



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P2

MAY/JUNE 2024

MARKS: 150

TIME: 2 hours

**This question paper consists of 13 pages,
a formula sheet and a 12-page answer book.**

KEEP THIS PAGE BLANK.

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	30	25
2	VAT and Stock Valuation	40	30
3	Cost Accounting	40	30
4	Budgeting	40	35
TOTAL		150	120

QUESTION 1: RECONCILIATIONS**(30 marks; 25 minutes)****1.1 BANK RECONCILIATION**

The information relates to Scot Traders, owned by Scot Salaza. The business receives the official Bank Statement on the 25th of each month.

REQUIRED:

1.1.1 Calculate the correct Bank Account balance on 31 May 2024. (8)

1.1.2 Prepare the Bank Reconciliation Statement on 31 May 2024. (6)

1.1.3 Scot has been convinced by his bank manager that he should use online banking for his business, particularly as this makes payments easier through the use of electronic funds transfer (EFT). Scot is planning to employ Kiki to be responsible for all matters related to online banking.

Explain TWO important instructions that Scot should give to Kiki to ensure that corruption does not occur with regard to the processing of EFTs. (4)

INFORMATION:

A. The bookkeeper calculated the provisional bank balance as a positive R9 050 on 31 May 2024 using the opening Bank Account balance and totals from the Cash Receipts Journal (CRJ) and the Cash Payments Journal (CPJ), before receiving the May 2024 Bank Statement.

B. Figures from the Reconciliation Statement on 30 April 2024:

Unfavourable balance as per Bank Statement		R1 550
Outstanding deposits:	16 April 2024	4 000
	26 April 2024	15 000
Outstanding EFTs:	No. 632	7 800
	No. 633	5 480
Favourable Bank Account balance as per General Ledger		4 170

NOTE:

- The deposit on 16 April 2024 for R4 000 and EFT 632 for R7 800 were reflected on the May Bank Statement.
- The deposit on 26 April 2024 appeared as R10 000 on the Bank Statement. The cashier at the time was dismissed for theft, and this amount has to be written off.
- EFT 633 appeared on the May Bank Statement with the correct amount of R4 580. ...

- C.** A comparison of the May 2024 Bank Statement with the Cash Journals revealed the following:
- (i) Bank charges, on the Bank Statement only, amounted to R310.
 - (ii) A debit order for advertising, R1 780, was not recorded in the CPJ and was duplicated on the Bank Statement. The bank will correct the error next month.
 - (iii) The Bank Statement reflected a direct deposit into the business bank account for R25 000. This is an error by the payer. The bank will reverse the entry next month.
 - (iv) Interest on fixed deposit, R1 060, appeared on the statement but not in the journals.
 - (v) A deposit of R17 500 appeared in the CRJ, dated 27 May 2024.
 - (vi) EFT 819 for R11 880 was recorded in the CPJ on 28 May 2024.
- D.** The May 2024 Bank Statement reflected a balance of R?

1.2 DEBTORS' RECONCILIATION

Sidney Stores is a general dealer selling groceries for cash and on credit.

REQUIRED:

Calculate the correct balance for EACH debtor on the list provided. Negative balances must be shown in brackets or with a '-' sign.

(12)

INFORMATION:

A. Extract from the debtors' list (before errors and omissions):

A. Judy	DL1	R27 750
B. Benior	DL2	(400)
C. Oliver	DL3	19 300
D. Fiery	DL4	2 900

B. Errors and omissions

- (i) A receipt, R9 000, from Judy was posted in error to the Debtors' Ledger Account of Benior.
- (ii) Goods returned by Fiery, R7 100, appeared correctly in the DAJ. This, however, was posted as R710 to his account in the Debtors' Ledger.
- (iii) An invoice for R3 000 to Oliver was correctly recorded in the DJ. This, however, was erroneously posted as a receipt to his account in the Debtor's Ledger.
- (iv) During a sales promotion at Sidney Stores, Oliver bought goods on credit for R2 400 after being granted a 25% trade discount. However, the bookkeeper entered the gross amount in error to the DJ and posted this accordingly to the Debtor's Ledger.

QUESTION 2: VAT AND STOCK VALUATION**(40 marks; 30 minutes)****2.1 VAT**

The information relates to Mphati Enterprises owned by partners John, Jacob and Jeramiah. The business is registered for VAT. They buy and sell standard and zero-rated products for cash and on credit. The standard VAT rate is 15%.

REQUIRED:

2.1.1 Calculate the VAT amount on the goods sold by the business. (4)

2.1.2 Calculate the amount payable to or receivable from SARS on 30 April 2024. (7)

INFORMATION:

A. **Balance:** Amount due by SARS on 1 April 2024: R5 340.

B. **Transactions affecting VAT calculations for April 2024:**

	VAT EXCLUSIVE R	VAT AMOUNT R	VAT INCLUSIVE R
Purchases of stock:	730 000		
• Standard-rate products	548 000	82 200	630 200
• Zero-rated products* see note below	182 000		
Total sales* see note below	839 800		
Debtors' accounts written off			31 510
Discounts received from creditors		4 800	

***NOTE:** All the zero-rated goods purchased were sold at 10% below cost during a sales promotion event. This amount is included in the total sales figure. There were no other zero-rated goods sold during April 2024.

