

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		MAY/JUNE 2024	
SUBJECT		ACCOUNTING	
PAPER		2	
MARK TOTAL		150	
DURATION (HOURS)		2	
NUMBER OF PAGES		13 (INCLUDING A FORMULA SHEET AND A 10 PAGE ANSWER BOOK)	



SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
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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. 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 questions.
6. Where applicable, show **ALL** calculations to **ONE** decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is **NOT** compulsory.
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	40	35
2	VAT and Creditors' Reconciliation	35	25
3	Inventory Valuation and Fixed Assets	45	35
4	Cash Budget	30	25
TOTAL		150	120

QUESTION 1: COST ACCOUNTING

(40 marks; 35 min)

1.1 Indicate whether the following statements are TRUE or FALSE. Write the answer next to the question numbers (1.1.1 – 1.1.3) in the ANSWERBOOK.

- 1.1.1 Bad debts are an administration cost.
- 1.1.2 Indirect labour is a factory overhead cost.
- 1.1.3 Rent expense is a fixed cost.

(3)

1.2 **Peters T-Shirts**

Peters T-Shirts is a well-established clothing manufacturer, supplying branded Shirts which include T-Shirts, Golf Shirts, Bush and Fly-Fishing Shirts. The financial year-end is 31 May 2024.

REQUIRED:

1.2.1 **Refer to Information C.**

Calculate direct labour cost.

(9)

1.2.2 Prepare the Production Cost Statement for the year ended 31 May 2024.

(12)

INFORMATION:

A.	31 May 2024	31 May 2023
Work-in-progress stock balance	?	R153 300

B. **Raw materials** issued to factory: R2 192 450

C. **Direct labour:**

Number of factory workers	4
Normal time expected per worker per year	2 608 hours
Normal time rate	R135 per hour
Year-end Bonuses to workers: 25% of normal wages	
NOTE: One worker worked only 2 210 hours and received a reduced bonus of R18 200.	

D. **Factory overheads** were calculated at R541 000 for the year. However, this excludes insurance of R73 125 paid for the period 1 June 2023 to 30 June 2024. Insurance must be allocated to the factory, administration and sales in the ratio 4 : 3 : 2.

E. **Production for the year:** 26 250 shirts at a cost of R142 per shirt.

1.3 Trellis Security Gates

This business manufactures security gates that are well known for their strength and competitive price.

REQUIRED:

- 1.3.1 Calculate the break-even point for the year ended 31 May 2024. (5)
- 1.3.2 Compare and comment on the break-even point and the production level achieved over the last two years. Quote figures. (6)
- 1.3.3 Give TWO reasons for the increase in direct material cost. Suggest ONE way to control this cost. (5)

INFORMATION FOR THE YEAR ENDED 31 MAY

A.

Cost		2024		2023
		Total amount	Unit cost	Unit cost
TOTAL VARIABLE COST	Variable	363 510	865	
Direct materials		113 400	270	222
Direct labour		158 760	378	366
Selling and distribution		91 350	217	204
Factory overheads	Fixed	100 800	240	234
Administration		77 490	185	190

B. Additional information:

	2024	2023
Total sales	R859 950	R1 069 200
Selling price per unit	R1 365	R1 320
Units produced and sold	630 units	810 units
Break-even point		452 units

40

QUESTION 2: VAT AND CREDITORS' RECONCILIATION

(35 marks; 25 min)

2.1 VAT

Katherine Wholesalers is registered for VAT. The VAT rate is 15%.

REQUIRED:

2.1.1 Calculate the figures indicated by (a) to (d) in the table below. (10)

2.1.2 You are the internal auditor. The sole owner, Katherine, bought a new car for R828 000 including VAT and made the payment out of the business bank account. This car is kept at home for the au pair to use for Katherine's children's activities. Katherine says the vehicle must be recorded as a business asset and R108 000 must be recorded as a VAT input in the business' books.

Explain what you would say to Katherine. Provide TWO points. (4)

INFORMATION:

	Excluding VAT	VAT Amount	Including VAT
Sales returns	1 280		(a)
Purchase of stock	147 280	(b)	
Discount received	(c)	2 100	
Cash sales		(d)	314 916*

* This includes zero-rated goods that should have been sold for R15 400. The bookkeeper has incorrectly included VAT of R2 310 on these goods. This must be corrected.

2.2 CREDITORS RECONCILIATION

Rudi's Shoes buys shoes on credit from AWA Fashion Wholesalers.

