education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

SEPTEMBER 2024

MARKS: 150

TIME: 2 Hours

This question paper consists of 11 pages, a formula sheet and a 9 -page answer book.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to anwer ALL the questions.
3. A Financial Indicator Formular Sheet is attached at the end of this question paper.
4. Show ALL workings to achieve part-marks.
5. You may use a non-programmablecalculator.
6. You may use a dark pencil or blue/black ink to anwer 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	Reconciliation and VAT	40	30
2	Cost Accounting	40	30
3	Inventory valuation	40	30
4	Budgeting	30	30
TOTAL		**150**	**120**

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QUESTION 1: RECONCILIATION AND VAT (40 marks; 30 minutes)

1.1 BANK RECONCILIATION

The information relates to Shooter Stores for July 2024. The business uses the official bank statement which is received on the 25th of each month.

REQUIRED:

1.1.1 Show the entries that must be recorded in the Cash Journals by completing the table provided in the ANSWER BOOK. (10)

1.1.2 Calculate the Bank Account balance in the General Ledger of the business. (4)

1.1.3 Prepare the Bank Reconciliation Statement on 31 July 2024. (8)

1.1.4 Explain TWO problems relating to deposits. Quote evidence.
Explain TWO strategies to prevent this in future. (6)

INFORMATION:

A. The following information appears on the Bank Reconciliation Statement on 30 June 2024:

Unfavourable balance on the Bank Statement		R71 200
Outstanding deposits:	Dated 18 June 2024	88 000
	Dated 29 June 2024	12 400
Outstanding EFTs:	EFT 121 (ABC Stationers)	2 100
	EFT 122 (Curo Stores)	6 700
Unfavourable balance on the Bank Account		20 400

NOTE:
An investigation shows that the deposit of R12 400 dated 29 June 2024 was never deposited in the bank. The previous bookkeeper could not be found. This must be written off.

B. Cash Journal totals on 31 July 2024 before receiving the Bank Statement:

Cash Receipts Journal	Cash Payments Journal
R108 000	R36 800

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C. Extract from the June Bank Statement:

Details	Debit	Credit
Deposit (29 June 2024)		88 000
EFT 121(ABC Stationers)	1 200	
EFT 122 (Curo Stores)	6 700	
Happy Couriers (EFT 129)		2 000
Debit order (Secure Insurers)	1 800	
Debit order (Secure Insurers)	1 800	
Direct deposit (K.P. Botha)		11 000
Interest	650	
Transaction fees	450	

(i) EFT 121 (to ABC Stationers) is correct on the Bank Statement.

(ii) EFT 129 (to Happy Couriers) appears on the wrong side of the Bank Statement.

(iii) Debit order for the business insurance from Secure Insurers was deducted twice by the bank since there were not enough funds available in June 2024. The payments for June and July 2024 are now up to date.

(iv) The direct deposit by K.P Botha was for monthly rent.

D. Entries in the Cash Journals for July 2024 that do not agree with the June Bank Statement:

- Deposit on 28 July 2024: R27 900
- EFT 205: R5 100
- EFT 206: R7 200

E. A debtor made an EFT payment of R7 000 on 30 July 2024 in settlement of his account of R7 700. No entry was made in the books.

F. Bank Statement balance on 31 July 2024:?

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1.2 VALUE ADDED TAX

The following information relates to Hamas Traders for the VAT period ended 30 June 2024. VAT at 15% applies to all goods. The business is owned by Warren Hamas.

REQUIRED:

1.2.1 Calculate the VAT amounts indicated by (i) to (iii) on the table below. (6)

1.2.2 **Refer to Information C.**

Calculate the total of the credit notes including VAT. (2)

1.2.3 Hamas Traders is experiencing cash flow problems. Warren, the owner, requested the Accountant that he should decrease the amount of sales such that the VAT input exceeds the VAT output in order to enable the business to claim a refund from SARS.

Explain what you would say to Warren. Provide TWO points. (4)

INFORMATION:

A. Amount owed to SARS on 1 June 2024, R9 450.

B. Transactions from June 2024 Journals:

DETAILS	EXCLUDING VAT	INCLUDING VAT	VAT AMOUNT
Total sales	**R412 000**	**R473 800**	**R61 800**
Purchases of stock	230 000	264 500	(i)
Bad debts recovered		8 740	(ii)
Discount allowed to debtors	R12 600		(iii)

C. Extract from DJ and DAJ for credit sales to special customers.

DETAILS	EXCLUDING VAT	INCLUDING VAT	VAT AMOUNT
Invoices	R11 200	R12 880	R1 680
Credit notes	?	?	R210

40

QUESTION 2: COST ACCOUNTING (40 marks; 30 minutes)

2.1 PRINGLE TRADERS

The following information relates to Pringles Traders, a local business that manufactures wooden trays. The financial year ended on 30 June 2024.