INVENTORY VALUATION

The information relates to Cell Scene Ltd. Nadine is the chief executive officer (CEO). The financial year ended on 29 February 2024.

- Cell Scene Ltd buys and sells two models of cellphones. **CLEO** is more expensive, while **BRUMA** is a basic and cheaper phone.
- All stock is valued using the specific identification valuation method.
- All goods are sold for cash or on credit card.
- There were no units missing during the year due to effective internal control measures.

REQUIRED:

- 2.2 In addition to the two models of cellphones currently being sold, the directors are investigating whether a 3rd model, the **LITCHI**, should be imported from the USA. The first batch to be ordered would consist of 300 LITCHI phones. **See Information A.** Calculate the expected cost price of one LITCHI phone in rands per unit. (5)
- 2.3 Calculate the total value of the closing stock of the **CLEO** and **BRUMA** phones on 29 February 2024, using the specific identification method. (6)
- 2.4 Calculate the average stock turnover rate for the **CLEO** phone for 2024. (6)
- 2.5 The directors took decisions to adjust the mark-up % on **CLEO** and **BRUMA** phones for the 2024 financial year. Explain how these decisions impacted on the gross profit and cash flow of the company as well as on the stock turnover rate of each model over the past two years. Quote figures and trends. (8)
- 2.6 If the directors go ahead with the **LITCHI** phones and order a lot more in the future and sell it at a mark-up of 40% on cost, how could this impact on the sales of the **CLEO** and **BRUMA** phones? Explain, quoting figures to support your opinion. (4)

INFORMATION:**A. SUGGESTED IMPORTING OF THE LITCHI PHONES**

Unit price in US dollars	\$280
Number of LITCHI phones in first batch ordered	300 units
Exchange rate	\$1,00 = R17,50
Customs duty/taxes to be paid on delivery	12%
Total shipping costs from the USA to South Africa	R303 600

B. EXTRACT FROM THE STOCK & SALES RECORDS

	CLEO		BRUMA	
	2024	2023	2024	2023
Units on hand at beginning of year	270	400	200	300
Units purchased	2 265	1 345	2 450	2 440
Units sold during the year	2 180	1 475	1 730	2 540
Units on hand at end of year	?	270	920	200
Value of closing stock at year-end	?	R2 160 000	?	R400 000
Cost price per unit	R8 000	R8 000	R2 500	R2 000
Selling price per unit	R11 200	R12 000	R4 250	R3 000
% mark-up	40%	50%	70%	50%
Total sales	R24 416 000	R17 700 000	R7 352 500	R7 620 000
Gross profit	R6 976 000	R5 900 000	R3 027 500	R2 540 000
Stock turnover rate	?	4,4 times	3,1 times	10,2 times

QUESTION 3: COST ACCOUNTING**(40 marks; 30 minutes)**

- 3.1 Choose a cost category from COLUMN B that matches the example in COLUMN A. Write only the letter (A–D) next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

COLUMN A	COLUMN B
3.1.1 Delivery expenses	A factory overhead
3.1.2 Office stationery	B selling and distribution
3.1.3 Salary of the factory supervisor	C direct material
	D administration

(3)

NARDO MANUFACTURERS

The business manufactures uniforms for construction workers. The financial year ended on 29 February 2024.

REQUIRED:

- 3.2 Calculate the correct factory overhead cost by taking into account the errors and omissions. (7)
- 3.3 Complete the Production Cost Statement for the financial year. (10)

INFORMATION:**A. Factory overhead costs:**

The bookkeeper calculated the factory overhead cost as R258 200.

The following errors and omissions were identified and must be taken into account:

- (i) Water and electricity expense was omitted from the factory overhead cost. 75% of this expense must be allocated to the factory and the remaining 25% to administration. R9 600 was correctly allocated to administration.
- (ii) The total rent expense, R142 800, was recorded in the Factory Overhead Cost Account. This should have been shared according to floor area as follows:

Factory	Sales Department	Administration
220 m ²	120 m ²	80 m ²

- (iii) Insurance expense, R48 000, was allocated to factory overheads in error using the ratio 4 : 2 : 1. However, the correct ratio is 5 : 2 : 1.

B. Raw material stock:

Stock of raw material (fabric) transferred to the factory is valued using the FIFO method. Stock records revealed the following:

	Quantity (metres)	Cost per metre	Total cost
Stock on 1 March 2023	8 000 m	R10,50	R84 000
Purchases of fabric	62 000 m		R739 600
June 2023	42 000 m	R11,80	R495 600
October 2023	20 000 m	R12,20	R244 000
Total fabric available	70 000 m		R823 600
Issued to factory	59 500 m	?	?

C. Work-in-progress stock:

	29 Feb. 2024	28 Feb. 2023
Balance	?	R30 700

D. Production:

20 200 uniforms were produced during the financial year at a cost of R79,00 per uniform.

This question is continued on the next page.

KYLA'S HIKING GEAR STORE

The business, owned by Kyla Coetzee, makes hiking bags and hiking jackets.

