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**REPUBLIC OF SOUTH AFRICA**

## SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

**ACCOUNTING P2**

**MAY-JUNE 2024**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 13 pages,  
a formula sheet and a 12-page answer book.**

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**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 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	30	25
2	VAT and Stock Valuation	40	30
3	Cost Accounting	40	30
4	Budgeting	40	35
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: RECONCILIATIONS****(30 marks; 25 minutes)****1.1 BANK RECONCILIATION**

The information relates to Scot Traders, owned by Scot Salaza. The business receives the official Bank Statement on the 25<sup>th</sup> of each month.

**REQUIRED:**

- 1.1.1 Calculate the correct Bank Account balance on 31 May 2024. (8)
- 1.1.2 Prepare the Bank Reconciliation Statement on 31 May 2024. (6)
- 1.1.3 Scot has been convinced by his bank manager that he should use online banking for his business, particularly as this makes payments easier through the use of electronic funds transfer (EFT). Scot is planning to employ Kiki to be responsible for all matters related to online banking.
- Explain TWO important instructions that Scot should give to Kiki to ensure that corruption does not occur with regard to the processing of EFTs. (4)

**INFORMATION:**

- A. The bookkeeper calculated the provisional bank balance as a positive R9 050 on 31 May 2024 using the opening Bank Account balance and totals from the Cash Receipts Journal (CRJ) and the Cash Payments Journal (CPJ), before receiving the May 2024 Bank Statement.

**B. Figures from the Reconciliation Statement on 30 April 2024:**

Unfavourable balance as per Bank Statement		R1 550
Outstanding deposits:	16 April 2024	4 000
	26 April 2024	15 000
Outstanding EFTs:	No. 632	7 800
	No. 633	5 480
Favourable Bank Account balance as per General Ledger		4 170

**NOTE:**

- The deposit on 16 April 2024 for R4 000 and EFT 632 for R7 800 were reflected on the May Bank Statement.
- The deposit on 26 April 2024 appeared as R10 000 on the Bank Statement. The cashier at the time was dismissed for theft, and this amount has to be written off.
- EFT 633 appeared on the May Bank Statement with the correct amount of R4 580.

- C. A comparison of the May 2024 Bank Statement with the Cash Journals revealed the following:
- (i) Bank charges, on the Bank Statement only, amounted to R310.
  - (ii) A debit order for advertising, R1 780, was not recorded in the CPJ and was duplicated on the Bank Statement. The bank will correct the error next month.
  - (iii) The Bank Statement reflected a direct deposit into the business bank account for R25 000. This is an error by the payer. The bank will reverse the entry next month.
  - (iv) Interest on fixed deposit, R1 060, appeared on the statement but not in the journals.
  - (v) A deposit of R17 500 appeared in the CRJ, dated 27 May 2024.
  - (vi) EFT 819 for R11 880 was recorded in the CPJ on 28 May 2024.
- D. The May 2024 Bank Statement reflected a balance of R?

## 1.2 DEBTORS' RECONCILIATION

Sidney Stores is a general dealer selling groceries for cash and on credit.

### REQUIRED:

Calculate the correct balance for EACH debtor on the list provided. Negative balances must be shown in brackets or with a '-' sign. (12)

### INFORMATION:

#### A. Extract from the debtors' list (before errors and omissions):

A. Judy	DL1	R27 750
B. Benior	DL2	(400)
C. Oliver	DL3	19 300
D. Fiery	DL4	2 900

#### B. Errors and omissions

- (i) A receipt, R9 000, from Judy was posted in error to the Debtors' Ledger Account of Benior.
- (ii) Goods returned by Fiery, R7 100, appeared correctly in the DAJ. This, however, was posted as R710 to his account in the Debtors' Ledger.
- (iii) An invoice for R3 000 to Oliver was correctly recorded in the DJ. This, however, was erroneously posted as a receipt to his account in the Debtor's Ledger.
- (iv) During a sales promotion at Sidney Stores, Oliver bought goods on credit for R2 400 after being granted a 25% trade discount. However, the bookkeeper entered the gross amount in error to the DJ and posted this accordingly to the Debtor's Ledger.

**QUESTION 2: VAT AND STOCK VALUATION****(40 marks; 30 minutes)****2.1 VAT**

The information relates to Mphati Enterprises owned by partners John, Jacob and Jeremiah. The business is registered for VAT. They buy and sell standard and zero-rated products for cash and on credit. The standard VAT rate is 15%.