REQUIRED:

Complete the following for the year ended 30 June 2024:

2.1.1 Production Cost Statement (20)

2.1.2 Abridged Statement of Comprehensive Income (12)

INFORMATION:

A. Stock balances:

	30 June 2024	1 July 2023
Work-in-progress stock	?	NIL
Finished goods	R95 000	R55 500

B. Raw material issued to the factory for production, R533 000

C. Direct labour

Information extracted from the production wages records:

Net wages paid to factory workers	Deductions	
	SARS: PAYE	UIF
R376 650	R24 300	?

NOTE: UIF deductions amounts to 1% of gross wages. The business contributes on a Rand-for-Rand basis to the UIF funds.

D. Amounts extracted from the financial records on 30 June 2024:

Factory overhead cost	R147 560
Administration cost	R121 000
Selling and distribution cost	R104 900
Cost of sales	R930 000

E. Errors and omissions:

(i) The closing stock of raw materials, R102 000, was omitted in error.

(ii) The entire amount of salary to factory foreman was not recorded. He was on paid leave for the entire year. On 1 January 2024 he received a monthly increase of R500 on his previous monthly salary of R8 000.

(iii) The telephone account of R13 210 was posted in error to the factory overhead cost. This expense relates to the office.

(iv) Advertising (selling and distribution) includes R2 700 for a three-month contract which ends on 31 July 2024.

F. Sales and mark-up%:

The business uses a mark-up percentage of 75% on cost. Trade discounts of R60 000 were allowed to cash customers during this financial year.

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2.2 UNIT COSTS AND BREAK-EVEN ANALYSIS

Elector Manufacturers is a small business that manufactures men's jackets. The business is owned by Alex Sing. The financial year ended on 30 June 2024.

REQUIRED:

2.2.1 Alex, the owner, was unable to achieve the targeted net profit of R150 000 for the year ended 2024.

Calculate how many jackets should have been produced in order to achieve the targeted profit. (5)

2.2.2 Despite the fact that there was a decrease in the fixed costs per unit, the owner is still not satisfied with his control over the fixed costs.

Explain and provide calculation(s) to support his opinion. (3)

INFORMATION:

	30 June 2024		30 June 2023
Number of units produced and sold	6 000 units		4 500 units
Selling price per unit	R135,00		R110,00
Break-even units	**7 083**		9 934 units
	Total cost	**Unit cost**	**Unit cost**
Variable costs:	R510 000	R85,00	R83,00
Direct material cost	R171 000	R28,50	R21,50
Direct labour cost	255 000	42,50	47,50
Selling and distribution cost	84 000	14,00	14,00
Fixed cost	R306 000	R51,00	R59,60
Factory overheads cost	R168 000	R28,00	R31,30
Administration cost	138 000	23,00	28,30

40

QUESTION 3: INVENTORY VALUATION (40 marks, 30 minutes)

3.1 SEFA TRADERS

Sefa Traders is owned by Siya Louw. The business sells bicycles. The financial year ended on 29 February 2024. They use first-in-first-out method and the periodic stock system to value their stock.

They buy all their stock from the same supplier and good internal controls ensured that there were no stock shortages.

REQUIRED:

3.1.1 Calculate the value of the closing stock according to the FIFO method on 29 February 2024. (5)

3.1.2 Calculate the following for the year ended 29 February 2024:

- Cost of sales (6)
- Gross profit (3)
- Rate of stock turnover (4)

3.1.3 The owner considers changing the stock valuation method to the weighted average method.

- Calculate the value of the closing stock on 29 February 2024 by using the weighted-average method. (7)

INFORMATION

A. Stock records of bicycles:

Date	Number of units	Price per unit	Total value
1 March 2023	540	R3 500	R1 890 000
29 February 2024	440	?	?

B. Purchases:

Date	Number of units	Price per unit	Total value
Purchases:	**2 250**		**R8 405 000**
31 May 2023	550	R3 700	R2 035 000
31 August 2023	900	R3 800	R3 420 000
30 November 2023	500	R3 500	R1 750 000
31 January 2024	300	R4 000	R1 200 000

C. Returns:

Fifty (50) bicycles were returned from the August 2023 purchases.