NOTE: Where comments or explanations are required, you must:

- Quote calculations, figures and/or trends
- Give a reason or an explanation in each case

REQUIRED:**HIKING BAGS**

- 3.4 Comment on the control over direct material cost of hiking bags. Quote figures. Give TWO reasons that may have contributed to the change in the unit cost. (4)
- 3.5 Explain whether the decision to increase the selling and distribution cost of hiking bags was beneficial to the business or not. Quote figures. (3)
- 3.6 Kyla plans to increase the production of hiking bags by an additional 2 500 units over the next financial year. Assuming no change to the current cost structure, calculate the additional net profit that she could expect to earn in 2025. (5)

HIKING JACKETS

- 3.7 Comment on the fixed cost per unit of hiking jackets and explain the major cause for the change in this unit cost. (4)
- 3.8 Identify the production cost of hiking jackets that should be of serious concern to Kyla. Provide TWO valid solutions to this problem. (4)

INFORMATION:

	HIKING BAGS		HIKING JACKETS	
	2024	2023	2024	2023
Variable cost per unit	R615,00	R442,00	R336,00	R285,00
Direct material cost per unit	R320,00	R230,00	R116,00	R115,00
Direct labour cost per unit	R135,00	R132,00	R175,00	R110,00
Selling & distribution cost per unit	R160,00	R80,00	R45,00	R60,00
Fixed cost per unit	R170,00	R175,00	R196,50	R130,00
Total fixed costs	R714 000	R700 000	R786 000	R780 000
Factory overhead cost	R510 000	R500 000	R532 000	R530 000
Administration cost	R204 000	R200 000	R254 000	R250 000
Selling price per unit	R780,00	R750,00	R600,00	R600,00
Units produced and sold	4 200 units	4 000 units	4 000 units	6 000 units
Break-even number of units	4 328 units	2 273 units	2 978 units	2 477 units
Net profit/loss	(R21 120)	R531 916	R269 808	R1 109 745

- The inflation rate is currently 6%.
- Wages and salaries increased by 4% in 2024.

QUESTION 4: BUDGETING**(40 marks; 35 minutes)**

Zephyr Traders opened on 1 January 2024 and sells portable power systems (PPS) that are used by the public to cope with load-shedding. The business is owned by Dan Grey.

Background information:

- Salespersons are paid a commission only. Office workers earn monthly salaries.
- At the time of preparing the budget, Dan was unaware that a competitor had opened a business during April 2024 in close proximity to Zephyr Traders. He therefore had to take important decisions to deal with this problem during May 2024.

REQUIRED:

- 4.1 Complete the Debtors' Collection Schedule for June 2024. (8)
- 4.2 Calculate the amounts indicated by (i) to (iii) in the extract from the Cash Budget. (10)
- 4.3 Calculate the % increase in salaries of office workers from 1 June 2024. (4)

Refer to Information E.

A new competitor moved into the area during April 2024. Dan did not take any actions during April as he was not aware of the competitor.

- 4.4 Explain how the competitor affected the sales and cash flow of the business in April 2024. Provide TWO different points, with figures. (4)
- 4.5 Explain whether Dan would be satisfied with the number of units sold in May 2024 as a result of his decision to adjust the selling price of the product. Provide TWO points, with figures. (4)
- 4.6 Dan is aware that not all salespersons would be satisfied with the decisions he has taken regarding their earnings. Salesperson John was satisfied, whereas Sally was not. Give ONE reason to support John's opinion and ONE reason to support Sally's opinion. Quote figures. (4)

Refer to Information C.

- 4.7 Calculate the total loan amount, including interest. (2)
- 4.8 The owner is unsure about purchasing or renting the property. Explain ONE point in favour of purchasing the property and ONE point against this proposal. (4)

INFORMATION:**A. Cash and credit sales:**

- Cash sales comprise 55% of total sales. Mark-up is 60% on cost. Refer to the credit sales figures in the ANSWER BOOK.
- Debtors pay according to the following trend:
 - 25% in the month of sales and they receive 5% discount
 - 45% in the month following the month of sales
 - 24% two months after the month of sales
 - 6% to be written off in the third month after the month of sales

B. Purchases of stock and payment to creditors:

- Stock sold is replaced in the month of sales.
- 70% of purchases are on credit.
- Creditors are paid in the month following the month of purchases.

C. Business property/Rent expense:

Dan made enquiries about taking out a 10-year mortgage loan to purchase the property. The following terms would apply, after calculations were discussed with a bank consultant:

- A deposit of 20% of the loan amount will have to be paid on 1 June 2024.
- A fixed monthly instalment of R13 800 (including interest) will then be payable on the last day of each month, commencing on 30 June 2024, for the duration of the loan.

D. Extract from the Cash Budget:

	MAY 2024	JUNE 2024
RECEIPTS	R	R
Cash sales	1 064 800	(i)
Cash from debtors	734 382	
PAYMENTS		
Payments to creditors	770 000	(ii)
Salaries: Office workers	62 000	64 480
Salary: Manager	40 500	40 500
Deposit on purchase of property		220 000
Instalment on loan (including interest)		13 800
Hire of delivery vehicle	(iii)	34 810
*NOTE: The vehicle hire expense will increase by 18% p.a. from 1 June 2024.		

