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**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**JUNE 2023**

**ACCOUNTING P2**

**MARKS: 150**

**TIME: 2 hours**

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This question paper consists of 13 pages including a formula sheet and a 10-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 answer ALL the questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show all calculations to ONE decimal point.
7. Write neatly and legibly.
8. 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: Bank and Creditors	35	25
2	Cost Accounting	55	45
3	Inventory valuation	35	30
4	Fixed Assets	25	20
TOTAL		150	120

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**QUESTION 1: RECONCILIATIONS – BANK AND CREDITORS (35 marks; 25 minutes)**

- 1.1 Match the statement in COLUMN A with a term from COLUMN B. Write only your answer (A–E) next to the question numbers (1.1.1 to 1.1.4) in the ANSWER BOOK, for example 1.1.5 F.

COLUMN A		COLUMN B	
1.1.1	Interest debited on the bank statement	A	Bank charges
1.1.2	The cost of using a current bank account	B	Debit
1.1.3	A balance on a bank statement that represents a favourable balance	C	Stop order
1.1.4	Authorises a fixed monthly payment to the same beneficiary	D	Interest on overdraft
		E	Credit

(4 x 1) (4)

**1.2 BANK RECONCILIATION**

The information was extracted from the records of Pheasant Traders. The business uses the official bank statement, available on 26<sup>th</sup> of each month, to complete the bank reconciliation process.

**REQUIRED:**

- 1.2.1 Calculate the correct cash journal totals for April 2023. Use the table provided in the ANSWER BOOK. (10)
- 1.2.2 Calculate the Bank account balance on 30 April 2023. (4)
- 1.2.3 Prepare the Bank Reconciliation Statement on 30 April 2023. (7)

**INFORMATION:**

- A. Extract of items that appeared on the Bank reconciliation statement on 31 March 2023:

Outstanding deposits:	on 26 March 2023	R9 500
	on 31 March 2023	R10 500
Outstanding EFT	No. 341	R4 650
Favourable balance on bank account in the ledger		R18 795

**NOTE:**

- The deposit on 26 March 2023 appeared on the April bank statement as R4 500. The difference must be written off as the cashier no longer works for the business.
  - All other outstanding amounts were correctly reflected on the April bank statement.
- B. The cash journals reflected the following provisional totals before the bank statement for April 2023 were received.
- Total for Cash Receipts Journal, R91 230
  - Total for Cash Payments Journal, R101 050

- C.** The following items on the bank statement for April 2023, must still be taken into account:
- Service fees, R245; credit card levies, R750; cash handling fees, R430
  - Interest credited, R200
  - Debit order to Eagle Secure for business insurance, R2 100
  - Direct deposit of R7 500 by a debtor
- D.** EFT no. 375 was recorded as R6 000 in the CPJ. This EFT appeared on the April bank statement with the correct amount of R600.
- E.** A stop order for repayment on loan, R10 000, appeared on the April bank statement. The loan however, was settled in March 2023. The loan company was informed of this mistake. This will be rectified on the next statement.
- F.** The following items appeared in the Cash Journals for April 2023, but not on the bank statement for April 2023:
- Deposit on 30 April 2023, R21 500
  - EFT no. 440, R2 250
- G.** The balance on the bank statement on 30 April 2023 was R ...?

### 1.3 CREDITORS' RECONCILIATION

You are provided with information from the records of Wakeford Traders for May 2023. The balance of the Creditors' Control account and the total of the Creditors' List were not the same.

#### REQUIRED:

- 1.3.1 Explain why the balance in the Creditors' Control account in the General ledger should correspond with the total of Creditors' List extracted from the Creditors Ledger. Provide ONE point. (2)
- 1.3.2 Complete the table in the ANSWER BOOK to reconcile the balance in the Creditors' Control account and the total of the Creditors' List. Show a "+" for increases and a "-" for decreases, next to each amount. (8)

#### INFORMATION:

<b>A.</b>	Balance of the Creditors' Control account on 31 May 2023	R111 340
	Total of the Creditors' List	R78 480

**B. An investigation revealed the following:**

- The creditors' list was added up incorrectly. It was understated by R960.
- The Creditor's' Control column in the May 2023 CPJ was R16 400. This amount was credited to the Creditors' Control account.
- A credit purchase invoice for R3 920 on 30 May 2023, was not yet recorded.
- Goods returned to a supplier, R1 000, was entered correctly in the CAJ and posted accordingly to the Creditors' Control account. It was however posted as R100 to the creditor's account in the Creditors Ledger.