D. Sales:

Total sales amounted to R13 800 000 (2 300 bicycles sold at R6 000).

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3.2 MANAGEMENT OF INVENTORIES: BUHLE TECHNOLOGIES

You are provided with information relating to Buhle Techologies. They sell digital pens and smart pens for cash only.

REQUIRED:

3.2.1 Profitability

Explain which product is contributing the most to the profitability of the business? Quotes figures or show calculations. (3)

3.2.2 Digital pens:

Provide ONE point on how effectively have the business controlled the stock of digital pens during the financial year? Quotes figures or show calculations. (5)

3.2.3 Smart pens:

The owner is not sure whether he should be concerned or not about the quantities of stock on hand.

- Calculate how long it will take the business to sell the closing stock of the smart pens. (3)
- State ONE problem associated with too much stock on hand, and ONE with too little stock on hand. (4)

INFORMATION:

	Digital pens		Smart pens	
	Units	**Total**	**Units**	**Total**
Opening stock 1 June 2023	250	19 000	180	21 600
Net purchases	1 500	114 000	1 340	160 800
Available for sale	**1 750**	**133 000**	**1 520**	**.82 400**
Closing stock 31 July 2024	290	22 952	215	25 800
Sales for the year	1 440	180 000	1 305	274 050
Cost of sales		110 048		156 600

40

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

You are provided with the information relating to Genuine (PTY) Ltd for the budget period October to December 2024. They sell and repair leather shoes. The shoes are sold for cash and on credit, but shoe repair are only done for cash.

REQUIRED:

4.1 Complete the Debtors' Collection Schedule for October to December 2024. (7)

4.2 Calculate the figures in the Cash Budget indicated by **(i)** to **(iii).** (9)

4.3 **Refer to Information F and G.**

Calculate the additional space (in square metres) the business will rent from 1 December 2024. (4)

4.4 The directors are unsure about purchasing or continue renting the property. Explain ONE point in favour of purchasing a property and ONE point against this proposal. (4)

4.5 **Refer to Information H.**

Explain why the directors should be concerned about the overspending in advertisement. Quote figures. (3)

4.6 Explain how the economic decline impacted the average amount that customers spent in December 2024. Quote figures. (3)

INFORMATION:

A. Total Sales and Cost of sales:

	October	November	December
Sales	R550 000	R630 000	R770 000
Cost of sales	320 000	360 000	440 000

- Credit sales are expected to make up 65% of total sales.
- Goods are sold at a profit margin of 75% on cost price.

B. Debtors Collections:

- 40% collected in the month of sale. They receive a 6% discount.
- 50% collected in the month following the sales month
- 8% collected in the second month after the sales month
- 2% written off as irrecoverable.

C. Purchases:

- All stock is purchased on credit. Stock is replaced in the month of sale, and a fixed stock base is maintained.
- Creditors are paid in the month following the month of purchase

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D. Loan:

- The loan was increased on 1 November 2024.
- Interest rate of 9% p.a. is not capitalised.

E. The sales assistance all earn the same monthly salary. They were promised a 5% increase from 1 November 2024. The business had two assistants in October and planned to hire an additional assistant from 1 November 2024.

F. Extract from the Cash Budget for October to December 2024:

	October	November	December
Receipts			
Cash sales	R196 000	**(i)**	R269 500
Cash from debtors	278 369	355 992	**?**
Fee income (repairs of shoes)	15 000	15 000	15 000
Loan: Action Bank (**see Information E**)	-	**(ii)**	
Total Receipts			
Payments			
Payments to creditors	220 000	320 000	360 000
Salaries of assistants (**see Information F**)	22 400	**(iii)**	**?**
Wages of repairs personnel	9 000	10 000	10 000
Consumables used for repairs	4 200	4 200	4 200
Interest on loan	1 365	2 625	2 625
Rental expense (**see Information G**)	6 000	6 000	9 200
Advertisements	10 000	10 000	12 000
Audit fees	-	-	18 000
Total Payments			

G. Rent expense/ Business property:

Rent expense is calculated on a fixed amount per square metre. The business rent 75 square metres in October and November 2024. On 1 December 2024 additional floor space will be rented at the same rate due to expansion.

H. Comparison of budgeted figures with actual figures for December 2024:

	Budgeted	Actual
Number of customers	110	135
Sales	R770 000	R690 000
Fee income (repairs of shoes)	R15 000	R15 750
Consumable stores (for repairs)	R4 200	R5 520
Advertisements	R12 000	R16 500

30

TOTAL: 150 MARKS

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

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