**REQUIRED:**

- 2.1.1 Calculate the VAT amount on the goods sold by the business. (4)
- 2.1.2 Calculate the amount payable to or receivable from SARS on 30 April 2024. (7)

**INFORMATION:**

A. **Balance:** Amount due by SARS on 1 April 2024: R5 340.

B. **Transactions affecting VAT calculations for April 2024:**

	VAT EXCLUSIVE R	VAT AMOUNT R	VAT INCLUSIVE R
<b>Purchases of stock:</b>	<b>730 000</b>		
• Standard-rate products	548 000	82 200	630 200
• Zero-rated products* see note below	182 000		
Total sales* see note below	839 800		
Debtors' accounts written off			31 510
Discounts received from creditors		4 800	

**\*NOTE:** All the zero-rated goods purchased were sold at 10% below cost during a sales promotion event. This amount is included in the total sales figure. There were no other zero-rated goods sold during April 2024.

**INVENTORY VALUATION**

The information relates to Cell Scene Ltd. Nadine is the chief executive officer (CEO). The financial year ended on 29 February 2024.

- Cell Scene Ltd buys and sells two models of cellphones. **CLEO** is more expensive, while **BRUMA** is a basic and cheaper phone.
- All stock is valued using the specific identification valuation method.
- All goods are sold for cash or on credit card.
- There were no units missing during the year due to effective internal control measures.

**REQUIRED:**

- 2.2 In addition to the two models of cellphones currently being sold, the directors are investigating whether a 3<sup>rd</sup> model, the **LITCHI**, should be imported from the USA. The first batch to be ordered would consist of 300 LITCHI phones. **See Information A.** Calculate the expected cost price of one LITCHI phone in rands per unit. (5)
- 2.3 Calculate the total value of the closing stock of the **CLEO** and **BRUMA** phones on 29 February 2024, using the specific identification method. (6)
- 2.4 Calculate the average stock turnover rate for the **CLEO** phone for 2024. (6)
- 2.5 The directors took decisions to adjust the mark-up % on **CLEO** and **BRUMA** phones for the 2024 financial year. Explain how these decisions impacted on the gross profit and cash flow of the company as well as on the stock turnover rate of each model over the past two years. Quote figures and trends. (8)
- 2.6 If the directors go ahead with the **LITCHI** phones and order a lot more in the future and sell it at a mark-up of 40% on cost, how could this impact on the sales of the **CLEO** and **BRUMA** phones? Explain, quoting figures to support your opinion. (4)

**INFORMATION:****A. SUGGESTED IMPORTING OF THE LITCHI PHONES**

Unit price in US dollars	\$280
Number of LITCHI phones in first batch ordered	300 units
Exchange rate	\$1,00 = R17,50
Customs duty/taxes to be paid on delivery	12%
Total shipping costs from the USA to South Africa	R303 600



**B. EXTRACT FROM THE STOCK & SALES RECORDS**

	CLEO		BRUMA	
	2024	2023	2024	2023
Units on hand at beginning of year	270	400	200	300
Units purchased	2 265	1 345	2 450	2 440
Units sold during the year	2 180	1 475	1 730	2 540
Units on hand at end of year	?	270	920	200
Value of closing stock at year-end	?	R2 160 000	?	R400 000
Cost price per unit	R8 000	R8 000	R2 500	R2 000
Selling price per unit	R11 200	R12 000	R4 250	R3 000
% mark-up	40%	50%	70%	50%
Total sales	R24 416 000	R17 700 000	R7 352 500	R7 620 000
Gross profit	R6 976 000	R5 900 000	R3 027 500	R2 540 000
Stock turnover rate	?	4,4 times	3,1 times	10,2 times

**QUESTION 3: COST ACCOUNTING****(40 marks; 30 minutes)**

- 3.1 Choose a cost category from COLUMN B that matches the example in COLUMN A. Write only the letter (A–D) next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

COLUMN A	COLUMN B
3.1.1 Delivery expenses	A factory overhead
3.1.2 Office stationery	B selling and distribution
3.1.3 Salary of the factory supervisor	C direct material
	D administration

(3)

**NARDO MANUFACTURERS**

The business manufactures uniforms for construction workers. The financial year ended on 29 February 2024.

**REQUIRED:**

- 3.2 Calculate the correct factory overhead cost by taking into account the errors and omissions. (7)
- 3.3 Complete the Production Cost Statement for the financial year. (10)

**INFORMATION:****A. Factory overhead costs:**

The bookkeeper calculated the factory overhead cost as R258 200.