E. Budgeted and actual figures for April and May 2024:

	APRIL 2024		MAY 2024	
	BUDGETED	ACTUAL	BUDGETED	ACTUAL
Number of salespersons	12	12	12	8
Units to sell/sold	200	148	220	245
Cost price per unit	R5 500	R5 500	R5 500	R5 500
Mark-up %	60%	60%	60%	35%
Selling price per unit	R8 800	R8 800	R8 800	R7 425
Total sales	R1 760 000	R1 302 400	R1 936 000	R1 819 125
Cash sales	968 000	390 720	1 064 800	509 355
Credit sales	792 000	911 680	871 200	1 309 770
Collection from debtors	660 924	495 690	734 380	734 380
Salary: Manager	32 400	32 400	40 500	34 020
Commission on sales	264 000	195 360	290 400	363 825
Advertising	52 800	40 000	58 080	54 575

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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE: 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 MAY/JUNE 2024 MARKING GUIDELINES

MARKING PRINCIPLES:

MARKS: 150

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 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: if figures are stipulated in the marking guidelines 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. 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 an operation, the 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 guidelines.
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 guidelines. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 12 pages.

1.1 BANK RECONCILIATION**1.1.1 Calculate the correct bank account balance on 31 May 2024.**

WORKINGS	ANSWER								
<p>one mark one mark; both figures must be entered in CRJ & CPJ (5 480 – 4 580)</p> <p>9 050 – 5 000 ✓✓ + 900 ✓✓ – 310 ✓ – 1 780 ✓ + 1 060 ✓</p> <p>CRJ CPJ</p> <p>OR 9 050 + (900 + 1 060) – (5 000 + 310 + 1 780)</p> <p>1 960 three marks 7 090 four marks</p> <p>OR Bank Account format</p> <table border="1"> <tr> <td>9 050</td><td>5 000</td></tr> <tr> <td>900</td><td>310</td></tr> <tr> <td>1 060</td><td>1 780</td></tr> <tr> <td>Bal c/d 3 920</td><td></td></tr> </table> <p>Be alert to alternative presentations for calculations</p>	9 050	5 000	900	310	1 060	1 780	Bal c/d 3 920		<p>3 920 ✓</p> <p>one part correct ignore sign</p> <p>Inspect whether DR or CR for Recon (1.1.2)</p>
9 050	5 000								
900	310								
1 060	1 780								
Bal c/d 3 920									

8

1.1.2 Bank Reconciliation Statement on 31 May 2024

	ONE-COLUMN METHOD	OR: ONE-COLUMN METHOD	DEBIT	CREDIT
Balance as per <u>bank statement</u> Do not accept R1 550 & R4 170	21 520	(21 520)	DR and CR totals must be the same	21 520 ✓* Could be Dr
Outstanding deposit	17 500	(17 500)		17 500 ✓
Error on statement	(25 000)	25 000	25 000 ✓	
Outstanding EFT No. 819	(11 880)	11 880	11 880 ✓	
Error on statement	1 780	(1 780)		1 780 ✓
Balance as per <u>bank account</u> Do not accept R4 170 & R1 550	3 920	(3 920)	3 920 ✓# See 1.1.1 Could be Cr	
			40 800	40 800

6

* balancing figure # check 1.1.1 to assess if candidate has calculated a favourable or overdraft balance
 -1 Presentation (inappropriate / no details provided);
 -1 foreign items / superfluous items, (only if mark/s are earned in 1.1.1 for the same figure) max -1
 If candidate presents one-column & two-column reconciliation, mark version that benefits candidate

For the 2-Column method, candidates must place figures in the correct column to earn marks
 For the 1-Column method, candidates must present the appropriate sign i.e. positive or negative

1.1.3 Explain TWO important instructions that Scot should give to Kiki to ensure that corruption does not occur with regards to the processing of EFTs.

Any TWO control measures ✓✓ ✓✓

part marks for incomplete or unclear response

Be alert to other valid answers

- Before processing EFTs, Kiki must check that the bank details and amounts due are correct by referring to appropriate documents and records of service providers / Bank confirmation letter to verify bank details.
- She must monitor the bank transaction records continuously provided on the business electronic statement.
- She must protect all the passwords and codes that are necessary for using the online application and computer system.
- Authorisation by supervisor: She must report daily to her supervisor (or Scot) on the daily transactions (especially for suspicious transactions).
- One Time Pin (OTP) must be authorised by the supervisor (or Scot) for processing all EFTs or for certain transactions or payments over a specific amount / Only assigned individuals are allowed to initiate, authorise and reconcile EFTs.
- Set daily limits on the banking app which can be altered by user if necessary.
- Regular check of all notifications on banking app to verify movements of cash.
- She must review and cross-reference banking app messages with the corresponding documents to confirm if payments requests are legitimate.

If an EFT is received e.g.

- If payer notifies business that payment has been made, then Kiki must check to the electronic bank statement before recording the receipt.

