Western Cape Government

METRO NORTH EDUCATION DISTRICT

SCHOOL-BASED ASSESSMENT

SEPTEMBER EXAMINATION

ACCOUNTING P2

TASK No.: 6

25 SEPTEMBER 2025

MARKS: 150

TIME: 2 Hours

This question paper consists of 13 pages, a formula page and a 12- 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 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 and Internal Control	30	24
2	Inventory Valuation & VAT	40	32
3	Cost Accounting (Manufacturing)	40	32
4	Cash Budgets	40	32
TOTAL		**150**	**120**

QUESTION 1: RECONCILIATIONS AND INTERNAL CONTROL

(30 marks; 24 minutes)

1.1 BANK RECONCILIATION

The information relates to **LUKE STORES** for August 2024.The business uses the official bank statement downloaded on the 26th of each month.

REQUIRED:

1.1.1 Calculate the correct Bank Account balance in the General Ledger. (6)

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

INFORMATION

A Note no items from the July Bank Reconciliation Statement that need to be entered during August 2024.

B The Bank Account balance in the General Ledger of R4 140 **(unfavourable)** was calculated before the August bank statement was received.

C Information on the August 2024 Bank Statement not reflected in the August 2024 Cash Journals:

- Service fees, R333.
- An EFT payment to Simon Traders R432 was reflected twice in error. The bank will rectify the error on 1 September 2024.
- Deposit of R15 570 for rent income.
- Debit order of R3 150 for water and electricity.

D Information in the August 2024 Cash Journals, not reflected on the August 2024 Bank Statement

- EFT no 827 on 31 August 2024 for R2 250 for insurance.
- Outstanding deposit of R11 106 on 28 August 2024.

E The balance, according to the Bank Statement on 26 August 2024, R?

1.2 CREDITORS' RECONCILIATION

1.2.1 **REQUIRED:**
You are the internal auditor of **JOHN TRADERS**. The Creditors' Control Account and Creditors' List were prepared by the bookkeeper, but you have picked up a few errors and omissions.

Use the table provided in the Answer Book to show the changes that must be made in the **Creditors' contro**l account and the **Creditors list** to consider the errors and omissions noted. Indicate an i**ncrease with '+' and a decrease with '–' with each amount** (12)

1.2.2 The external auditors suggested that all payments made by the business should be via EFTs, especially for suppliers.

- Give TWO advantages in support of this suggestion.. (4)
- Name ONE procedure the business will have to put into place (2)

INFORMATION:

A Balance / total on 31 August 2024:

Creditors Control Account	R37 050
Creditors Ledger	R52 800

B Errors and omissions:

i An invoice received from Trevor Wholesalers reflected VAT of R1 260, calculated at 14% of the transaction instead of the standard rate of 15%. The bookkeeper corrected this error in the Creditors' Ledger only.

ii A discount of R450 received from Martin Traders was omitted in the Creditors' Ledger account. The general ledger was correct.

iii Goods of R7 110 returned to Charles Stores were recorded in the correct journal but were posted to the creditor's ledger account as a credit purchase.

iv Jason Traders has a debit balance of R713 in the Creditors' ledger. It must be transferred to their account in the Debtors' ledger.

v A refund of R990 made to a debtor Karen was recorded in the Creditor's Control column of the Cash Payments Journal in error and posted as such. No entry was recorded in the creditors' ledger, as this account does not exist.

vi A credit invoice for trading stock purchased from Lee Suppliers for R8 010 on 31 August 2024 was recorded in the Creditors' Journal as R9 630 and posted as such.

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QUESTION 2 : INVENTORY VALUATION AND VAT

(40 marks ; 32 minutes)

STOCK VALUATION

2.1 Choose a word / term from Column B that matches the concept in Column A. Write only the letter (A- D) next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

NR	COLUMN A	COLUMN B
2.1.1	This method is suited for low-value goods that are purchased in bulk.	**A.** Periodic System
2.1.2	Stock items are assigned a unique or individual value.	**B**. Weighted –Average Method
2.1.3	This system ensures that cost of sales is calculated at the point of sale.	**C**. First –in-First-out Method
2.1.4	The method that assumes that stock is sold in the order purchased.	**D.** Specific Identification Method
		E. Perpetual System

(4)

2.2 **NKOZWANA STORES**

The business, owned by **Nwabisa,** sells one type of **leather handbags.** The business uses the **weigted-average method and periodic stock system to value stock.**

REQUIRED:

Refer to information A:

2.2.1 Calculate the following for the financial year ended 28 February 2025.

- ❖ Value of closing stock (7)
- ❖ Number of units missing (4)

