



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

SEPTEMBER 2024

MARKS: 150

TIME: 2 hours

**This question paper consists of 13 pages,
a formula sheet and a 9-page answer book.**

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	VAT and Reconciliations	35	30
2	Cost Accounting	45	35
3	Inventory Valuation	30	25
4	Budgeting	40	30
TOTAL		150	120

QUESTION 1: VAT, CREDITORS' AND BANK RECONCILIATION**(35 marks; 28 minutes)****1.1 VALUE-ADDED TAX**

You are provided with information relating to Ray's Clothing Store. All goods are subject to 15% VAT. The business is owned by Ray Robinson.

REQUIRED:

1.1.1 Calculate the amount owed to/receivable from SARS for VAT. (7)

INFORMATION:

		VAT EXCLUSIVE	VAT	VAT INCLUSIVE
1.	Invoices issued to customers	R62 000	?	?
2.	Goods taken by Ray for personal use	R15 000	?	R17 250
3.	Bad debts written off	?	?	R23 000
4.	Invoices received from suppliers	R500 000	R75 000	R575 000
5.	Credit notes received from suppliers	R60 000	?	?
6.	Credit notes issued to customers	?	?	R51 750

1.2 CREDITORS' RECONCILIATION

A statement received from a creditor, Kotze Suppliers, on 28 February 2024, reflects that Boyce' Traders owes them R12 890. According to Boyce' Traders, the amount outstanding is only R9 410.

REQUIRED:

Use the table in the ANSWER BOOK to indicate the differences that were discovered when comparing the account in the Creditors' Ledger with the statement received from Kotze Suppliers.

Write only the amounts in the appropriate column and a plus (+) or minus (-) sign to indicate an increase or decrease in the balance. Calculate the correct balance/total at the end.

(11)

INFORMATION:

- A.** EFT for R4 000 issued by Boyce' Traders has not yet been recorded in the statement received from Kotze Suppliers.
- B.** EFT in settlement of the January account was not received by Kotze Suppliers within 7 days; therefore, the discount of R850 recorded by Boyce' Traders in the Creditors' Ledger must be cancelled.
- C.** Returns recorded as R810 in the Creditors' Ledger of Boyce' Traders were recorded as R1 120 in the statement received from Kotze Suppliers. Boyce' Traders had miscalculated the cost of goods returned.
- D.** An invoice received from Kotze Suppliers was correctly recorded as R7 700 by Boyce' Traders. However, in the statement received from Kotze Suppliers, it was incorrectly recorded as R770.
- E.** An invoice for R2 935 received from Kotze Suppliers was incorrectly recorded as a credit note by Boyce' Traders.

1.3 **BANK RECONCILIATION****LAMIEZ TRADERS**

The information relates to April 2024. The official bank statement, used for reconciliation purposes, is emailed to the business on the 25th of each month.

REQUIRED:

- 1.3.1 Calculate the correct bank account balance on 30 April 2024. (6)
- 1.3.2 Prepare the Bank Reconciliation Statement on 30 April 2024. (9)
- 1.3.3 Refer to **INFORMATION E**: Deposit of R45 000 on 20 April 2024. Explain why the accountant should be concerned about this deposit. Provide TWO points. (2)

INFORMATION:

- A.** The Bank account in the General Ledger reflected a favourable balance of R25 600 on 1 April 2024.
- B.** The provisional totals for the CASH JOURNALS for April are as follows:

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
R232 800	R255 060

- D.** Deposit dated 29 April for R25 320 did not reflect on the bank statement.
- E.** A receipt issued to a debtor, dated 20 April for R45 000 did not reflect on the bank statement.
- F.** EFT received from a debtor was correctly reflected as R10 600 on the bank statement, but incorrectly recorded as R7 000 in the journal.
- G.** EFT 778 dated 30 April, did not reflect on the bank statement, R32 400.
- H.** The debit order for cell phone data, R3 680, was not recorded in the relevant journal. It was also incorrectly duplicated on the April bank statement.
- I.** A proof of payment received from the tenant for rent on 30 April for R24 000 was recorded in the journal. This did not appear on the statement.
- J.** The bank statement closed with a balance of R? on 25 April 2024.

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QUESTION 2: COST ACCOUNTING**(45 marks; 36 minutes)**

Nelita Amin owns two separate factories that manufactures products according to orders received. The companies have provided the following information for the financial year ending on 30 June 2024.