4

1.2 EXTRACT: LIST OF DEBTORS

DEBTORS	WORKINGS	BALANCE
A. Judy	27 750 – 9 000 ✓	18 750 ✓
B. Benior	(400) + 9 000 ✓	8 600 ✓
C. Oliver	one mark one mark 3 000 + 3 000 (2 400 x 25/75) OR (3 200 – 2 400) + 6 000 ✓✓ – 800 ✓✓ Do not mark R3 000 in the 2nd adjustment	24 500 ✓* *one part correct
D. Fiery	Both figures required 2 900 – 6 390 ✓✓ (or – 7 100 + 710)	(3 490) ✓ *operation

12

TOTAL MARKS**30**

QUESTION 2**2.1.1 Calculate the VAT amount on the goods sold by the business.**

WORKINGS	ANSWER
$\begin{array}{l} [182\,000 \times 90\%] \text{ two marks} \quad \text{one mark} \quad \text{two marks} \\ (839\,800 \checkmark - 163\,800 \checkmark\checkmark) \times 15\% \quad \text{OR} \quad 125\,970 - 24\,570 \\ 676\,000 \text{ three marks} \end{array}$	101 400 <input checked="" type="checkbox"/> one part correct if x15%

4

2.1.2 Calculate the amount payable to or receivable from SARS on 30 April 2024.

WORKINGS	ANSWER																
<p>See 2.1.1</p> $- 5\,340 \checkmark - 82\,200 \checkmark + 101\,400 \checkmark - 4\,110 \checkmark\checkmark + 4\,800 \checkmark$ <p style="text-align: center;">(31 510 x 15/115)</p> <p>OR 5 340 + 82 200 – 101 400 + 4 110 – 4 800</p> <p>OR VAT Control OR VAT Control</p> <table border="1" style="display: inline-table; margin-right: 20px;"> <tr><td>5 340</td><td>101 400*</td></tr> <tr><td>82 200*</td><td>4 800*</td></tr> <tr><td>4 110*</td><td></td></tr> <tr><td>Bal c/d 14 550</td><td></td></tr> </table> <table border="1" style="display: inline-table;"> <tr><td>101 400*</td><td>5 340</td></tr> <tr><td>4 800*</td><td>82 200*</td></tr> <tr><td></td><td>4 110*</td></tr> <tr><td></td><td>Bal c/d 14 550</td></tr> </table> <p>Mark one option only; inspect option that benefits the candidate. Be alert to alternative presentations for calculations. If no sign provided, assume the figure is positive. *Amounts may be in brackets in the opposite column (side).</p>	5 340	101 400*	82 200*	4 800*	4 110*		Bal c/d 14 550		101 400*	5 340	4 800*	82 200*		4 110*		Bal c/d 14 550	14 550 <input checked="" type="checkbox"/> one part correct
5 340	101 400*																
82 200*	4 800*																
4 110*																	
Bal c/d 14 550																	
101 400*	5 340																
4 800*	82 200*																
	4 110*																
	Bal c/d 14 550																

7

INVENTORY VALUATION**2.2 Calculate the expected cost price of one LITCHI phone in Rands per unit.**

WORKINGS	ANSWER
$\begin{array}{l} [\quad 5\,488 \text{ two marks} \quad] \\ [(\$280 \times R17,50) \checkmark \times 1,12 \checkmark] + (R303\,600 \checkmark \div 300 \checkmark) \\ 4\,900 \text{ one mark} \quad +588 \text{ one mark} \quad +1\,012 \text{ two marks} \end{array}$ <p>OR $[(\\$280 \times 17,50 \times 300) \quad (1\,470\,000 \times 12\%)]$ $(1\,470\,000 \quad + \quad 176\,400 \quad + \quad R303\,600) \div 300$ one mark one mark one mark one mark</p> <p>OR 1 950 000 three marks 1 646 400 two marks one mark $[(\\$280 \times R17,50 \times 1,12) \times 300] + R303\,600$ 300 one mark</p>	R6 500 <input checked="" type="checkbox"/> one part correct

5

2.3 Calculate the total value of the closing stock of the CLEO and BRUMA phones on 29 February 2024, using the specific identification method.

MODEL	WORKINGS	ANSWER
CLEO	$\begin{array}{l} (270 + 2\,265 - 2\,180) \\ 355 \checkmark\checkmark \times R8\,000 \\ \text{OR} \\ 20\,280\,000 - 17\,440\,000 \end{array}$	2 840 000 <input checked="" type="checkbox"/> If x 8 000
BRUMA	920 x R2 500	2 300 000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Accuracy marks only
TOTAL		5 140 000 <input checked="" type="checkbox"/> *

6

2.4 Calculate the average stock turnover rate for the CLEO phone for 2024.

WORKINGS	ANSWER
$\frac{2\,160\,000 + 18\,120\,000 - 2\,840\,000}{24\,416\,000 \times 100/140 \text{ OR } 6\,976\,000 \times 100/40}$ <p>if units are used:</p> $\frac{2\,180}{\frac{1}{2}(270 + 355)}$ $\frac{17\,440\,000 \checkmark \checkmark}{\frac{1}{2} \checkmark (2\,160\,000 \checkmark + 2\,840\,000 \checkmark) \text{ see 2.3}}$ <p>5 000 000 two marks 2 500 000 three marks</p>	<p>7 times <input checked="" type="checkbox"/> one part correct; Accept 6,9 times</p>

6

2.5 The directors took decisions to adjust the mark-up % on the CLEO and BRUMA phones for the 2024 financial year. Explain how these decisions impacted on the gross profit and cash flow of the company as well as on the stock turnover rates of each model.

