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Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

**ACCOUNTING P2**

**NOVEMBER 2022**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 13 pages,  
a formula sheet and a 10-page answer book.**

**KEEP THIS PAGE BLANK.**

**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.

<b>QUESTION</b>	<b>TOPIC</b>	<b>MARKS</b>	<b>MINUTES</b>
<b>1</b>	Cost Accounting	35	30
<b>2</b>	VAT and Inventory Valuation	45	35
<b>3</b>	Budgeting	45	35
<b>4</b>	Bank Reconciliation	25	20
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: COST ACCOUNTING****(35 marks; 30 minutes)**

- 1.1 Choose an example from COLUMN B that matches a cost category in COLUMN A. Write only the letter (A–E) next to the question numbers (1.1.1 to 1.1.4) in the ANSWER BOOK, e.g. 1.1.5 F.

COLUMN A		COLUMN B	
1.1.1	Administration	A	carriage on raw material purchased
1.1.2	Direct material	B	salary of the factory foreman
1.1.3	Selling and distribution	C	rent expense for the office building
1.1.4	Factory overhead	D	workers in production
		E	commission paid to sales staff

(4 x 1) (4)

1.2 **WEZA STITCHES**

Weza Stitches, owned by Annie Brown, manufactures bathroom towel sets. Anne buys fabric from local suppliers. The information relates to the financial year ended 30 June 2022. Note that there were no work-in-progress stock balances.

**REQUIRED:**

- 1.2.1 Calculate the following for the financial year ended 30 June 2022:
- Direct labour cost (7)
  - Factory overhead cost (6)
  - Total cost of production (4)
- 1.2.2 Annie is concerned that fixed costs increased to R806 400. Explain why she should not be concerned. Provide TWO points. Quote figures. (4)
- 1.2.3 **Refer to Information C.**
- Comment on whether the production staff deserves the production bonus that they received. Provide THREE points, with figures. (6)
- 1.2.4 Annie wants to improve her profit by R50 000 during the next financial year while maintaining costs. Calculate the additional units that must be produced to achieve this target. (4)

**INFORMATION:****A. Direct labour cost:**

- Six workers were employed in production in 2021 and 2022.
- Each of them worked 1 840 hours normal time during the year at R40 per hour.
- The overtime register reflected a combined total of 230 hours worked at 1,6 times the normal time rate.
- Production staff received a production bonus of 8% of the normal time wages.

**B. Factory overhead cost:**

The bookkeeper calculated the factory overhead cost as R541 600.

However, he made the following errors, which must still be adjusted:

- He included the entire insurance expense of R32 500 to the factory overhead cost, instead of only 60% of this expense.
- He allocated R54 000 to factory water and electricity using the ratio 3 : 2 : 2 for factory, sales and office respectively. This expense should have been split in the ratio 2 : 1 : 1.

**C. Additional information:** (after taking all corrections into account)

	30 JUNE 2022		30 JUNE 2021	
	Total	Per unit	Total	Per unit
<b>Variable costs:</b>	<b>R1 561 600</b>	<b>R244</b>	<b>R1 317 750</b>	<b>R251</b>
Direct material	R652 800	R102	R672 000	R128
Direct labour	?	?	R498 750	R95
Selling and distribution			R147 000	R28
<b>Fixed costs:</b>	<b>R806 400</b>	<b>R126</b>	<b>R792 750</b>	<b>R151</b>
Factory overheads				
Administration				
Number of units produced and sold	6 400 units		5 250 units	
Break-even point	6 156 units		6 954 units	
Selling price per unit	R375		R365	

**QUESTION 2: VAT AND INVENTORY VALUATION****(45 marks; 35 minutes)****2.1 VAT**

The information relates to Nomhle Traders. The business is registered for VAT. The standard VAT rate is 15%. Nomhle also sells zero-rated goods.

**REQUIRED:**

Calculate the VAT amount that must be paid to SARS for the VAT period ended 31 May 2022.

(9)

**INFORMATION:**

**A.** Harry, the clerk, calculated the VAT amount due to SARS as R55 785.

However, he did not take the following into account:

(i)	VAT on goods returned to suppliers	R5 070
(ii)	VAT on expenses paid	R6 240
(iii)	VAT on goods taken by Nomhle for personal use	R5 400

**B.** VAT on discount allowed must also be taken into account. The total discount allowed amounted to R18 860.

**C.** VAT on sales was incorrectly recorded. Certain goods with a selling price of R31 200 (excluding VAT) should have been recorded as zero-rated items.