REQUIRED:

2.2.1 Use the table provided to indicate changes to the: Creditors' Ledger Account in the books of Rudi's Shoes. Creditors' Reconciliation Statement on 30 June 2024. (17)

2.2.2 Refer to Invoice 301. It was discovered that the store manager, Rose, had signed a fictitious order form and took the goods for herself when it arrived. Besides dismissing Rose, provide:

- ONE suggestion for action to be taken against her.
- ONE suggestion to prevent this problem in future. (4)

INFORMATION:

A. Creditors' Ledger of Rudi's Shoes

AWA Fashion Wholesalers					
			Debit	Credit	Balance
2024					
June	1	Balance			121 500
	10	EFT	60 750		
	17	Debit note 674	15 550		
		Invoice 282		73 710	
		Invoice 301		45 000	
	21	Invoice 360		90 450	
	24	Debit note 695		14 580	
	25	Invoice 409		145 800	
	27	Journal Voucher 570	9 720		
	31	EFT and Discount	138 940		266 080

B. Statement of account from AWA Fashion Wholesalers.

AWA Fashion Wholesalers					
Rudi's Shoes			25 June 2024		
569 Fredericka Street					
			Debit	Credit	Balance
2024					
June	1	Balance			121 500
	10	Receipt 1295		60 750	
	17	Credit note 741		11 550	
		Invoice 301	45 000		
	21	Invoice 360	36 450		
	24	Credit note 811		14 580	
	25	Invoice 409	145 800		261 870

C. Differences noted:

- (i) The incorrect entry for Debit Note 674 in the Creditors' Ledger Account of AWA Fashion Wholesalers relates to the correct Credit note 741 on the statement.
- (ii) Invoice 282 was incorrectly reflected in the account of AWA Fashion Wholesalers in the Creditors' Ledger. The goods were purchased from WOW Wholesalers.
- (iii) Invoice 360 was incorrectly recorded on the statement from AWA Fashion Wholesalers.
- (iv) AWA Fashion Wholesalers also purchased goods on credit from Rudi's Shoes. Rudi's Shoes has transferred a debit balance from the Debtors' Ledger (Journal Voucher 570). AWA Fashion Wholesalers will offset this on the next statement.

- (v) The transaction on 24 June 2024 is for merchandise returned to AWA Fashion Wholesalers.
- (vi) Invoice 409 was not checked and signed off on receipt on 25 June 2024. After an investigation on 26 June, AWA Fashion Wholesalers was found to have delivered twelve pairs of shoes less at a cost of R920 per pair. However, AWA Fashion Wholesalers reckons that this is not the case, they are willing to grant a discount for 6 pairs (half) after a settlement because Rudi's Shoes is a regular customer.
AWA Fashion Wholesalers e-mails credit note 845 for 6 pairs of shoes to Rudi's Shoes. Debit note 998 is issued after the credit note has been received electronically, this must be recorded in the books.
- (vii) The Statement reflects transactions up to 25 June 2024.

QUESTION 3: INVENTORY VALUATION AND FIXED ASSETS

(45 marks; 35 min)

3.1 Choose a method in COLUMN B that matches the description in COLUMN A. Write only the letters (A – E) next to the question numbers (3.1.1 – 3.1.4) in the ANSWER BOOK.

Column A		Column B	
3.1.1	Assumes that stock is sold in date order as purchased.	A	Straight-line method
3.1.2	A unique value is assigned to each stock item.	B	Weighted-average method
3.1.3	Depreciation is constant over useful life of the fixed asset.	C	First-in-first-out method
3.1.4	Depreciation is calculated on the carrying value of the fixed asset.	D	Diminishing-balance method
		E	Specific identification method

(4)

3.2 **Bags&Baggage**

Zena Wanders sells travel suitcases. The year-end is 30 June 2024.

REQUIRED:

- 3.2.1 Calculate the value of the closing stock on 30 June 2024 using the first-in-first-out (FIFO) method. (5)
- 3.2.2 Zena suspects that suitcases have been stolen. Provide a calculation to support her concern. (5)
- 3.2.3 Zena is concerned about the volume of stock on hand. (6)
- Calculate for how many days her closing stock is expected to last. (6)
 - State ONE problem with keeping too much stock on hand and ONE problem with keeping insufficient stock on hand. (4)

INFORMATION:

A. Stock balances:

	Units	Unit price	Total
Opening stock	504	2 610	R1 315 440
Closing stock	595		?

B. Purchases, returns and carriage:

	Units	Unit price	Total
Purchases	3 785		R12 165 100
September 2023	1 020	R2 700	2 754 000
December 2023	1 175	R3 200	3 760 000
March 2024	1 050	R3 510	3 685 500
June * (see returns)	540	R3 640	1 965 600
Returns * from June purchases	30	R3 640	109 200

C. Sales

3 470 travel suitcases were sold at R5 040 each

3.3 PPE Traders

The financial year-end is 31 May 2024.