2.1 ROOF SHEETING FACTORY**REQUIRED:**

- 2.1.1 Complete the Factory Overhead Cost Note. (13)
- 2.1.2 Prepare the Production Cost Statement for the year ending 30 June 2024. (13)
- 2.1.3 Nelita has an order of 50 000 roof sheets. If the selling price and costs are maintained, calculate the profit she can expect on this order. (4)

2.2 STEEL PLATE FACTORY**REQUIRED:**

- 2.2.1 Provide a calculation to confirm the break-even point of 2024. (3)
- 2.2.2 Explain why Nelita should be concerned about the sustainability of the company. Give TWO points with figures to support your answers. (4)
- 2.2.3 Raw material consists of steel. In 2024 the cost of steel is R180 per square meter (m²) and 1,8 m² of steel is needed to make one plate.

During the year, 47 340 m² steel was dispatched to the factory. Nelita feels that the steel raw material was not well controlled.

- Provide a calculation to support her opinion. (4)
 - Identify ONE possible cause of this problem. Provide a solution. (2)
- 2.2.4 The chief machine engineer is a skilled and talented man, but also a good friend of the competitive company. The increased competition for top talent is driving up costs. This is a concern to Nelita.
- Give ONE other reason and a possible solution for the rising costs to support her concern. (2)

INFORMATION:**A. ROOF SHEETING FACTORY**

Extract of the Pre-adjustment amounts on 30 June 2024:

	R
Factory supervisor	484 000
Depreciation of the roll forming machine and cutter	399 250
Salary additional admin staff	288 000
Rent expense	660 000
Insurance allocated to sales department	90 000
Factory sundry expenses	266 750

B. The following balances appeared in the stock accounts:

	30 June 2024	1 July 2023
Raw material stock	1 825 000	2 455 000
Indirect materials stock	143 750	?

C. Work-in-progress stock balances:

There was no work-in-progress stock.

D. Direct labour cost:

- Forty-two workers worked in the production. Each worked 2 300 hours normal time at R45 per hour.
- Overtime combined reflected an amount of R107 450.
- Production workers received a 65% bonus of normal time wages.

E. Adjustments to factory overheads for roof sheeting:

- Raw materials:
 - ❖ Purchases of raw material during the year amounted to R16 226 100. Returned raw materials valued R32 250, has not been recorded.
 - ❖ Nelita was entitled to trade discount of R23 850 on raw materials that had not been granted.
- The bookkeeper allocated R475 200 to factory water and electricity using the ratio 6 : 2 : 2 for factory, sales and office respectively. The correct split of this expense should be 10 : 1 : 1.

- Rent must be allocated according to floor area:
Factory 1600 m² Office: 350 m² Sales department: 250 m²
- 85% of insurance must be allocated to the factory. The balance applies to the sales department.
- 80% of the indirect materials was used.

F. INFORMATION FOR BOTH FACTORIES

COSTS		ROOF SHEETING 2024		STEEL PLATES (Unit costs)	
		Amount	Per unit	2024	2023
Variable	Direct material	R16 800 000	R120	R338	R200
	Direct labour	?	R52	R112	R100
	Selling and distribution	R1 400 000	R10		R90
	Total variable costs		R182	R450	R390
Fixed	Factory overheads			R114	R112
	Administration	R1 120 000	R8	R30	R27
	Total fixed cost			144	139

SELLING PRICES				
Per unit		R245	R585	R540

UNITS				
Produced and sold		140 000	24 000	22 500
Break-even point		62 223	25 600	20 850

QUESTION 3: INVENTORY VALUATION**(30 marks; 24 minutes)**

- 3.1 Choose the stock valuation method from COLUMN B that matches the description in COLUMN A. Write only the letter (A–D) next to the question numbers (3.1.1 to 3.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B
3.1.1	This method assumes that stock bought last is your closing stock	A Specific identification
3.1.2	This method is best suited for products of smaller value purchased in large quantities	B Perpetual inventory system
3.1.3	This system ensures that cost of sales is calculated at the point of sale	C First in-first out
3.1.4	Stock items are assigned a unique or individual value	D Weighted average

(4)

3.2 TEKKIE TRADERS

You are provided with the information relating to Tekkie traders. The business sells a variety of running and outdoor shoes.

The business currently uses the periodic inventory system and the first in first out (FIFO) and weighted average method to value inventory.

REQUIRED:

- 3.2.1 Calculate the cost of inventory on hand on 31 July, according to:

- First in first out method. (5)

- 3.2.2 The owner is considering changing to the weighted average method of valuation.

- Calculate the value of closing stock using the weighted- average method. (4)
- The owner, thinks that changing to the weighted-average method will lessen his tax payable. He approaches you for advice. Provide TWO points of advice in this regard. (2)

- 3.2.3 Calculate the gross profit of the entity as a percentage on sales for the period 1 July to 31 July 2024 if FIFO method of valuation was used. (4)

INFORMATION:

	Quantity (units)	Amount R
Opening stock	100	200 000
Purchases for the month		
9 July	80	176 000
12 July	210	378 000
19 July	300	525 000
26 July	83	182 600
Total purchases for July	673	1 261 600

8 units of the July 26 purchases were returned

Sales 4 July '24 to 31 July '24	640	1 906 400
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3.3 PROBLEM SOLVING

You are provided with information from the books of Nelly's Kitchen Equipment for the year ended 29 February 2024. The business sells kettles and urns.

