

# SA's Leading Past Year

## Exam Paper Portal



You have Downloaded, yet Another Great Resource to assist you with your Studies 😊

Thank You for Supporting SA Exam Papers

Your Leading Past Year Exam Paper Resource Portal

Visit us @ [www.saexampapers.co.za](http://www.saexampapers.co.za)





**education**

**MPUMALANGA PROVINCE  
REPUBLIC OF SOUTH AFRICA**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ACCOUNTING P2**

**SEPTEMBER 2023**

**MARKS: 150**

**TIME: 2 HOURS**

**This question paper consists of 11 pages.  
A formula sheet and an 9- 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.

QUESTION	TOPIC	MARKS	MINUTES
1	Cost Accounting	35	28
2	Inventory Valuation	35	28
3	Reconciliations: Bank and Creditors	40	32
4	Budgeting	40	32
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: MANUFACTURING****(35 marks; 28 minutes)****1.1 PROTEA MANUFACTURERS**

Protea Manufacturers is a small manufacturing business that produces one type of fabric baskets. The business uses the weighted-average method to value their raw material stock. Their financial year ended on 30 June 2023.

**REQUIRED:**

- 1.1.1 Calculate the Direct labour cost on 30 June 2023 (5)
- 1.1.2 Prepare the Production Cost Statement for the year ended 30 June 2023. (13)
- 1.1.3 Identify ONE problem relating to the supervision of workers. Quote figures. (2)
- Suggest ONE strategy the business can use to improve the supervision of workers. (2)

**INFORMATION:****A. Stock balance:**

	30 June 2023	1 July 2022
Work-in-progress stock	?	22 450

**B. Raw material stock**

A total of 45 000 metres of fabric was issued from the storeroom for production. The weighted-average cost per metre is R11,65.

**C. Direct labour**

The business employs FIVE factory workers, with the following conditions:

- They must work 8 hours normal time per day for 5 days a week,
- 48 weeks a year, and
- they must produce two fabric baskets an hour during normal and overtime.

Details relating to total number of hours worked by workers and remuneration rates for the financial year ended 30 June 2023:

	Hours per worker	Rate per hour	Number of workers	Total
Normal time	1 400	R40	5	R?
Overtime	960			R384 000
	2 360			R?
<b>NOTE:</b> The employer's contribution amounts to 11,5% of normal time wage.				

**D. Factory overhead cost:**

The bookkeeper calculated the factory overhead cost as R134 900. However, he made the following error, which must still be adjusted:

- He included the full amount of R33 600 for water and electricity expense. Only 75% of this expense must be allocated to the factory. The balance is an administration cost.

- E.** The business produced 20 500 fabric baskets during the financial year, at a unit cost of R65.

**1.2 QUENCHER BOTTLE MANUFACTURERS**

Quencher Bottle Manufacturers produces and sell bottles. The business is owned by Ronny Shai. The financial year ended on 31 July 2023.

**REQUIRED:**

- 1.2.1 Provide a calculation to confirm that the break-even point of 2 520 units for 2023 is correct. (4)
- 1.2.2 Comment on the level of production achieved and the break-even point on 31 July 2023. Quote figures. (3)
- 1.2.3 Provide TWO possible reasons for the change in direct material cost per unit. (4)
- 1.2.4 The owner, Ronny, does not understand why the fixed costs per unit decreased although production has increased. Prove ONE explanation. (2)

**INFORMATION:**

The following information was taken from the books on 31 July:

Information	2023	2022
	Per unit	Per unit
<b>Fixed Costs</b>	R21	R23
Factory overhead cost	R15	R17
Administration cost	R6	R6
<b>Variable Costs</b>	R75	R65
Direct material cost	R40	R32
Direct labour cost	R25	R24
Selling and distribution costs	R10	R9
Selling price	R100	R100
Break-even point	2 520 units	1 643 units
Number of units produced and sold	3 000 units	2 500 units

**QUESTION 2: INVENTORY VALUATION****(35 marks; 28 minutes)**

- 2.1 Choose a word/term from the list provided for each of the descriptions below. Write only the word/term next to the question number (2.1.1–2.1.3) in the ANSWERBOOK.

periodic inventory; perpetual inventory; first-in-first-out;  
weighted average; specific identification method

- 2.1.1 This valuation method is suitable for low cost stock items that are purchased on a more regular basis.
- 2.1.2 This valuation method is suitable for very expensive, individually identifiable stock items.
- 2.1.3 This stock system records the cost of goods sold at the point of sales.

(3 x 1) (3)

**2.2 RELAY BICYCLE SHOP**

Relay Bicycle Shop is owned by Dumi Khoza. The business sells bicycles. The financial year ended on 30 June 2023. They use first-in-first-out and the periodic stock system to value their stock.