Assume that points on gross profit, units sold or sales revenue will all have an impact on cash flow. Any one point per block is sufficient for 2 marks (explanation for one mark & figures for one mark). Mark each product globally i.e. do not simply repeat figures. Be alert to other responses or figures that are valid for each point.

	CLEO	BRUMA
Explanation <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Figures <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Accept any TWO different points Do not accept mark-up	<ul style="list-style-type: none"> Gross profit increased (from R5 900 000) to R6 976 000 / by 18,2% / by R1 076 000 Units sold increased from 1 475 to 2 180 / by 705 / 47,8% Sales revenue increased (from R17 700 000) to R24 416 000 / by R6 716 000 / by 37,9% contributing to better cash flow. 	<ul style="list-style-type: none"> Gross profit increased (from R2 540 000) to R3 027 500 / by R487 500 / 19% despite the higher mark-up % Units sold dropped from 2 540 to 1 730 / 810 units / 33% Sales decreased by R267 500 / from R7 620 000 to R7 352 500 / by 3,5%
Explanation on gross profit & cash flow		
Explanation on stock-turnover rates	<ul style="list-style-type: none"> STR increased / improved (from 4,4) to 7 times see 2.4 Customers prefer a better quality phone / On average 182 CLEO phones. are sold p.m. (increased from 123 in previous year) Appropriate stock on hand 355 units or 2,5 months 	<ul style="list-style-type: none"> STR decreased / slower (from 10,2) to 3,1 times. On average 144 BRUMA phones sold p.m. (declined from 212 in previous year) High closing stock of 920 / overestimated demand and overstocked for 4 months

8

2.6

If the directors go ahead with the LITCHI phones and order a lot more in the future and sell it at a mark-up of 40% on cost, how could this impact on the sales of the CLEO and BRUMA phones. Explain, quoting figures to support your opinion.

Any valid explanation ✓✓ part marks for incomplete or unclear answer

Figure/s or calculations ✓✓

Be alert to other valid explanations

- This would place the selling price between the Cleo (R11 200) and the Bruma (R4 250); which could negatively affect the sales of both models (Cleo may drop due to a cheaper alternative; Bruma sales may drop due to a less expensive quality phone)
- The directors should be aware that they might lose out on the high gross profit earned on the Cleo models (R3 200) against (R2 600) [6 500 see 2.2 x 40%] on the Litchi.

[The expected selling price would be $R6\,500 \times 1,40 = R9\,100$] see 2.2

4

TOTAL MARKS	40
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QUESTION 3

3.1

3.1.1	B ✓ selling & distribution
3.1.2	D ✓ administration
3.1.3	A ✓ factory overheads

3

NARDO MANUFACTURERS**3.2 FACTORY OVERHEAD COST NOTE**

Incorrect amount calculated by bookkeeper	258 200
Water and electricity	+ 28 800 ✓✓ Accuracy marks
Rent expense –142 800 + 74 800 OR 13 600 X 5	– 68 000 ✓✓*
Insurance – 48 000 + 52 500 OR 12 000 – 7 500 OR 12 000 x 3/8	+ 4 500 ✓✓*
TOTAL # one part correct, must include 258 200	223 500 ✓

7

do not mark workings

*if final figure correct; award 1 mark if sign is incorrect

3.3 PRODUCTION COST STATEMENT ON 29 FEBRUARY 2024

*workings in square brackets constitute one part, cannot be separated.

Mark one option only; inspect option that benefits the candidate.

Direct material cost [84 000 + 495 600] [84 000 + 739 600] 579 600 ✓ + 115 900 ✓✓ OR 823 600 – 128 100 one mark two marks	695 500 ✓*
Direct labour cost Balancing figure PC – DMC Must be DLC for this line	710 300 ✓
Prime cost	1 405 800
Factory overhead cost see 3.2	223 500 ✓
Total manufacturing cost Operation PC + FOH	1 629 300 ✓
Work-in-progress (1 March 2023)	30 700
	1 660 000
Work-in-progress (29 February 2024) Balancing figure accept a positive figure must be WIP for this item	(64 200) ✓
Cost of production of finished goods	1 595 800 ✓✓ Accuracy marks

10

*one part correct

HIKING BAGS**3.4 Comment on the control over direct material cost of hiking bags. Quote figures.**

Explanation on control (one mark) Figures and trend (one mark; can be implied)

Not well controlled ✓ (above the inflation rate of 6%) as DMC increased (from R230) to R320 / by R90 / by 39% ✓.

Provide TWO reasons that may have contributed to the change in the unit cost.