**QUESTION 2: COST ACCOUNTING****(55 marks; 45 minutes)**

2.1 Indicate whether the following statements are TRUE or FALSE. Write only "true" or "false" next to the question numbers (2.1.1–2.1.4) in the ANSWER BOOK.

- 2.1.1 Carriage paid on raw materials purchased increases the cost of direct material issued for production. (1)
- 2.1.2 Advertising is part of factory overhead costs. (1)
- 2.1.3 Commission to sales staff is part of administration costs. (1)
- 2.1.4 Delivery expenses is part of sales and distribution costs. (1)

**2.2 SIVE MANUFACTURERS**

You are provided with information from the records of Sive Manufacturers for the year ended 28 February 2023. They manufacture one type of school bag.

**REQUIRED:**

- 2.2.1 Calculate the direct labour cost. (8)
- 2.2.2 Calculate the factory overhead cost. (15)
- 2.2.3 Prepare the Production Cost Statement for the year ended 28 February 2023. (8)

**INFORMATION:**

A. Stock balances:

	28 February 2023	1 March 2022
Raw material stock		
Work-in-progress stock	?	R240 560
Finished goods stock	R142 500	R165 000
Indirect factory materials	R22 650	R19 800

B. Labour cost for production:

Number of employees	14
Basic <b>monthly</b> salary per factory worker	R10 500
<b>Total</b> overtime hours for the year (by all workers)	3 100
Overtime rate per hour	R80
UIF deductions from <b>basic</b> salary	1%
Employer's contribution to UIF	R-for-R

- C. The factory foreman earns an annual salary of R234 000 (including all benefits).
- D. Indirect materials for the factory to the value of R57 600 were bought during the financial year.

**E. Expenses extracted from the trial balance on 28 February 2023:**

Rent expense	R172 800
Depreciation on factory equipment	R415 830
Water and electricity	R156 000
Insurance	R107 100

**Adjustments to be taken into account:**

- Rent expense must be allocated according to floor space occupied, as follows:

Floor space for factory	900 m <sup>2</sup>
Floor space for sales department	750 m <sup>2</sup>
Floor space for administration department	600 m <sup>2</sup>
Total floor space	2 250 m <sup>2</sup>

- Water and electricity usage must be shared as follows:

Factory	90%
Sales department	5%
Administration department	5%

- A payment of R4 200 for insurance on 2 February 2023 did not go through, due to a system failure. It will be paid on 1 March 2023. Insurance must be divided in a ratio of 3 : 2 : 2 between the factory, sales and administration departments respectively.

**F. Additional information:**

- Direct materials issued to the factory, R3 150 000
- Sales of finished goods, R9 300 000
- Cost of sales of finished goods, R6 022 500



### 2.3 RUSKS FOR YOU

The business produces healthy rusks. The owner is Linda Williams and the financial year-end is 31 May.

#### REQUIRED:

- 2.3.1 Calculate the break-even point for the year ended 31 May 2023. (4)
- 2.3.2 Comment on whether Linda should be satisfied with the number of units produced and sold during the financial year. Quote figures. (6)
- 2.3.3 Give TWO possible reasons for the increase in direct material cost per unit for the current financial year. (4)
- 2.3.4 Provide ONE reason why Linda may be concerned about the increase in the total fixed costs during the current financial year. (2)
- 2.3.5 Linda wants to reduce the content per packet and use the same packaging (which reflects the weight as 500 g) to save on costs. She wants to keep the selling price the same. What advice would you offer? Provide TWO points. (4)

#### INFORMATION:

	31 May 2023		31 May 2022	
	Total	Per unit	Total	Per unit
Direct material cost	984 000	R10,25	889 200	R7,60
Total variable cost	1 536 000	R16,00	1 462 500	R12,50
Total fixed costs	1 104 000	R11,50	945 000	R8,08
Total sales	2 688 000	R28,00	2 691 000	R23,00
Number of units produced and sold	96 000 units		117 000 units	
Break-even point	?		90 000 units	

**QUESTION 3: INVENTORY VALUATION****(35 marks; 30 minutes)**

- 3.1 Choose the correct answer from the given options. Write only the answer next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

FIFO; Periodic system; Perpetual system; Weighted average method

- 3.1.1 The stock system where the cost of sales is recorded for every sales transaction. (1)
- 3.1.2 The stock valuation method that is based on the assumption that the oldest stock is always sold first. (1)
- 3.1.3 The value of the closing stock is calculated by dividing the total amount spent in purchasing the stock by the number of units available for sale. (1)

**3.2 INVENTORY VALUATION**

You are provided with information relating to Global Jackets Ltd. The business is owned by Neville Ceder. They sell special jackets for matric learners. The business uses the **periodic inventory system** and the **weighted average** method to value their stock.