**REQUIRED:**

- 2.2.1 Calculate the value of the stock on hand on 30 June 2023 using the first in first out method (FIFO). (5)
- 2.2.2 Calculate the stockholding period (in days) on 30 June 2023. Use the closing stock figure. (6)
- 2.2.3 Comment on the stockholding period. Provide ONE point with figures. Note that the stockholding period for 2022 was 120 days. (2)
- 2.2.4 Dumi is concerned about the control over the stock of bicycles.
- Calculate the number of bicycles missing. (5)
  - Provide ONE internal control measure he can use to solve this problem, besides installing cameras. (2)

**INFORMATION:****A. Stock records of bicycles:**

	Number of units	Price per unit	Total value
Opening stock (1 July 2022)	80	?	R320 000
Closing stock (30 June 2023)	198	?	?

**B. Purchases:**

	Units	Price per unit	Total purchases
<b>Purchases</b>	<b>640</b>		<b>R 2 682 500</b>
August 2022	245	R 3 700	R906 500
January 2023	205	R 4 400	R902 000
May 2023	190	R 4 600	R874 000

**C. Returns:**

Five (5) bicycles were returned from the May 2023 purchases.

**D. Sales:**

Total sales amounted to R3 289 500 (510 bicycles sold at R6 450 each).

**2.3 MANAGEMENT OF INVENTORIES: BUHLE SHOE BOUTIQUE**

Buhle Brown owns a small shoe boutique which sell tekkies, sandals and shoes. Their financial year ends on 28 February each year. Buhle took the following decisions at the beginning of the 2023 financial year:

- She changed to the new supplier of sandals,
- She reduced the selling price of shoes in reponse to a new competitor who sells similar shoes at R990.

**REQUIRED:****2.3.1 Tekkies:**

Provide TWO points which shows that Buhle and her customers are happy with the quality of Tekkies. Quote figures.

(4)

**2.3.2 Sandals:**

Explain why it was a good idea to change to a cheaper supplier of Sandals. State TWO points. Quote figures

(4)

**2.3.3 Shoes:**

Identify TWO different problems that Buhle continued to experience in 2023 even though she reduced the selling price of shoes as a strategy in response to a new competitor. Quote figures.

(4)

**INFORMATION:**

	Tekkies		Sandals		Shoes	
	2023	2022	2023	2022	2023	2022
Units on hand: 1 March 2022	15	47	30	98	9	12
Units purchased during the year	225	180	102	76	118	120
Returns to supplier	0	0	2	28	2	2
Units sold	230	210	114	130	100	123
Units on hand: 28 February 2023	10	15	18	30	25	9
Stockholding period	16 days	26 days	58 days	84 days	91 days	28 days
Cost price per unit	R1 000	R700	R50	R80	R650	R620
Value of closing stock	R10 000	R10 500	R900	R2 400	R16 250	R5 580
Selling price per unit	R1 650	R1 085	R75	R120	R910	R1 054
Gross profit	R149 500	R80 850	R2 850	R5 200	R26 000	R53 382
Mark-up %	65%	55%	50%	50%	40%	70%



**QUESTION 3: RECONCILIATIONS: BANK AND CREDITORS****(40 marks; 32 minutes)****3.1 BANK RECONCILIATION**

The information relates to Rainbow Suppliers. The business is owned by Thami Louw.

They update their records after receiving the Bank Statement on the 25<sup>th</sup> of each month. EFTs are renumbered according to date order before recording in journals.

**REQUIRED:**

- 3.1.1 Show the entries that must be recorded in the Cash Journals by completing the table provided in the ANSWER BOOK. (9)
- 3.1.2 Calculate the correct bank balance in the ledger on 31 July 2023. (4)
- 3.1.3 Prepare the Bank Reconciliation Statement on 31 July 2023. (8)
- 3.1.4 Explain TWO concerns the owner should mention to the bookkeeper relating to the internal control over cash resources. Quote figures. In each case, explain a strategy to prevent such problems in future. (6)

**INFORMATION:****A.** Bank Reconciliation Statement on 30 June 2023:

Favourable balance as per Bank Statement		R18 450
Outstanding deposits:	Dated 10 June 2023	12 600
	Dated 25 June 2023	15 000
Outstanding EFT's:	No. 613	13 400
	No. 614 (dated 29 July 2023)	6 950
Favourable balance as per Bank Account in the Ledger		25 700

**NOTE:**

On comparing the July 2023 Bank Statement, received from RSA Bank, with the Bank Reconciliation Statement of June 2023, the following were noted:

- The outstanding deposit of R15 000 did not appear on the July Bank Statement. An investigation revealed that this money was never deposited. The cashier cannot account for the cash.
  - EFT no. 613 was correctly reflected as R14 300 on the July Bank Statement.
  - The other outstanding amounts from the previous month appeared on the July Bank Statement.
- B.** The provisional totals in the Cash Journals, before receiving the July 2023 Bank Statement reflected:

Cash Receipts Journal	Cash Payments Journal
R510 600	R484 450

- C.** The following items on the July 2023 Bank Statement must still be recorded:
- (i) Transaction fees, R1 425
  - (ii) Interest on favourable bank balance, R145.
  - (iii) A direct deposit of R6 250 from a tenant.
  - (iv) A debit order of R1 850 for the monthly insurance appeared twice on the Bank Statement. The bank will rectify the problem next month.
  - (v) A debit card payment of R2 700 for a battery for the business vehicle. Thami, the owner, neglected to submit the transaction slip to the bookkeeper.
- D.** The following entries were in the Cash Journals after the 25 July 2023:
- A deposit of R10 000 on 28 July 2023
  - EFT no. 652, R5 650 (dated 29 July 2023)
  - EFT no. 655, R1 445 (dated 30 July 2023)
- E.** Bank Statement balance on 31 July 2023: R?

