.

Mark the option that benefits the candidate; mark each line consistently.

WORKINGS					ANSWER
OPTION 1:	✓	✓	✓	✓	
[+ 1 000 000 + 1 500 000 – 2 500 000] – 18 750 – 12 500 + 31 640 – 7 500					– 7 110 ☒ one part correct
OR (signs reversed)	one mark	one mark	one mark	one mark	
[– 1 000 000 – 1 500 000 + 2 500 000] + 18 750 + 12 500 – 31 640 + 7 500					+ 7 110 method mark

5

Give ONE reason why Adam has decided to go ahead with this purchase.

Any ONE valid point ✓✓ **part mark for incomplete / unclear / partial answer**; figures are not necessary
Response may relate to candidate's answer above.

Capital growth / business acquires a fixed asset / long term stability of the business / future may be secure (sustainability) / Savings on escalating rent expenses.

2

TOTAL MARKS**40**

QUESTION 4

Accept recognisable abbreviations.

4.1	4.1.1	perpetual	✓	
	4.1.2	weighted average	✓	WA or WAM
	4.1.3	first-in-first-out	✓	FIFO

3

4.2.1 Calculate the value of the closing stock on 28 February 2023. Use the specific identification method.

WORKINGS		ANSWER
HAWI	YAMA	
$[90 + 340 - 5]$ $425 - 300$ $125 \checkmark \boxtimes \times R3\ 800 \checkmark$ $475\ 000$ three marks +	$495 - 430$ $65 \checkmark \times R5\ 410 \checkmark$ $351\ 650$ two marks	R826 650 $\checkmark$ one part correct; must include components of each model.
OR $[342\ 000 + 1\ 292\ 000 - 19\ 000]$ $1\ 615\ 000 - 1\ 140\ 000$ $475\ 000$ three marks +	$2\ 677\ 950 - 2\ 326\ 300$ $351\ 650$ two marks	

6

4.2.2 Calculate how long (in days) it will take to sell the closing stock of the Hawi printers.

Mark numerator and denominator as such. Principle 7

WORKINGS		ANSWER
$\frac{R475\ 000 \checkmark \boxtimes}{1\ 140\ 000 \checkmark \checkmark} \times 365$ $(300 \times 3\ 800)$ two marks OR $(1\ 615\ 000 - 475\ 000)$ two marks	OR (using units) $\frac{125 \checkmark}{300} \text{ one m.mark} \times 365$ 125 one m.mark 300 two marks	152,1 days $\checkmark$ one part correct if $\times 365$

4

4.2.3 Explain whether Sipho should be concerned about the stockholding periods of the Hawi and Yama printers. Quote figures. Give possible reasons for the difference in the holding periods of the two models.

Hawi: Explanation $\checkmark$ figure $\checkmark$ **Yama:** Explanation $\checkmark$ figure $\checkmark$
 Possible reason $\checkmark \checkmark$ part mark for incomplete / unclear / partial answers
 May be included in the same statement. Concern will be implied in the response.

HAWI Note that candidates responses will relate to their answer in 4.2.2. Mark accordingly.

- On the shelves for 152,1 days **see 4.2.2** (more than 3 months)
 - Slow sales / not popular / older model (returns) / possible obsolescence.
- OR** Durable; can be sold in future.

YAMA

- On the shelves for only 55,2 day (less than 2 months)
- Although more expensive, more steady sales or there is good demand.

* **FOR FOUR MARKS: Combined answer combining both models**

Hawi is on the shelves for 97 days (3 months) longer than Yama /
 Yama sales are 97 days faster than Hawi even though it is more expensive.

Possible reason for difference

Yama is a later model / offer latest, up-to-date technology / compatible with latest computers programmes / better quality (more features).

6

4.3.1 Calculate the cost price of vehicles on 1 March 2022.

WORKINGS	ANSWER
$930\,000 - 260\,000 \checkmark + 180\,000 \checkmark$ Accept alternative presentations for calculations e.g. ledger format, signs reversed or use of brackets	R850 000 ☒ one part correct; accept 930 000 as 'one part correct'

3

Calculate the trade-in value received on the vehicle disposed of on 1 June 2022.

WORKINGS		ANSWER								
Asset disposal <table border="1"><tr><td>180 000</td><td>one mark</td><td>70 560</td><td>one m.mark & one mark</td></tr><tr><td>5 560</td><td>one mark</td><td>93 112</td><td>one m.mark</td></tr></table>		180 000	one mark	70 560	one m.mark & one mark	5 560	one mark	93 112	one m.mark	R115 000 ☒ one part correct
180 000	one mark	70 560	one m.mark & one mark							
5 560	one mark	93 112	one m.mark							
OR 180 000 + 5 560 one mark one mark 64 800 + 5 760 – 70 560 one mark & one m.mark										

5

4.3.2 Explain to the bookkeeper why his method is incorrect:

Explanation ✓✓

part mark for incomplete or unclear answer

Explanation and calculation may be provided in the same response.

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

The R75 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:

(R300 000 – 262 500)

37 500 – 1 = 37 499 ✓✓

no part marks

4

4.3.3 Explain TWO possible arguments that the CEO can use to support his decision.

Any TWO valid reasons ✓✓ ✓✓

part mark for incomplete or unclear answer

Be alert to same point expressed differently, or two points mentioned in the same sentence.

- The donation to a school in the community is part of the company's compliance to CSR (corporate social responsibility / triple-bottom line / King Code).
- It promotes the good image of the company / good publicity / will attract more customers.
- Giving back to the community that supports the business.
- It is a tax-deductible donation.
- The assets may be close to residual value / fully depreciated / not productive / not compatible with new programmes for the company.

4

TOTAL MARKS**35****TOTAL:****150**