Any TWO valid reasons ✓ ✓

- Wastage / theft of material in production.
- Scarcity of material caused increase in price / market conditions.
- Change of supplier.
- Additional transport / storage costs / import duties / exchange rate.
- Poor quality of materials / cutting of material OR better quality materials therefore more expensive.
- Lack of supervision / poor internal control / unskilled workers (re-cutting)
- Faulty equipment / poor technology

4

3.5 Explain whether the decision to increase the selling and distribution cost of hiking bags was beneficial to the business or not. Quote figures.Figures ✓ Comment on production or profitability ✓✓ part marks for incomplete answers
each bullet counts for 3 marks

- An increase in BEP (from 2 273 units) to 4 328 units / by 2 055 units / by 90%.
- A very small increase in production (from 4 000 units) to 4 200 units / by 200 units / by 5%.
- A loss on 128 bags in 2024 against a profit of 1 727 bags in 2023 / A loss of R21 120 for 2024 against a profit of R531 916 in 2023.

Response for one mark:

Selling & distribution increased (from R80) to R160 / by R80 / by 100% (doubled)

3

3.6 Kyla plans to increase production of hiking bags by an additional 2 500 units over the next financial year. Assuming no change to the current cost structure, calculate the additional net profit that she could expect to earn in 2025.
*workings in square brackets constitute one part, cannot be separated.

WORKINGS	ANSWER
$\begin{aligned} & [780 - 615] \\ & (2\,500 \checkmark \times 165 \checkmark\checkmark) - 21\,120 \checkmark \quad (\text{accept } 21\,000 / 20\,999,55 / 412\,500 \text{ three marks}) \\ & \text{127,3 or } 127,27 \times 165) \end{aligned}$	
OR $\begin{array}{rcl} 1\,105\,500 & - & 714\,120 \\ \text{two marks} & & \text{two marks} \end{array}$	391 380 ✓ *one part correct
OR $\begin{array}{rcl} 2\,372 & \text{two marks} & \text{two marks} \\ (4\,200 + 2\,500 - 4\,328) & \times & 165 \end{array}$	Accept R391 500 If 412 500 is final answer award 3 marks
OR Let the expected profit = y $\frac{714\,000 + y}{780 - 615} = (4\,328 + 2\,372)$	
$\begin{aligned} 714\,000 + y &= 6\,700 \times 165 \\ 714\,000 + y &= 1\,105\,500 \\ y &= 1\,105\,500 - 714\,000 = 391\,500 \end{aligned}$	

5

HIKING JACKETS**3.7****Comment on the fixed cost per unit of hiking jackets and explain the major cause for the change in this unit cost.**

Be alert to the two explanations being combined in one response.
 Part-marks for incomplete responses.

General explanation ✓ Figures and trend ✓

Although the fixed cost per unit increased (from R130) to R196,50 / by R66,50 / by 51,1%, the total fixed cost is relatively constant and well controlled; and fixed costs are not related to the level of production.

Explanation on major cause of dis-economies of scale ✓✓ figures are not necessary for this part

- A decrease in production (from 6 000 units to 4 000 units) contributed to the increase in the fixed cost per unit / Resulted in less units produced to carry the fixed cost i.e. dis-economies of scale.
- Inefficiency in manufacturing process due to equipment breakdowns or wastage of resources.

[Do not accept increase of R6 000 in total fixed cost for this question]

4

3.8**Identify the production cost of hiking jackets that should be of serious concern to Kyla.**

Direct labour cost ✓ *[Do not accept any other alternatives for this question]*
 DLC increased (from R110) to R175 / by R65 / by 59%. ✓

Provide TWO valid solutions to this problem.

Any TWO points ✓ ✓ Be alert to alternative valid responses

- Monitor overtime usage to identify area of concern / control overtime
- Monitor / better supervision of work during normal time
- Have back-up plans for load-shedding (disruptions)
- Set targets to be completed at regular intervals / performance incentives must be tied to productivity targets / pay according to units produced
- Training / cross-training of employees to perform multiple tasks
- Recruit skilled employees
- Adopt new technology (advanced machinery) to complete hiking jackets in less time / ensure greater accuracy and consistency

4

TOTAL MARKS	40
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QUESTION 4

4.1 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	MAY	JUNE
MARCH	712 800	171 072	If superfluous entry, lose method on total
APRIL	792 000	356 400	190 080 ✓✓
MAY	871 200	206 910	392 040 ✓✓
JUNE	950 400	950 400 x [25% x 95%] OR 237 600 – 11 880	225 720 ✓✓✓
CASH FROM DEBTORS		734 382	807 840 ✓ one part correct