### 3.2 CREDITORS RECONCILIATION

The Creditors' Control Account and Creditors' List of Titus Stores were prepared by an inexperienced bookkeeper.

#### REQUIRED:

- 3.2.1 Indicate the changes that must be made in the Creditors' Control Account and Creditors' List to take into account the errors and omissions noted. Indicate an increase with a (+) or decrease with a (-) next to each amount. (9)
- 3.2.2 The owner of Titus Stores is not satisfied with the service and quality of goods ordered from creditor Spring Ltd. Explain TWO factors that he must consider before changing to another supplier. (4)

#### INFORMATION:

- A.** Balance and total:

Creditors' control balance	Creditors list total
R70 650	R32 600

- B.** Errors and omissions noted:

- (i) The total of the Creditors' List was undercast by R900.
- (ii) A credit purchase from Mello Suppliers for R3 720 was not recorded in the books of the business.
- (iii) Trading stock returned to Spring Ltd, R7 200, was entered correctly in the Creditors Allowances Journal (CAJ), but was posted as R2 700 to the creditors ledger account.
- (iv) The Creditors Control total in the Cash Payments Journal is R16 400. The bookkeeper credited this to the Creditors Control account by mistake.
- (v) An invoice for R8 850 for stock purchased from Milly Market on account has been correctly recorded in the Creditors Journal, but has not been posted to their account in the Creditors ledger.

**QUESTION 4: BUDGETING****(40 marks; 32 minutes)**

You are provided with the information relating Bell Traders for the budgeted period October and November 2023. The business is owned by Jane Pilley.

**REQUIRED:**

4.1 Complete the Debtors' Collection Schedule for November 2023 (7)

4.2 **Refer to Information H and I:**

Calculate (i) - (iii) as provided in the budget. Use budgeted figures in your calculations. (11)

4.3 Cash balances:

- Comment on the cash balances. Provide figures. (2)
- Explain how Jane can improve the cash balances in future. Provide TWO points. (4)

4.4 Calculate the following:

4.4.1 The percentage increase in rent on 1 November 2023 (3)

4.4.2 The amount of the interest on fixed deposit expected to be received in November 2023 (3)

4.5 **Refer to Information H.**

Identify TWO payments that you consider to be poorly managed in October 2023. In EACH case, give a suggestion to improve the internal control of the items identified. (6)

4.6 **Refer to Information J:**

Provide TWO reasons why Jane should be concerned about the control over debtors. Quote figures. (4)

**INFORMATION:**

A. The Debtors' Collection Schedule for October and November 2023.

Month	Credit sales	October	November
August 2023	74 000	16 280	
September 2023	68 000	27 200	?
October 2023	70 000	24 010	?
November 2023	64 000		?
Cash from debtors		67 490	?

B. Debtors pay according to the following trend:

- 35% is paid in the month of sale. They receive a 2% discount.
- 40% is paid in the month following the sales month.
- 22% is paid two months after the sales month.
- 3% is bad debts.

- C. All goods are sold at a profit mark-up of 25% on cost.
- D. Stock sold is replaced in the month of sale (a stock base is maintained).
- E. All stock is purchased on credit. Creditors are paid in the month following the month of purchase to receive a 5% early settlement discount.
- F. The business employs four sales assistants on the same salary scale. They will receive an inflationary increase of 7,5%, effective from 1 November 2023. An additional sales assistant will be employed on 1 November on the same salary scales as the others, but she will not receive the increase.
- G. A fixed deposit matures on 30 November 2023. This will be received together with interest at 8% p.a. for the last quarter of its term.
- H. **Extract from budget for October 2023 and November 2023**

	October		November
	Budgeted	Actual	Budgeted
<b>Receipts</b>			
Cash sales	17 500	18 640	16 000
Cash from debtors	67 490	43 870	?
Rent income	11 200	11 200	12 544
Fixed deposit (including interest)	-	-	16 830
<b>Payments</b>			
Payments to creditors (for stock)	64 600	64 600	(i)
Salaries: office staff	19 000	19 000	20 900
Salaries: sales assistants	20 800	20 800	(ii)
Municipal services	10 600	10 600	11 000
Drawings	3 000	5 500	3 000
Stationery	1 200	1 250	1 200
Maintenance of office equipment	3 800	1 500	3 800
Advertising	2 400	1 000	2 400

- I. **After finalizing the budget, the following was identified:**

<b>Cash surplus/ deficit</b>	(iii)	(60 290)	?
<b>Bank balance: beginning of month</b>	52 500	14 890	14 890
<b>Bank balance: end of month</b>	14 890	(45 400)	?

- J. **Debtors' Age Analysis on 30 October 2023**

**NOTE:** Credit terms are 30 days.

Total owed	Current	30 days	60 days	90 days
R62 500	19 375	26 875	11 250	5 000
100%	31%	43%	18%	8%

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