## 2.2 STOCK VALUATION

Pitten Sports Shop is owned by Milo Slav. The financial year ended on 28 February 2022.

The stock records of the following two products are provided:

- Mountain bikes
- Powdered energy drinks (1 kg tubs)

### MOUNTAIN BIKES

The stock of mountain bikes is valued using the specific identification stock valuation method.

#### REQUIRED:

2.2.1 Calculate the value of the closing stock on 28 February 2022, using the specific identification method. (9)

2.2.2 A whistle-blower (informant) reported to Milo that he has evidence to prove that the purchasing manager is stealing mountain bikes purchased by the business.

An investigation revealed that 40 units of the King model, missing from the stock records, was supplied to Easy Rides, a competitor. There were no other stock shortages.

Explain TWO different examples of how the division of duties could prevent an incident such as this from occurring again in the future. (4)

2.2.3 Provide TWO points that show that Milo and his customers are happy with the quality of the Gama Bikes. Quote figures. (4)

#### INFORMATION:

##### Stock records of mountain bikes:

	KING	PALO	GAMA
Units on hand: 1 March 2021	128	62	40
Units purchased during the year	400	250	220
Units returned to suppliers	54	2	0
Units sold	286	245	242
Units on hand: 28 February 2022	148	?	18
Cost price per unit	R4 500	R5 200	?
Value of closing stock	R666 000	?	?
Selling price per unit	R6 750	R7 800	R9 600
Total sales amount (in rands)	R1 930 500	R1 911 000	R2 323 200
<b>Mark-up %</b>	<b>50%</b>	<b>50%</b>	<b>60%</b>



**POWDERED ENERGY DRINKS (1 kg TUBS)**

The periodic inventory system and the first-in first-out (FIFO) stock valuation method is applicable. These items have a shelf life of 66 days.

**REQUIRED:**

- 2.2.4 Calculate the value of the closing stock on 28 February 2022, using the FIFO stock valuation method. (6)
- 2.2.5 Calculate the stockholding period (in days) on 28 February 2022. Use the closing stock figure. (3)
- 2.2.6 Comment on your findings above. Provide TWO points, with figures. Note that the stockholding period for 2021 was 58 days. (4)
- 2.2.7 Milo has noticed that some of the stock of energy drinks has exceeded the shelf life (sell-by date). Identify the value of stock that Milo is referring to. (2)
- 2.2.8 Milo wants to sell the outdated stock at half the cost price. What advice would you offer him about this proposal? Provide TWO points. (4)

**INFORMATION:****A. Stock of powdered energy drinks balances:**

	NUMBER OF TUBS
1 March 2021	130
28 February 2022	235

**B. Purchases of powdered energy drinks during the financial year:**

	NUMBER OF UNITS	UNIT PRICE R	CARRIAGE R	TOTAL R
Apr.–Sept. 2021	550	420	4 400	235 400
Nov. 2021	330	460	2 640	154 440
Jan. 2022	180	475	1 440	86 940
<b>TOTAL</b>	<b>1 060</b>		<b>8 480</b>	<b>476 780</b>

**C. Carriage on purchases:**

The business pays MTY Transport a fixed rate of R8 per tub delivered to the store.

**D. Returns to suppliers:**

30 damaged tubs from the January 2022 purchases were returned to the supplier. The supplier reversed the total cost price paid, excluding carriage on purchases.

**E. Sales and cost of sales:**

- 925 units were sold.
- Cost of sales amounts to R404 140, after all adjustments were taken into account.

**QUESTION 3: BUDGETING****(45 marks; 35 minutes)**

The information relates to JR Sanitisers (Pty) Ltd. The CEO is Juanita Rose. James Peter is the bookkeeper.

**REQUIRED:**

- 3.1 Complete the Creditors' Payment Schedule for December 2022. (7)
- 3.2 Calculate missing figures **(i)** to **(iii)** in the Cash Budget. (10)
- 3.3 **Refer to Information E and G.**
- 3.3.1 Calculate the deposit that will be paid for the purchase of the company vehicle during December 2022. (5)
- 3.3.2 Juanita is concerned about the cash position for December 2022. She proposes moving the purchase of the vehicle to January 2023.
- Use the table in the ANSWER BOOK to show the effect of this proposal to the December 2022 Cash Budget. (6)
- 3.4 **Refer to Information H.**
- Juanita is concerned about her decisions in October 2022 to adjust the mark-up % and the amount actually spent on advertising. Provide TWO points to indicate whether these were wise decisions or not. Quote figures and/or calculations. (4)
- 3.5 **Refer to Information H.**
- 3.5.1 Explain why Juanita should be concerned about the actual amount spent on repairs and maintenance during October 2022. Quote a figure and/or a calculation. (2)
- 3.5.2 James feels that there has been a lack of control over the amounts spent on delivery expenses and packing material. Explain whether James' opinion is correct or not. Provide calculations. (8)
- 3.6 Juanita wants to use social media to create an on-line shopping platform to increase her sales from January 2023. Name THREE additional payments that must be included in the January 2023 budget. (3)

