



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 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 Siphon 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 Siphon 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 x 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 2020	
Cost price:	R180 000	
Depreciation rate:	20% p.a. on the diminishing-balance method	
Date	Depreciation	Accumulated depreciation
28 February 2021	R36 000	R36 000
28 February 2022	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	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Operating profit} \times 100}{\text{Sales}} \quad 1$
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	
$\frac{\text{Average trading stock} \times 365}{\text{Cost of sales}} \quad 1$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors} \times 365}{\text{Credit sales}} \quad 1$	$\frac{\text{Average creditors} \times 365}{\text{Cost of sales}} \quad 1$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax} \times 100}{\text{Number of issued shares}} \quad 1$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity} \times 100}{\text{Number of issued shares}} \quad 1$	$\frac{\text{Dividends for the year} \times 100}{\text{Number of issued shares}} \quad 1$
$\frac{\text{Interim dividends} \times 100}{\text{Number of issued shares}} \quad 1$	$\frac{\text{Final dividends} \times 100}{\text{Number of issued shares}} \quad 1$
$\frac{\text{Dividends per share} \times 100}{\text{Earnings per share}} \quad 1$	$\frac{\text{Dividends for the year} \times 100}{\text{Net income after tax}} \quad 1$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
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.	