2.2.2 Explain TWO strategies that Nwabisa could use to address the problem of customers stealing items. (2)

2.2.3 The average stockholding period is 71, 5 days. Explain whether Nwabisa should be concerned about this. Provide ONE point. (2)

Refer to information B:

During October Nwabisa introduced two brands of **sport bags.**

2.2.4 Calculate the cost of sales for the year for all sport bags at the end of the year. (5)

2.2.5 Nwabisa was confused as to why the Cekiso bags sales are better than Mabhala. Provide TWO possible reasons. (4)

INFORMATION:

A Leather Handbags:

	Date	Number of purchases	Cost price per handbag	Total value
Stock balances	**2024 1 March**	**432**		**R63 936**
	2025 28 Febr.	**324**		**?**
Purchases	May 2024	405	R140	R56 700
	Aug. 2024	720	R162	R116 640
	Oct 2024	450	R176	R79 200
	Jan. 2025	225	R185	R41 625
	TOTAL	**1 800**		**R294 165**
Returns	Jan. 2025	**27**	R185	**R4 995**
Carriage on purchases	Total carriage on purchases of **R18 864** was paid for purchases during the year. Nwabisa Stores were not refunded for carriage on purchases on returns.			
Sales	1 845 units were sold at R266 each.			

B Sport Bags

	MABHALA	CEKISO
Units purchased	180	270
Cost price per unit	R612	R828
Total purchases amount	R110 160	223 560
Units sold	101	198
Selling price per unit	R1 071	R1 242
Total sales amount	R108 171	R245 916

2.3 VALUE ADDED TAX (VAT)

The information relates to CHIYA STORES for the 2-months VAT period ended 30 April 2025. The standard VAT rate is 15%.

REQUIRED:

2.3.1 Calculate the VAT amount payable to SARS on 30 April 2025.
NOTE: The given errors and omissions must be taken into account. (10)

2.3.2 The internal auditor discovered that the owner, Chiya, used the VAT collected from customers to pay salaries and bonuses and was not paying the full amount due to SARS on the deadline dates.

Offer ONE point of advice to Chiya and an explanation or reason to support the advice. (2)

A INFORMATION:

B Amount due to SARS on 1 April 2025 was R22 950.

C Amounts from the journals on the 30 April 2025.

	INCUDING VAT	VAT
Total Sales	R875 610	R114 210
Credit purchases of stock	R302 220	R39 420

Errors and omissions noted:

- Stock taken by the owner, cost price R7 740 (excluding Vat), was not yet recorded.
- Zero-rated goods with a selling price of R45 000 (excluding VAT)

were included in Sales amount.

- VAT on discounts granted to debtors was not recorded. The total discounts allowed amounted to R26 496.

40

QUESTION 3: MANUFACTURING (40 Marks; 32 Minutes)

3.1 COST ACCOUNTING

CONCEPTS

Choose the correct word between brackets.

3.1.1 (Office stationery / packing material) will NOT be regarded as an administration cost. (1)

3.1.2 Cleaning detergents used in the factory is an example of (direct material / indirect material). (1)

3.1.3 An increase in the number of units produced will lead to a/an (decrease / increase) in the fixed cost per unit. (1)

3.2 PRODUCTION COST STATEMENT

BOTTLEWORKS MANUFACTURERS

BottleWorks Manufacturers makes plastic bottles. Information for the financial year ended 28 February 2025 is provided.

REQUIRED:

3.2.1 Calculate the cost of the raw materials issued to the factory during the financial year. (7)

3.2.2 Calculate the following for the Production Cost Statement:

- Direct Labour Cost (6)
- Factory Overhead Cost (complete the table provided). (5)

3.2.3 Prepare the Production Cost Statement on 28 February 2025. (10)

INFORMATION:

A Stock balances:

	28 FEB. 2025 R	1 MAR. 2024 R
Raw materials	190 750	218 125
Work-in-process	?	75 000

Finished goods	79 500	69 500
Factory consumables	19 250	13 250

B Summary of transactions for the year ended 28 February 2025:

Purchases of raw materials	1 735 375
Carriage on raw materials purchased	53 000
Consumable stores used in the factory	57 075
Cleaning materials purchased for the office	30 825
Production wages	1 058 500
UIF – Contribution for factory employees	?
Salaries: Factory foreman	385 500
Administration	472 500
Sales	542 500
Water and electricity	330 900
Sundry expenses: Factory	224 775
Administration	190 500
Sales department	170 975

C Additional information:

(a) An invoice for transport of raw materials, R10 500, has not yet been recorded

(b) During the physical stock take of raw materials on 28 February 2025, 3,000 bottles were recorded at R12,50 each instead of R3,75 each. This must be corrected.