REQUIRED:

- 3.3.1 Calculate the missing figures indicated by (i) to (v) in the table below. (17)
- 3.3.2 Explain how the internal auditor should check that movable fixed assets were not stolen. (1)
- 3.3.3 Apart from theft, name ONE more risk to which fixed assets are exposed to and ONE control measure to prevent this risk. (2)
- 3.3.4 Provide a reason as to why Land and Buildings is usually not depreciated. (1)

INFORMATION FOR THE YEAR ENDED 31 MAY 2024:

A.

Fixed assets	Land and Buildings	Computers	Equipment	Vehicles
Carrying value: Begin	6 000 000	27 300	2 157 750	2 730 000
Cost	6 000 000	226 800	2 625 000	4 410 000
Accumulated depreciation	—	(199 500)	(467 250)	(1 680 000)
Movements				
Additions	(i)	0	362 250	0
Disposals	0	0	0	(iv)
Depreciation	0	(ii)	(iii)	(537 600)
Carrying value: End	7 852 200			
Cost				
Accumulated depreciation				(v)

B. Land and buildings:

Superway Construction was paid R1 852 200 for building new offices and repairing windows (R571 200). The auditor found that the total amount paid was debited against Land and Buildings.

C. Computers:

The fifteen computers were all bought on the same day at R15 120 each.

Depreciation is 33 $\frac{1}{3}$ % p.a. on cost.

These computers are expected to last another two years.

D. Equipment:

Additional equipment was purchased on 1 February 2024.

Depreciation is 10% p.a. on cost.

E. Vehicles:

Depreciation is 20% p.a. on carrying value.

A vehicle was sold for cash at carrying value on 31 December 2023.

The fixed Assets Register reflected the following on the vehicle sold:

Cost	R369 600
Accumulated depreciation (1 June 2023)	R268 800

QUESTION 4: CASH BUDGET

(30 marks; 25 min)

Cool Ice Aircons Traders sell air-conditioner units. The budget period ends on 31 October 2024.

Mr. N.O Heat owns the business.

REQUIRED:

- 4.1 Complete the Debtors' Collection Schedule of October 2024. (7)
- 4.2 Calculate the amounts indicated by (i) to (iii) in the extract from the Cash Budget. (9)
- 4.3 Calculate the % increase in salaries of sales assistants for October 2024. Explain whether they should be satisfied with this increase. (4)
- 4.4 **Refer to information E.**
A new competitor moved into the area during September 2024. Mr. Heat was not aware of the competitor and did not take any action during September.
- 4.4.1 Explain the effect of the new competitor on any TWO items in the budget for September. Provide figures. (4)
- 4.4.2 Identify TWO changes Mr. Heat implemented in October in response to the new competitor. Quote figures. Give ONE reason for EACH change. (4)
- 4.4.3 With the increase in credit sales. Name TWO items that could possibly appear in the projected income statement for November. (2)

INFORMATION:

- A. Cash sales comprise 60% of total sales. Mark-up is 150% on cost.
- B. Debtors pays as follows:
 - 20% in the month of sales and receive 5% discount.
 - 55% in the month following the month of sales.
 - 22% two months after the month of sales.
- C. Stock sold is replaced in the month of sales. 50% of purchases are on credit. Creditors are paid in the month following the month of purchases.

D. Extract from Cash Budget

	September	October
RECEIPTS		
Cash sales	(i)	1 512 000
Cash from debtors	886 359	?
Rent income *	61 500	(ii)
PAYMENTS		
Payments to creditors	461 250	(iii)
Salaries: Manager	77 760	97 200
Salaries: Sales Assistants	221 760	245 045

* **NOTE:** Rent income will increase by 9% in October 2024.

E. Budgeted and Actual figures for September and October.

	September		October	
	Budgeted	Actual	Budgeted	Actual
Units sold	240	200	250	300
Selling price per unit	10 080	10 080	10 080	10 080
Cash sales	?	1 209 600	1 512 000	907 200
Credit sales	967 680	806 400	1 008 000	2 116 800
Total sales		2 016 000	2 520 000	3 024 000
Cash purchases	?	?	720 000	604 800
Advertising	24 000	24 000	24 000	24 000
Delivery expenses	192 000	161 280	192 000	331 770
Commission on sales	72 500	60 480	75 600	110 500
Cash surplus/deficit	151 200	54 000	207 600	(30 480)
Cash: Beginning	235 200	235 200	386 400	289 200
Cash: End	386 400	289 200	594 000	258 720

30

TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
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.	