Nelly took certain decisions at the beginning of the financial year. The results are provided in the table below.

REQUIRED:

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

3.3.1 Kettles:

- What decision did Nelly take regarding the selling price? (2)
- How has this decision affected the business? Provide TWO points. (4)

3.3.2 Urns:

- Was it a good idea for Nelly to change to a cheaper supplier? Give TWO reasons. (5)

INFORMATION:

	KETTLES		URNS	
	2024	2023	2024	2023
Orders received from customers	300	470	785	740
Gross units sold	300	462	785	740
Returns by customers	0	8	66	0
Selling price	R2 880	R2 100	R476	R770
Cost price	R1 600	R1 400	R340	R550
Mark-up %	80%	50%	40%	40%
Gross profit	R384 000	R323 400	R106 760	R162 800
Stock turnover rate	6,0 times	7,1 times	5,0 times	5,0 times

QUESTION 4: BUDGETING**(40 marks; 32 minutes)**

You are provided with the incomplete Debtors' Collection Schedule and Cash Budget of Zahara Stores.

REQUIRED:

- 4.1 Calculate the missing figures in the Debtors' Collection Schedule for March 2024. (5)
- 4.2 Calculate the expected monthly percentage of goods sold on credit. (5)
- 4.3 The owner wants to improve the control over debtors. Credit terms are 30 days.
- 4.3.1 Explain why the owner is concerned. Provide TWO reasons with supporting figures. (4)
- 4.3.2 Suggest ONE solution for this problem. (2)
- 4.4 Calculate the following:
- 4.4.1 **(a)** and **(b)** as provided in the budget. Use budgeted figures in your calculations. (11)
- 4.4.2 The percentage increase in rent on 1 March 2024. (3)
- 4.4.3 The amount of the interest on the investment expected to be received in March 2024. (5)
- 4.5 **Refer to Information H.**
- Identify TWO payments that you consider to be poorly managed in February 2024. In EACH case, give a suggestion to improve the internal control of the items identified. (6)

INFORMATION:

- A.** The Debtors' Collection Schedule for February and March 2024

MONTH	CREDIT SALES	FEBRUARY	MARCH
December 2023	74 000	16 280	
January 2024	68 000	27 200	?
February 2024	70 000	24 010	?
March 2024	64 000		?
CASH FROM DEBTORS		67 490	?

- B.** Debtors are expected to pay as follows:

35% is paid in the month of sale. They receive a 2% discount.
 40% is paid in the month following the sales month.
 22% is paid two months after the sales month.
 3% is bad debts.

- C.** All goods are sold at a profit mark-up of 25% on cost.
- D.** Stock sold is replaced in the month of sale (a stock base is maintained).
- E.** All stock is purchased on credit. Creditors are paid in the month following the month of purchase to receive a 5% early settlement discount.
- F.** The business employs four sales assistants on the same salary scale. They will receive an inflationary increase of 7,5%, effective from 1 March 2024. An additional sales assistant will be employed on 1 March 2024, but she will not receive the increase.
- G.** A fixed deposit matures on 31 March 2024. This will be received together with interest at 8% p.a. for the last quarter of its term.
- H. EXTRACT FROM BUDGET FOR FEBRUARY 2024 AND MARCH 2024:**

	FEBRUARY		MARCH
	BUDGETED	ACTUAL	BUDGETED
Receipts			
Cash sales	17 500	18 640	16 000
Cash from debtors	67 490	43 870	?
Rent income	11 200	11 200	12 544
Fixed deposit (including interest)	-	-	16 830
Payments			
Payments to creditors (for stock)	68 000	68 000	(a)
Salaries: office staff	19 000	19 000	20 900
Salaries: sales assistants	20 800	20 800	(b)
Municipal services	10 600	10 600	11 000
Drawings	3 000	5 500	3 000
Stationery	1 200	2 600	1 200
Loan instalment	5 000	5 000	5 000
Maintenance of office equipment	3 800	1 500	3 800
Advertising	2 400	1 000	2 400

I. DEBTORS' AGE ANALYSIS ON 28 FEBRUARY 2024

Total owed	30 days	60 days	90 days	90+ days
R110 400	R53 000	R32 000	R17 800	R7 600
	48%	29%	16%	7%

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \times \frac{1}{1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \times \frac{1}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE:	
* In this case, if there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice.	