SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P2

2023

MARKS: 150

TIME: 2 hours

This question paper consists of 13 pages,
a formula sheet and a 10-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 questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly.
9.

INFORMATION:

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

Favourable balance as per Bank Statement	R12 200
Deposits not on Statement: 18 March 2023	23 600
28 March 2023	37 200
Outstanding EFTs: EFT 768	5 480
EFT 769	17 800
Favourable balance as per bank account	49 720

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

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

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

C. Information on the April 2023 Bank Statement
None of these items appeared in the April Cash Journals:

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

D. Additional Information:

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

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

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

2.2.3 Comment on the quarterly sales of the Pacific TV sets and explain whether or not Mandie's adjustment of the selling price was a wise decision. Quote figures or calculations. (4)

2.2.4 Comment on the stockholding periods of the Pacific and Caspian TV sets. (4)
Explain how the different holding periods affect the business financially. (4)
Explain what these periods indicate about the preferences of the customers. Quote figures or calculations. (4)

2.2.5 Provide TWO points of advice to Mandie on how she can rectify the high stock levels of some of her products without reducing prices offered to customers any further. (4)

INFORMATION:

A. Durban branch stock records

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

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

B. Quarterly sales

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

	PACIFIC	**CASPIAN SMART**
SALES PER QUARTER		

QUESTION 3: COST ACCOUNTING (45 marks; 35 minutes)

3.1 LADOO MANUFACTURERS

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

REQUIRED:

3.1.1 **Refer to Information C.**

Calculate the factory overhead cost. (8)

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

INFORMATION:

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

B. Details of the workers in production:

Number of workers	40
Basic (normal) wage rate	R60 per hour
Normal time hours worked by each worker	1 920 hours
Overtime (in total)	R1 142 000

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

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

Insurance is a fixed monthly premium for the entire financial year. The amount paid, R235 950, includes the premium for March 2023. $^2/_3$ of this expense relates to the factory.

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

Factory	Sales	Office
560 m^2	240 m^2	160 m^2

The following entry must be corrected:

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

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

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

3.2 STYLZ MAKER

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

REQUIRED:

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

3.2.1 Break-even point, production and profit:

Do a calculation to confirm that the break-even point for 2023 is correct. (3)

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

3.2.2 Fixed costs:

Explain why Lez is not concerned about the fixed costs increasing to R6,1 m in 2023. Quote figures. (4)

3.2.3 Selling and distribution cost:

Identify how the selling and distribution costs in total and per unit changed over the two years. (2)

Explain TWO reasons why Lez deliberately wanted to adjust this cost. (2)

3.2.4 Direct material and direct labour: Refer to Information A and C.

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

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

TWO separate points relating to the 70.575 reW*n(e)6( )]89 Tm[ )]TJ

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QUESTION 4: BUDGETING **(40 marks; 30 minutes)**

4.1 Show the amounts for the following transactions in the appropriate columns for the Cash Budget and the Projected Statement of Comprehensive Income in the ANSWER BOOK:

4.1.1 A computer costing R26 400 will be purchased for cash on 1 July 2023. Depreciation will amount to R550 per month.

4.1.2 A fixed deposit of R90 000 will be invested on 1 July 2023. Interest at 9% p.a. will be deposited into the business bank account at the end of each month. (6)

4.2 **ALICE FURNISHERS (PTY) LTD**

The information relates to the budget period ending July 2023.

REQUIRED:

4.2.1 Complete the Debtors' Collection Schedule for July 2023. (7)

4.2.2 Calculate missing figures **(i)** to **(iii)** on the Cash Budget provided. (8)

4.2.3 **Salaries of workers:**

Calculate the % increase that workers will receive in July 2023. (3)

C. Stock sold is replaced in the month of sales. A base stock is maintained. 80% of stock is purchased on credit and creditors are paid two months (60 days) after the month of purchase.

D. Additional information:

The business plans to take a loan on 30 June 2023. This has been negotiated with the bank at 11% p.a. interest, payable at the end of each month and commencing on 31 July 2023.

E. Extract from the Cash Budget:

RECEIPTS	**JUNE 2023 (R)**	**JULY 2023 (R)**
Cash sales	394 800	**(i)**
Collections from debtors	854 952	**?**
Commission income	131 600	133 000
Loan: Cheetah Bank	**(ii)**	
PAYMENTS		
Cash purchase of stock	188 000	190 000
Payments to creditors	720 000	**(iii)**
Directors' fees (two directors)	52 000	49 600
Salaries of workers (including drivers)	172 000	182 320
Advertising	39 480	39 900
Delivery expenses	65 800	66 500
Packing material	78 960	79 800
Interest on loan	-	5 500
Municipal services		
Sundry expenses		

F. Advertising and delivery expenses:

The business has two delivery vehicles and offer a free delivery service to customers.
The budget for delivery expenses is fixed at 5% of the budgeted sales, on an average distance of 2 000 km to be covered.

Actual and budgeted figures for May 2023:

	BUDGETED/ EXPECTED	**ACTUAL**	**VEHICLE 1**	**VEHICLE 2**
Sales	1 274 000	1 082 900		
Advertising	38 220	36 820		
Salaries of drivers	30 000	30 000	15 000	15 000
Delivery expenses	63 700	54 100	35 500	18 600
Petrol/Fuel	47 700	40 000	26 000	14 000
Maintenance	16 000	14 100	9 500	4 600
Kilometres covered	2 000 km	1 800 km	1 260 km	540 km
Date purchased			1 Mar. 2018	1 Mar. 2022

40

TOTAL: 150

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