**REQUIRED:**

- 3.2.1 Calculate the value of the closing stock on 30 June 2023. (9)
- 3.2.2 Calculate the average stock holding period (in days) for jackets. (5)
- 3.2.3 Neville is concerned that despite placing a security guard at the door, jackets are still going missing. (4)
- Calculate the number of units missing. (4)
  - Give TWO points of advice on how Neville can address this problem. (4)
- 3.2.4 Recently Neville has learned that a competitor uses the FIFO method of valuing their stock of jackets. He is curious about this. (2)
- Explain the effect of a change to the FIFO method on the gross profit on jackets. (2)
  - Give ONE reason **for** changing the stock valuation method. (2)
  - Give ONE reason **against** changing the stock valuation method. (2)
- 3.2.5 A staff member has suggested that the company should sponsor the jackets to a local school whose 30 Grade 12 learners cannot afford to buy these special jackets in their matric year.

Explain why you consider this to be a good idea. Provide TWO reasons. (4)

**INFORMATION:****A. Stock balances**

	Units	Unit price	Total
1 July 2022	820		R416 290
30 June 2023	1 160		?

**B. Purchases during the year:**

Date	Units	Unit price	Carriage on purchases	Total amount R
10 August 2022	2 400	R538	R62 400	1 353 600
20 April 2023	705	R562	R19 740	415 950
28 June 2023	1 815	R600	R54 450	1 143 450
<b>TOTAL</b>	<b>4 920</b>			<b>2 913 000</b>

**C. Returns for the month: (cost price plus carriage were refunded)**

Returns from purchases	Units	Unit price	Carriage on purchases	Total amount R
10 August 2022	10			5 640
28 June 2023	5			?
<b>TOTAL</b>	<b>15</b>			<b>?</b>

**D. Sales:**

- 4 350 jackets were sold during the year.

**QUESTION 4: FIXED ASSETS****(25 marks; 20 minutes)****4.1 FIXED ASSETS**

The information relates to Maluti Traders Ltd. The financial year ended 28 February 2023.

**REQUIRED:**

- 4.1.1 Calculate the depreciation on equipment and on vehicles for the year ended 28 February 2023. (14)
- 4.1.2 Provide ONE reason why a company might decide to dispose of fixed assets. (2)

**INFORMATION:****A. Extract: Fixed Assets balances**

	<b>28 Feb 2023</b>	<b>1 March 2022</b>
Vehicles	?	444 150
Accumulated depreciation on vehicles	?	162 000
Equipment	600 000	?
Accumulated depreciation on equipment	?	440 000

**B. Additional information:**

- (i) New equipment, cost price R120 000 was bought on 1 May 2022.
- (ii) On 31 July 2022 a vehicle was sold for R81 000, cash. The original cost price was R164 250 and the accumulated depreciation of this vehicle on 1 March 2022 was R56 250.
- (iii) A new vehicle was bought on 1 September 2022 for R315 000.
- (iv) Equipment is depreciated by 20% p.a. on cost.  
Vehicles are depreciated by 20% p.a. on carrying value.

## 4.2 MANAGING FIXED ASSETS

Hlope Delivery Services owns three delivery vehicles. Phillip, the owner, is concerned about the control of the vehicles. He obtained some information from the supervisor, and requested your assistance.

### REQUIRED:

Identify ONE different problem with regards to each vehicle. Quote figures. Provide ONE point of advice for each problem identified.

(9)

### INFORMATION:

- A.** Goods are delivered to customers free of charge within a 30 km radius. Deliveries are not done over weekends.
- B.** Information supplied by the supervisor. It relates to the 4 weeks (20 days) during May 2023.

	Vehicle 1	Vehicle 2	Vehicle 3
Date purchased	1 Apr 2021	1 June 2018	1 May 2009
Carrying value	R210 000	R113 000	R1
Salary of driver per month	R11 000	R13 750	R11 000
Kilometers travelled	360 km	780 km	1 216 km
Number of deliveries made	24	40	38
Average kilometers per trip	15 km	19,5 km	32 km
Fuel costs (R20,80 per litre)	R420	R1 400	R2 150
Maintenance / service costs (monthly average)	R70 Service plan	R115	R285

25

**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 and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	
<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.	