(c) The wage of a factory worker was omitted from the February 2025 wages journal. Her details are:

Net wage	R 24 035
PAYE tax	7 150
UIF (1% of gross)	315
The employer contributes 1% to the UIF	

(d) The water and electricity account for February 2025, R8 100, was not paid. The water and electricity are shared in the ratio 6: 1: 1 among the factory, administration, and sales departments

(e) Bottles are sold at R240 each (60% mark-up on cost). Total sales for the financial year amounted to R6 144 000.

3.3 COST ACCOUNTING

You are provided with information from the records of **BLOOM BARS**, the producers of a type of energy bar. The financial year ends on 30 April 2025.

REQUIRED:

3.3.1 Calculate the break-even point for the year ended 30 April 2025. (4)

3.3.2 Should the business be satisfied with the number of units that they have produced and sold during the current financial year? Explain. Quote figures. (3)

3.3.3 Give ONE possible reason for the increase in the direct material cost per unit in the current financial year. (2)

INFORMATION:

The following information was taken from the accounting records:

	30 APRIL 2025		30 APRIL 2024	
	TOTAL	**PER UNIT**	**TOTAL**	**PER UNIT**
Sales	R2 688 000	R42,00	R2 691 000	R34,50
Variable Costs	1 536 000	24,00	1 462 500	18,75
Fixed Cost	1 104 000	17,25	945 000	12,12
Direct materials	984 000	15,36	889 200	11,40
Break-even Point	?		90 000 units	
Number of units produced and sold	96 000 units		117 000 units	

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4.1 Insert the relevant amount(s) for EACH transaction below into the appropriate columns for the following Projected Statement of Comprehensive Income and Cash Budget for July 2025.

EXAMPLE: Monthly advertising is expected to be R3 500.

NR.	Projected Statement of Comprehensive Income for July 2025		Cash Budget for July 2025	
	Income	Expense	Receipt	Payment
Ex		3 500		3 500

(9)

4.1.1 An annual insurance premium for R18 000 will be paid on 1 July 2025. Half of the amount relates to the next financial year.

4.1.2 A vehicle to the value of R85 000 will be purchased on credit on 30 June. A deposit of R13 000 will be paid on the same date. The remaining amount will be repaid in monthly instalments over a period of one year starting on 1 July 2025.

4.1.3 Budgeted cash sales for July, R96 000. Profit margin is 50%. Stock sold will be replaced in the same month. All trading stock are purchased cash.

4.2 **HIBBIE TRADERS**

Information is provided for the budget period ending 31 March 2025.

REQUIRED

4.2.1 Complete the Debtor's Collection Schedule for January to March 2025. (Using information, A & B). (8)

4.2.2 Calculating the missing amounts indicated by (a) to (e) in the extract of the Cash Budget. (Using information, A – F) (17)

4.2.3 Marco extracted the following actual and budgeted figures for March 2025.

	BUDGETED	ACTUAL
Sales	R1 058 400	R846 720
Cash from debtors	784 242	603 900
Advertising	70 560	70 560
Delivering expenses	52 920	63 504

Comment and quote figures on the:

- Cash received from debtors
- Control over delivering expenses (6)

INFORMATION:

A. Sales and purchases:

	NOV.	DEC.	JAN.	FEBR.	MARCH
Sales	R612 500	R1 225 000	R840 000	R945 000	R1 050 000

- Goods are sold at a mark-up of 75% on cost.
- Credit sales are expected to be 60% of total sales.
- The business maintains a fixed-stick base level.

  Stock sold in a month is replaced in the same month.

  Cash purchases are 20% of total purchases.
- Creditors are paid in the month following the purchase month to earn a 5% discount.

B. Expected debtor's collection based on the past:

- 50% collected in the month of sale, less 5% discount for early payment
- 40% collected in the month following the month of sale
- **?** % collected two months after the sale
- 2% regarded as irrecoverable two months after the sale

C. Loan: PHS Bank:

PHS Bank has provided an addition loan to HIBBIE Traders on 1 March 2025 at an interest rate of 9% p.a. Interest is not capitalised.

D. Rent income:

Rent income increased effectively from 1 February 2025 by 8%.

E. Advertising:

Advertising is calculated as a fixed percentage of total sales.

F. Extract: Cash Budget for the three months ended 31 March 2025.

	JANUARY R	FEBRUARY R	MARCH R
Cash Receipts			
Cash Sales	336 000	**(a)**	420 000
Loan: PHS Bank	-	-	**(b)**
Rent income	**(c)**	15 660	15 660
Cash Payments			
Payments to creditors	**(d)**	364 800	410 400
Interest on loan	600	600	750
Advertising	33 600	37 800	**(e)**

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TOTAL: 150

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)*
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$.	

NOTE:
1. Trading stock at the end of a financial year may be used if required in 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.