The following errors and omissions were identified and must be taken into account:

- (i) Water and electricity expense was omitted from the factory overhead cost. 75% of this expense must be allocated to the factory and the remaining 25% to administration. R9 600 was correctly allocated to administration.
- (ii) The total rent expense, R142 800, was recorded in the Factory Overhead Cost Account. This should have been shared according to floor area as follows:

Factory	Sales Department	Administration
220 m <sup>2</sup>	120 m <sup>2</sup>	80 m <sup>2</sup>

- (iii) Insurance expense, R48 000, was allocated to factory overheads in error using the ratio 4 : 2 : 1. However, the correct ratio is 5 : 2 : 1.

**B. Raw material stock:**

Stock of raw material (fabric) transferred to the factory is valued using the FIFO method. Stock records revealed the following:

	Quantity (metres)	Cost per metre	Total cost
Stock on 1 March 2023	8 000 m	R10,50	R84 000
<b>Purchases of fabric</b>	<b>62 000 m</b>		<b>R739 600</b>
June 2023	42 000 m	R11,80	R495 600
October 2023	20 000 m	R12,20	R244 000
<b>Total fabric available</b>	<b>70 000 m</b>		<b>R823 600</b>
Issued to factory	59 500 m	?	?

**C. Work-in-progress stock:**

	29 Feb. 2024	28 Feb. 2023
<b>Balance</b>	?	R30 700

**D. Production:**

20 200 uniforms were produced during the financial year at a cost of R79,00 per uniform.

**This question is continued on the next page.**

**KYLA'S HIKING GEAR STORE**

The business, owned by Kyla Coetzee, makes hiking bags and hiking jackets.

**NOTE:** Where comments or explanations are required, you must:

- Quote calculations, figures and/or trends
- Give a reason or an explanation in each case

**REQUIRED:****HIKING BAGS**

- 3.4 Comment on the control over direct material cost of hiking bags. Quote figures. Give TWO reasons that may have contributed to the change in the unit cost. (4)
- 3.5 Explain whether the decision to increase the selling and distribution cost of hiking bags was beneficial to the business or not. Quote figures. (3)
- 3.6 Kyla plans to increase the production of hiking bags by an additional 2 500 units over the next financial year. Assuming no change to the current cost structure, calculate the additional net profit that she could expect to earn in 2025. (5)

**HIKING JACKETS**

- 3.7 Comment on the fixed cost per unit of hiking jackets and explain the major cause for the change in this unit cost. (4)
- 3.8 Identify the production cost of hiking jackets that should be of serious concern to Kyla. Provide TWO valid solutions to this problem. (4)

**INFORMATION:**

	HIKING BAGS		HIKING JACKETS	
	2024	2023	2024	2023
<b>Variable cost per unit</b>	<b>R615,00</b>	<b>R442,00</b>	<b>R336,00</b>	<b>R285,00</b>
Direct material cost per unit	R320,00	R230,00	R116,00	R115,00
Direct labour cost per unit	R135,00	R132,00	R175,00	R110,00
Selling & distribution cost per unit	R160,00	R80,00	R45,00	R60,00
<b>Fixed cost per unit</b>	<b>R170,00</b>	<b>R175,00</b>	<b>R196,50</b>	<b>R130,00</b>
Total fixed costs	R714 000	R700 000	R786 000	R780 000
Factory overhead cost	R510 000	R500 000	R532 000	R530 000
Administration cost	R204 000	R200 000	R254 000	R250 000
<b>Selling price per unit</b>	<b>R780,00</b>	<b>R750,00</b>	<b>R600,00</b>	<b>R600,00</b>
Units produced and sold	4 200 units	4 000 units	4 000 units	6 000 units
Break-even number of units	4 328 units	2 273 units	2 978 units	2 477 units
Net profit/loss	(R21 120)	R531 916	R269 808	R1 109 745

- The inflation rate is currently 6%.
- Wages and salaries increased by 4% in 2024.



**QUESTION 4: BUDGETING****(40 marks; 35 minutes)**

Zephyr Traders opened on 1 January 2024 and sells portable power systems (PPS) that are used by the public to cope with load-shedding. The business is owned by Dan Grey.

**Background information:**

- Salespersons are paid a commission only. Office workers earn monthly salaries.
- At the time of preparing the budget, Dan was unaware that a competitor had opened a business during April 2024 in close proximity to Zephyr Traders. He therefore had to take important decisions to deal with this problem during May 2024.

**REQUIRED:**

- 4.1 Complete the Debtors' Collection Schedule for June 2024. (8)
- 4.2 Calculate the amounts indicated by **(i)** to **(iii)** in the extract from the Cash Budget. (10)
- 4.3 Calculate the % increase in salaries of office workers from 1 June 2024. (4)

**Refer to Information E.**

A new competitor moved into the area during April 2024. Dan did not take any actions during April as he was not aware of the competitor.