8

If figures have been shifted up, -1 for presentation

4.2 Calculate:

(i) Cash sales for June 2024	
WORKINGS	ANSWER
$950\,400 \checkmark \times 55/45 \checkmark \quad \text{OR} \quad (950\,400 \times 100/45)$ $2\,112\,000 \quad - \quad 950\,400$ <p style="text-align: center;">one mark one mark</p>	1 161 600 ✓ one part correct
(ii) Payments to creditors in June 2024	
WORKINGS	ANSWER
$(1\,936\,000 \times 100/160)$ $1\,210\,000 \checkmark \checkmark \times 70\% \checkmark \quad \text{OR} \quad (5\,500 \times 70\%)$ $3\,850 \times 220$ <p style="text-align: center;">two marks one mark</p>	847 000 ✓ one part correct
(iii) Hire of delivery vehicle expense for May 2024	
WORKINGS	ANSWER
$34\,810 \checkmark \times [100/118] \checkmark \quad \text{OR} \quad (34\,810 \times 18/118)$ $34\,810 \quad - \quad 5\,310$ <p style="text-align: center;">one mark one mark</p>	29 500 ✓ one part correct

3

4

3

4.3 Calculate: % increase in salaries of office workers from 1 June 2024

WORKINGS	ANSWER
$\frac{2\,480 \checkmark \checkmark}{62\,000} \times 100$ $\frac{64\,480 - 62\,000}{62\,000} \times 100$	4% ✓ one part correct % sign not necessary Must be x 100

4

4.4

Explain how the competitor affected the sales and cash flow of the business in April 2024. Provide TWO different points, with figures.

Be alert to the two explanations being combined in one response.

Part marks for incomplete answers

Any TWO valid responses ✓✓ ✓✓

- **Number of units** sold is 52 units (26%) less than budgeted / budgeted to sell 200 units, only sold 148 units
- **Total sales** are less than budgeted by R457 600 (26%) / budgeted for total sales of R1 760 000, actual was R1 302 400
- **Credit sales** is above by 35% / budgeted for 45% of total sales, actual is 70% of total sales / budgeted 90 units while actual was 104 units
- **Cash sales** is less than budgeted by 25% / budgeted cash sales was 55%, actual cash sales amounted to 30% of total sales / budgeted 110 units while actual was 44 units

Example of a complete response for 4 marks:

- Cash sales were R577 280 less than budget / budgeted R968 000 actual R390 720 / difference 59,6%. Credit sales is R119 680 more than budgeted / actual R911 680 while budget is R792 000 / difference 15,1% more

4

4.5

Explain whether Dan would be satisfied with the number of units sold in May 2024 as a result of his decision to adjust the selling price of the product. Provide TWO points, with figures.

TWO valid points (with figures) ✓✓ ✓✓

Yes / No must be implied in the figures given

part marks for incomplete / unclear responses

- Reducing the mark-up (from 60%) to 35% resulted in more units sold
- Number of units sold is more than budgeted by 25 units (from 220 to 245 / by 11,4%)
- Total sales budgeted amount of R1 936 000 is more than the actual of R1 819 125 / difference R116 875 / by (6%)
- Maintaining the higher level of credit sales at 70% of total sales still contributes to the cash-flow problem created in April 2024.

4

4.6

Dan is aware that not all salespersons would be satisfied with the decisions he has taken regarding their earnings. Salesperson John was satisfied whereas Sally was not. Provide ONE reason to support John's opinion and ONE reason to support Sally's opinion. Quote figures.

Yes / No must be implied in the figures given part marks for incomplete / unclear responses

REASON TO SUPPORT JOHN

ONE valid point (with figure) ✓✓

- Commission is budgeted at 15% of sales, they received 20% of actual sales.
- They expected average is R24 200 per person but received R45 478 each (R363 825/8).
- They received an average of R16 280 each in April 2024, compared to R45 478 in May 2024.
- Commission increased from R1 320 per unit to R1 485 per unit / by R165 per unit / by 12,5% per unit

REASON TO SUPPORT SALLY

ONE valid point (with figure) ✓✓

- Reducing the number of salespersons from 12 to 8 persons may have increased their workload.
- Sally may have been shifted to a new job which she must still learn losing on 15% commission / she has to settle for a fixed salary (which could be lower than the commission) / she might be worried about being retrenched (4 less salespersons).

4

4.7

Calculate the total loan amount including interest.

WORKINGS**ANSWER**

13 800 x 12 x 10

If deposit of R220 000 is added, ignore the figure
Award marks on R1 656 000 or on the R13 800 x 12 x 10

1 656 000 ✓✓
Accuracy marks

2

4.8

The owner is unsure about purchasing or renting the property. Explain ONE point in favour of purchasing the property and ONE point against this proposal.

Be alert to alternative valid responses Part marks for incomplete or unclear responses

IN FAVOUR OF PURCHASING THE PROPERTY

✓✓

- The owner would benefit from capital gains (due to appreciation of the value of the property).
- Property owner has tax benefit on returns (on value of property).
- It provides stability and control over property expenses / (can save on rent expenses) & rather pay off mortgage.
- The owner can borrow future loans against the value of the building as security for the loan.

AGAINST PURCHASING THE PROPERTY

✓✓

- Rent would be tax-deductible.
- Not responsible for repairs and maintenance.
- Avoid mortgage costs / municipal rates / transfer duties.
- It provides the flexibility to move to another place without any commitment of a long-term mortgage.
- He will not be directly affected by fluctuations in interest or real estate market / avoids the financial risk associated of being a property owner.

4

TOTAL MARKS**40****TOTAL: 150**