



Province of the
EASTERN CAPE
EDUCATION



NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2024

ACCOUNTING P2

MARKS: 150

TIME: 2 hours

This question paper consists of 14 pages, including
a formula sheet and a 9-page answer book.

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. 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 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	Reconciliations and Internal Control	45	35
2	Cost Accounting	50	40
3	Inventory and Internal Control	30	25
4	Fixed Assets	25	20
TOTAL		150	120

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QUESTION 1: RECONCILIATIONS AND INTERNAL CONTROL (45 marks; 35 minutes)

1.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the numbers (1.1.1 to 1.1.5) in the ANSWER BOOK.

- 1.1.1 Credit card sales are regarded as cash transactions. (1)
- 1.1.2 Businesses that do online banking, do not need to do bank reconciliations. (1)
- 1.1.3 Interest on overdraft is recorded as bank charges. (1)
- 1.1.4 A credit balance on the bank statement indicates a favourable balance. (1)
- 1.1.5 A business must record cash losses immediately when suspected, according to the materiality concept of GAAP. (1)

1.2 **BANK RECONCILIATION**

You are provided with information from the records of Bird Traders. Sam Sly is the only person responsible for bank deposits.

REQUIRED:

- 1.2.1 Calculate the correct totals in the Cash Receipts Journal and Cash Payments Journal for June 2024. Use the table in the ANSWER BOOK. (14)
- 1.2.2 Prepare the Bank Reconciliation Statement on 30 June 2024. (7)
- 1.2.3 It appears that it will not be possible for Bird Traders to recover the outstanding deposit dated 24 May 2024 (see Information A). Explain ONE point to illustrate a possible cause of the missing deposit. Provide ONE action that could be taken against Sam Sly. (4)

INFORMATION:

- A. Except for an outstanding deposit, R30 000, dated 24 May 2024 received for cash sales, all outstanding items that appeared on the Bank reconciliation statement on 31 May 2024 were correctly reflected on the Bank Statement of June 2024.
The R30 000 was never deposited into the bank account. Sam Sly cannot account for the missing cash. Bird Traders decided to write off this amount.
- B. The balance on the bank statement on 30 June 2024 is R40 090 (favourable).
- C. The provisional totals in the cash journals for June 2024, before reconciling with the bank statement, are:
- Total for Cash Receipts Journal, R710 000
 - Total for Cash Payments Journal, R663 600
- D. The June 2024 bank statement reflected charges for internet banking R1 800, service fees R510 and interest on the favourable bank balance, R240.

- E.** Two direct deposits appeared on the bank statement only:
- R8 500 from a tenant, G Hair
 - R15 000 from Super Foods. This seems to be a mistake, as Super Foods is not known to Bird Traders.
- F.** EFT no. 633 for a computer was reflected as R4 850 in the CPJ, but on the bank statement it was reflected as R8 450. The amount on the bank statement is correct.
- G.** An EFT for R2 450 in favour of Spic and Span for cleaning services was duplicated on the bank statement.
- H.** The following items appeared in the Cash Journals for June 2024, but not on the bank statement for June 2024:
- EFT no. 653, R3 250
 - Deposit on 30 June 2024, R27 900
- I.** The balance of the bank account on 30 June 2024 is the balancing figure.

1.3 CREDITORS' RECONCILIATION

You are provided with information from the records of Shark Traders for June 2024. Shark Traders buys goods on credit from Dragon Suppliers.

REQUIRED:

- 1.3.1 Show the changes to the Creditors Ledger account balance and the Statement balance for each of the differences listed below. Indicate whether the amount must be added (+) or subtracted (-) to the given balance. Use the table provided in the ANSWER BOOK. (13)
- 1.3.2 Refer to information (vi):
An investigation revealed that these goods were ordered by the owner for his personal use. As an internal auditor, what advice would you offer the owner regarding the purchase of goods through the business's accounts? Give ONE point. Make reference to a GAAP principle in your explanation. (2)

INFORMATION:

- A.** Balance of Dragon Suppliers in the Creditors Ledger account, R174 640 (Cr).
Balance as per statement received from Dragon Suppliers, R190 800 (Dr).
- B. An investigation revealed the following differences:**
- (i) A payment of R13 000 by Shark Traders was omitted in the Creditors Ledger Account of Dragon Suppliers and on the Statement received.
 - (ii) An invoice for R28 600 received from Dragon Suppliers was recorded correctly by Shark Traders. The statement of account reflected R26 800.
 - (iii) Shark Traders correctly recorded a discount of R1 600 for early payment. This was not shown on the statement.
 - (iv) Shark Traders recorded a debit note for R2 500 in the ledger account of Dragon Suppliers in error. This was for goods returned to another supplier.
 - (v) A credit note for R4 000 received from Dragon Suppliers for an allowance granted, was incorrectly recorded as an invoice by Shark Traders.
 - (vi) The statement of account showed the following items that were not recorded by Shark Traders:
Delivery charges for the month, R7 060
Invoice for goods purchased, R4 800
 - (vii) A payment of R10 000 made on 28 June 2024 by Shark Traders, was recorded in the Creditors Ledger account of Dragon Suppliers. The statement was dated 26 June 2024.

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QUESTION 2: COST ACCOUNTING**(50 marks; 40 minutes)**

- 2.1 Match the concepts in COLUMN A with a description in COLUMN B. Write only the letters (A–E) next to the question numbers (2.1.1 to 2.1.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	Factory overhead cost	A	Salary of delivery man
2.1.2	Variable costs	B	Factory rent
2.1.3	Selling and distribution costs	C	Costs that vary in proportion to the number of units produced
2.1.4	Fixed costs	D	Cost of production for one unit
2.1.5	Unit cost	E	Costs that remain constant irrespective of the number of units produced

(5)

2.2 **TENTS FOR AFRICA LTD**

Tents for Africa Ltd manufactures tents for outdoor camping.

REQUIRED:

- 2.2.1 Calculate the direct material cost. (6)
- 2.2.2 Calculate the factory overhead cost. (11)
- 2.2.3 Prepare the Production Cost Statement for the year ended 31 May 2024. (10)

INFORMATION:**A. Stock on hand:**

	31 May 2024	1 June 2023
Raw material	R75 200	R84 800
Work-in-progress stock	73 600	55 200

- B.** Raw material purchased during the financial year, R1 492 500.
Carriage paid on raw material purchased, R77 000.
Raw material returned to suppliers, R1 500.

C. Factory overheads:

Foreman's salary	R396 000
Depreciation on factory equipment	173 120
Rent expense	214 480
Water and electricity	237 040
Insurance	69 690
Indirect material	45 200

- Rent expense must be shared between the factory, sales department and office in the ratio 5 : 1 : 1.
- The factory is responsible for 75% of the water and electricity expenses.
- $\frac{2}{3}$ of the insurance expenses must be allocated to the factory.
- Indirect material was used as follows: 10% by the offices, 25% by the sales department and the balance by the factory.

- D. 396 tents were produced at a cost of R8 100 each.
- E. Direct labour cost is the balancing amount.

2.3 BRIGHT LTD

Bright Ltd produces rechargeable battery units for use during load shedding. The financial year ended 29 February 2024.

REQUIRED:

- 2.3.1 Calculate the break-even point for the year ended 29 February 2024. (6)
- 2.3.2 Compare and comment on the break-even point and the level of production for 2023 and 2024. Quote figures. (6)
- 2.3.3 Provide TWO possible reasons for the increase in direct material cost per unit for the current financial year and suggest TWO ways in which this can be controlled. (6)

INFORMATION:

A. Costs for the year ended 28/29 February:

	2024		2023
	TOTAL AMOUNT	UNIT COST	UNIT COST
Direct material cost	R345 600	R360	R312
Direct labour cost	489 600	510	484
Factory overhead cost	307 200	320	312
Selling and distribution cost	297 600	310	304
Administration cost	240 000	250	258

B. Additional information for the financial year ended 28/29 February:

	2024	2023
Total sales	R651 200	R1 836 000
Selling price per unit	R1 720	R1 700
Number of units produced and sold	960 units	1 080 units
Break-even point	?	1 016 units

QUESTION 3: INVENTORY AND INTERNAL CONTROL**(30 marks; 25 minutes)**

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

- 3.1.1 The (specific identification / weighted average) stock valuation method is best suited for similar items, with similar prices which is bought in large quantities. (1)
- 3.1.2 Stock valued according to the (first-in-first-out / weighted average) method is best suited for stock where technological innovations are important. (1)
- 3.1.3 The (specific identification / first-in-first-out) stock valuation method is best suited for expensive, individually identifiable stock items. (1)

3.2 INVENTORY VALUATION

You are provided with information relating to Thandi Traders, owned by Thandi Buzi. The business sells tracksuits. The business uses the **periodic inventory system** and the **first-in-first-out (FIFO)** method to value their stock. The financial year ended 30 April 2024.