- 4.4 Explain how the competitor affected the sales and cash flow of the business in April 2024. Provide TWO different points, with figures. (4)
- 4.5 Explain whether Dan would be satisfied with the number of units sold in May 2024 as a result of his decision to adjust the selling price of the product. Provide TWO points, with figures. (4)
- 4.6 Dan is aware that not all salespersons would be satisfied with the decisions he has taken regarding their earnings. Salesperson John was satisfied, whereas Sally was not. Give ONE reason to support John's opinion and ONE reason to support Sally's opinion. Quote figures. (4)

**Refer to Information C.**

- 4.7 Calculate the total loan amount, including interest. (2)
- 4.8 The owner is unsure about purchasing or renting the property. Explain ONE point in favour of purchasing the property and ONE point against this proposal. (4)

**INFORMATION:****A. Cash and credit sales:**

- Cash sales comprise 55% of total sales. Mark-up is 60% on cost. Refer to the credit sales figures in the ANSWER BOOK.
- Debtors pay according to the following trend:
  - 25% in the month of sales and they receive 5% discount
  - 45% in the month following the month of sales
  - 24% two months after the month of sales
  - 6% to be written off in the third month after the month of sales

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

- Stock sold is replaced in the month of sales.
- 70% of purchases are on credit.
- Creditors are paid in the month following the month of purchases.

**C. Business property/Rent expense:**

Dan made enquiries about taking out a 10-year mortgage loan to purchase the property. The following terms would apply, after calculations were discussed with a bank consultant:

- A deposit of 20% of the loan amount will have to be paid on 1 June 2024.
- A fixed monthly instalment of R13 800 (including interest) will then be payable on the last day of each month, commencing on 30 June 2024, for the duration of the loan.

**D. Extract from the Cash Budget:**

	MAY 2024	JUNE 2024
<b>RECEIPTS</b>	<b>R</b>	<b>R</b>
Cash sales	1 064 800	(i)
Cash from debtors	734 382	
<b>PAYMENTS</b>		
Payments to creditors	770 000	(ii)
Salaries: Office workers	62 000	64 480
Salary: Manager	40 500	40 500
Deposit on purchase of property		220 000
Instalment on loan (including interest)		13 800
Hire of delivery vehicle	(iii)	34 810
<b>*NOTE:</b> The vehicle hire expense will increase by 18% p.a. from 1 June 2024.		

**E. Budgeted and actual figures for April and May 2024:**

	APRIL 2024		MAY 2024	
	BUDGETED	ACTUAL	BUDGETED	ACTUAL
Number of salespersons	12	12	12	8
Units to sell/sold	200	148	220	245
Cost price per unit	R5 500	R5 500	R5 500	R5 500
Mark-up %	60%	60%	60%	35%
Selling price per unit	R8 800	R8 800	R8 800	R7 425
Total sales	R1 760 000	R1 302 400	R1 936 000	R1 819 125
Cash sales	968 000	390 720	1 064 800	509 355
Credit sales	792 000	911 680	871 200	1 309 770
Collection from debtors	660 924	495 690	734 380	734 380
Salary: Manager	32 400	32 400	40 500	34 020
Commission on sales	264 000	195 360	290 400	363 825
Advertising	52 800	40 000	58 080	54 575

40

TOTAL: 150

<b>GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET</b>	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Operating profit} \times 100}{\text{Sales}} \quad 1$
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	
$\frac{\text{Average trading stock} \times 365}{\text{Cost of sales}} \quad 1$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors} \times 365}{\text{Credit sales}} \quad 1$	$\frac{\text{Average creditors} \times 365}{\text{Cost of sales}} \quad 1$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity} \times 100}{\text{Number of issued shares}} \quad 1$	$\frac{\text{Dividends for the year} \times 100}{\text{Number of issued shares}} \quad 1$
$\frac{\text{Interim dividends} \times 100}{\text{Number of issued shares}} \quad 1$	$\frac{\text{Final dividends} \times 100}{\text{Number of issued shares}} \quad 1$
$\frac{\text{Dividends per share} \times 100}{\text{Earnings per share}} \quad 1$	$\frac{\text{Dividends for the year} \times 100}{\text{Net income after tax}} \quad 1$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<p><b>NOTE:</b> 1. Trading stock at the end of a financial year may be used if required in a question.  2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant).  3. 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.</p>	