**INFORMATION:****A. Sales, cost of sales and debtors' collection:**

	OCTOBER	NOVEMBER	DECEMBER
Total sales	R584 100	R643 500	R432 300
Cost of sales	R354 000	R390 000	R262 000

- Cash sales comprise 30% of total sales.
- Debtors settle their accounts in the month following the month of sales.

**B. Purchases of stock and payment to creditors:**

- A base stock is maintained. Stock sold is replaced in the same month.
- Cash purchases comprise 15% of total purchases.
- Creditors are paid according to the following trend:
  - 80% are paid in the month of purchases to receive a 5% discount.
  - 20% are paid in the month after purchases.

**C. Rent income:**

- Storage space is rented at a fixed rate per square metre.
- An existing tenant occupies 60 m<sup>2</sup>. His lease expires on 30 June 2023.
- A new tenant has signed a lease agreement for the period 1 December 2022 to 30 November 2023. She will occupy a 75 m<sup>2</sup> storage area.

**D. Salaries:**

- A new employee will be appointed from 1 December 2022. He will earn R14 840 per month.
- All other employees will receive an increase of 4,5% p.a., effective from 1 December 2022.

**E. Purchase of company vehicle for the CEO and insurance:**

- A new company vehicle will be purchased on 1 December 2022. A deposit of 25% of the cost of the vehicle, excluding interest, will be paid on this date.
- The remaining balance will be paid in equal monthly instalments of R20 800 over 24 months, including interest, with effect from 31 December 2022.
- Interest calculated for the full two-year period is R45 600.
- The existing insurance premium will increase by the amount applicable to the new company vehicle. It will also be payable at the end of each month, from 31 December 2022.

**F. Delivery expenses:**

Deliveries are outsourced to Aldo Deliveries. Delivery expenses are budgeted at a fixed percentage of the monthly sales.

**G. Extract from Cash Budget:**

	<b>NOV. 2022 (R)</b>	<b>DEC. 2022 (R)</b>
<b>RECEIPTS</b>		
Cash sales	193 050	129 690
Collections from debtors	408 870	(i)
Loan	400 000	
Rent income	15 000	(ii)
<b>TOTAL RECEIPTS</b>		
<b>PAYMENTS</b>		
Cash purchase of stock	58 500	39 300
Payments to creditors	312 120	?
Salaries	(iii)	55 595
Purchase of vehicle: deposit	-	?
Purchase of vehicle: monthly instalments	-	20 800
Repairs and maintenance	30 000	30 000
Advertising	40 000	40 000
Delivery expenses (Aldo Deliveries)	38 610	25 938
Packing material	25 740	17 280
Insurance	6 500	9 700
Fuel for company vehicle	-	7 500
Interest on loan	6 000	6 000
Dividends		190 000
Telephone, water and electricity		
Sundry expenses		
<b>TOTAL PAYMENTS</b>		
<b>CASH SURPLUS/DEFICIT</b>	174 000	(120 000)
<b>BANK (BEGINNING)</b>	(66 000)	108 000
<b>BANK (END)</b>	108 000	(12 000)

**H. Budgeted and actual figures for October 2022:**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
Number of units sold	7 080 units	11 470 units	+ 4 390 units
Mark-up %	65%	45%	-20%
Sales	R584 100	R831 546	+ R247 446
Cost of sales	354 000	573 480	+ 219 480
Gross profit	230 100	258 066	+ 27 966
Repairs and maintenance	30 000	8 000	- 22 000
Advertising	40 000	28 000	- 12 000
Delivery expenses (Aldo Deliveries)	35 046	42 896	+ 7 850
Packing material	23 364	37 850	+ 14 486

**QUESTION 4: BANK RECONCILIATION****(25 marks, 20 minutes)**

4.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.