REQUIRED:

- 3.2.1 Calculate the value of the closing stock on 30 April 2024 using the FIFO method. (7)
- 3.2.2 Calculate:
- Mark-up percentage achieved on cost (4)
 - Stock holding period (in days) using the average stock (4)
- 3.2.3 The business tries to achieve a 30% mark-up on cost. As the internal auditor, explain TWO points of concern relating to the mark-up achieved, that you would investigate, after studying the available information. (4)
- 3.2.4 Discuss whether the owner should be satisfied with the stock holding period. (The stock holding period for 2023 was 30 days.) (4)
- 3.2.5 Thandi Traders are planning to donate 10 tracksuits to the local netball club for an upcoming tournament. The sales manager alleged that this will be a waste of money and lost profit. Explain why you would DISAGREE with him. Provide TWO points. (4)

INFORMATION:**A. Stock balances for tracksuits:**

	Units	Unit price	Total
1 May 2023	2 400	R320	R768 000
30 April 2024	3 880	?	?

B. Purchases and returns:

	Units	Unit price	Total amount
Purchases: (carriages included)			
8 July 2023	3 000	R440	R1 320 000
12 September 2023	7 600	R520	R3 952 000
7 December 2023	2 720	R400	R1 088 000
14 March 2024	3 520	R480	R1 689 600
	16 840		R8 049 600
Returns:			
9 December 2023	(240)	R400	(R96 000)
15 March 2024	(600)	R480	(R288 000)
TOTAL	16 000		R7 665 600

C. Sales and cost of sales:

Sales (14 400 tracksuits at R560 each)	R8 064 000
Cost of sales	R6 648 000

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

The information relates to Zee's Wholesalers. The financial year ended 29 February 2024.

REQUIRED:

- 4.1.1 Prepare the Asset Disposal account on 31 December 2023. (6)
- 4.1.2 Calculate the total depreciation on vehicles for the year ended 29 February 2024. (5)
- 4.1.3 Calculate the carrying value of vehicles on 29 February 2024. (5)

INFORMATION:**A. Balances:**

Vehicles (29 February 2024)	R1 932 400
Accumulated depreciation on vehicles (1 March 2023)	R1 099 200

B. Additional information:

- (i) On 31 December 2023 a vehicle was sold for R30 000 cash. **No entries** were made for this transaction.
The cost price of the vehicle sold was R132 400 and accumulated depreciation on the vehicle sold was R86 450 on 1 March 2023.
- (ii) Vehicles depreciate at 15% p.a. on cost.

4.2 MANAGING FIXED ASSETS

Sam Chauke is the owner of three printing shops. Each shop has its own manager. Each shop has a laser printer designed for bulk printing of up to 100 000 copies per month. R2,40 per copy is charged.

REQUIRED:

Identify ONE problem in relation to each shop, quoting figures in identifying each problem.

Provide ONE point of advice for solving each problem identified.

(9)

INFORMATION FOR MAY 2024:

	Shop 1	Shop 2	Shop 3
Manager	Tyali	Dumisa	Zweni
Purchase date of printer	1 June 2018	1 June 2022	1 June 2023
Cost price of printer	R60 000	R100 000	R140 000
Accumulated depreciation	R59 999	R40 000	R28 000
Number of copies printed and sold	140 000	100 000	40 000
Number of spoilt copies	1 930	11 740	360
Ink and consumables used	R29 600	R39 000	R8 800
Repairs and maintenance	R8 000	R2 800	R400
Other monthly operating expenses	R34 000	R34 000	R34 000
Cash from customers deposited	R264 000	R240 000	R96 000

25

TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

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