4.1.1 Debit card fees form part of bank charges.

4.1.2 Interest on overdraft is recorded in the Cash Receipts Journal.

4.1.3 A debit balance on the Bank Statement reflects a favourable balance.

(3 x 1) (3)

**4.2 BANK RECONCILIATION**

The information provided relates to Surprise Stores. The business is owned by Themba Zwane.

- Themba receives the official Bank Statement on the 26<sup>th</sup> day of each month. He uses this to do the bank reconciliation.
- EFTs are renumbered according to date order.

**REQUIRED:**

4.2.1 Use the table provided in the ANSWER BOOK to calculate the final totals of the Cash Journals on 31 July 2022. (10)

4.2.2 Calculate the correct bank balance in the ledger on 31 July 2022. (4)

4.2.3 Prepare the Bank Reconciliation Statement on 31 July 2022. (8)

**INFORMATION:**

**A.** On 1 July 2022, the Bank Account in the ledger reflected a favourable balance of R53 800.

**B.** The Bank Reconciliation Statement prepared on 30 June 2022 showed the following outstanding deposits and EFTs:

- |                              |         |
|------------------------------|---------|
| • Deposit dated 15 June 2022 | R19 500 |
| • Deposit dated 29 June 2022 | R12 800 |
| • EFT 297                    | R9 600  |
| • EFT 298                    | R12 300 |

**NOTE:**

- (i) The deposit on 15 June 2022 appeared on the July Bank Statement as R15 500. An investigation revealed that the cashier at that time has resigned. The outstanding amount must be written off.
- (ii) EFT 297 was correctly reflected as R6 900 on the July Bank Statement.
- (iii) The other outstanding amounts from the previous month appeared on the July Bank Statement.

- C.** Before receiving the July 2022 Bank Statement, the Cash Journals reflected the following provisional totals:

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
R101 200	R135 215

- D.** The following items on the July Bank Statement must still be recorded:
- (i) A debit card payment of R1 400 for petrol for the business vehicle. Themba neglected to submit the transaction document to the bookkeeper.
  - (ii) The direct deposit received from debtor D Singwane, R5 800, in settlement of his account of R6 000.
  - (iii) A debit order to Palm Insurers for the business insurance, R1 800.
  - (iv) A direct deposit of R72 000 from Unitech College. This is an error on the statement as it does not apply to Surprise Stores. The bank was notified of this error.
  - (v) Total bank charges, R825
  - (vi) Interest earned on savings account, R260
- E.** Entries in the Cash Journals after 26 July 2022:
- Deposit on 29 July 2022 R29 500
  - EFT 350 to PN Stationers, dated 28 July 2022 R 4 200
  - EFT 351 to PF Couriers, dated 30 July 2022 R 3 800
- F.** Bank Statement balance on 31 July 2022: R?

25
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**TOTAL: 150**

<b>GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET</b>	
$\frac{\text{Gross profit} \times 100}{\text{Sales} \quad 1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales} \quad 1}$
$\frac{\text{Net profit before tax} \times 100}{\text{Sales} \quad 1}$	$\frac{\text{Net profit after tax} \times 100}{\text{Sales} \quad 1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales} \quad 1}$	$\frac{\text{Operating profit} \times 100}{\text{Sales} \quad 1}$
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	
$\frac{\text{Average trading stock} \times 365}{\text{Cost of sales} \quad 1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors} \times 365}{\text{Credit sales} \quad 1}$	$\frac{\text{Average creditors} \times 365}{\text{Cost of sales} \quad 1}$
$\frac{\text{Net income after tax} \times 100}{\text{Average shareholders' equity} \quad 1}$	$\frac{\text{Net income after tax} \times 100}{\text{Number of issued shares} \quad 1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans} \times 100}{\text{Average shareholders' equity} + \text{Average non-current liabilities} \quad 1}$	
$\frac{\text{Shareholders' equity} \times 100}{\text{Number of issued shares} \quad 1}$	$\frac{\text{Dividends for the year} \times 100}{\text{Number of issued shares} \quad 1}$
$\frac{\text{Interim dividends} \times 100}{\text{Number of issued shares} \quad 1}$	$\frac{\text{Final dividends} \times 100}{\text{Number of issued shares} \quad 1}$
$\frac{\text{Dividends per share} \times 100}{\text{Earnings per share} \quad 1}$	$\frac{\text{Dividends for the year} \times 100}{\text{Net income after tax} \quad 1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<b>NOTE:</b>	
* 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.	