

<b>EXAMINATION</b>		<b>NATIONAL SENIOR CERTIFICATE</b>	
<b>GRADE</b>		12	
<b>DATE</b>		NOVEMBER 2024	
<b>SUBJECT</b>		ACCOUNTING	
<b>PAPER</b>		2	
<b>MARK TOTAL</b>		150	
<b>DURATION (HOURS)</b>		2	
<b>NUMBER OF PAGES</b>		13 (INCLUDING A FORMULA SHEET AND A 12 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	Bank Reconciliation	25	20
2	Inventory Valuation	30	25
3	Cost Accounting and Fixed Assets	60	50
4	Cash Budget	35	25
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: BANK RECONCILIATION**

**(25 marks; 20min)**

1.1 The information relates to Waves – Stores for October 2024. The official bank statement received from Tides Bank is closed and printed on the 27<sup>th</sup> of each month.

**REQUIRED:**

- 1.1.1 Use the given table in the ANSWER BOOK to calculate the final totals of the Cash Journals on 31 October 2024. (9)
- 1.1.2 Calculate the correct Bank Account balance on 31 October 2024. (4)
- 1.1.3 Prepare the Bank Reconciliation Statement on 31 October 2024. (8)
- 1.1.4 The charge on Yoco speed point – card sales is 2% of the relevant amount of card sales. Calculate the total Yoco speed point – card sales for the month. (2)
- 1.1.5 The owner noted on the bank’s website that the account holders are being warned against using online banking applications (software) due to the increase in hacking. (Process by which unauthorised access to confidential information was gained in order to transfer money.)  
  
Give TWO suggestions to account holders to protect themselves from this crime. (2)

**INFORMATION:**

**A. Bank Reconciliation Statement on 30 September 2024.**

Unfavourable balance of Bank Statement	35 380
Outstanding Deposit (dated 29 September 2024)	13 700
Outstanding EFT:	
No. 1243	2 840
No. 1244	4 895
Bank Account balance (Overdraft)	29 415

**Note:** EFT 1243 dated 30 September 2024 appears on the October Bank Statement with the correct amount of R2 480.

**B. The following totals in the Cash Journals before compared with the October Bank Statement.**

CRJ – R365 760  
CPJ – R319 790



**C. Items included in the October 2024 Bank Statement, but not in the October Cash Journals:**

- (i) Outstanding deposit of R13 700 dated 29 September 2024.
- (ii) EFT 1244 for R4 895.
- (iii) Direct deposit of R5 780 by a debtor, in settlement of his account of R6 000.
- (iv) Interest on overdraft R636.
- (v) Transaction fees R734. According to our client option the bank charged us double on transaction fees.
- (vi) Yoco – machine charges R1 438.
- (vii) Debit order for insurance R5 909.
- (viii) Cash withdrawals with the debit card of the company, R3 150 for the month's petty cash advance.
- (ix) A transfer from Sandy – Stores for R4 500 appears on the Bank statement, but the bank has informed Waves – Stores that it was mistakenly transferred to Waves – Stores. The bank will write back these entries on 1 November 2024.

**D. Items that only appeared in the Cash Journals of October 2024:**

- (i) Deposit on 30 October 2024 for R17 900.
- (ii) EFT 1280 for R11 540.

**E. The closing balance on the Bank Statement was: ?**

25

**QUESTION 2: INVENTORY VALUATION****(30 marks; 25 min)**

**2.1 Choose the correct word in each of the following sentences. Write the word in your ANSWER BOOK next to the number (2.1.1 – 2.1.4).**

- 2.1.1 The (periodic / perpetual) stock system records the cost of goods sold at the point of sale.
- 2.1.2 The (first-in-first-out / weighted average) method is more relevant for low-cost stock items purchased in a more regular basis.
- 2.1.3 In the Perpetual Inventory System, inventory losses will show a (lower / higher) gross profit.
- 2.1.4 The (first-in-first-out / weighted average) stock valuation method will value closing stock at the most current stock prices. (4)

**2.2 The following information was obtained from the books of Sunstoppers Sunglasses on 29 February 2024. The business sells one type of stylish sunglasses and is owned by Sally. The company uses the periodic inventory system and goods are sold at a markup of 70% on the cost price. The business currently uses the weighted average method to value inventory.**

- 2.2.1 Calculate the following on 29 February 2024:
- Value of closing stock (use the weighted average method). (6)
  - Stockholding period in days (Use closing stock). (6)
- 2.2.2 Sally suspects that sunglasses are being stolen from the shop despite security cameras being installed and the implementation of proper division of duties.
- Provide a calculation to justify her concern. (4)
  - What can Sally do to improve the internal control of stock? State TWO points. (4)
- 2.2.3 Sally is not sure if the previous bookkeeper used the correct inventory valuation system. Sally feels that the First-in-first-out will be best option for her business. Give TWO reasons to convince Sally that First-in-first-out (FIFO) is the best option. (4)
- 2.2.4 Give a reason why you think the store managers doubled the order and purchases of stock in September? (2)

**INFORMATION:**

**A. Sunglasses**

Records	Units	Cost per unit	Total value
<b>Stock balance: Begin</b>	<b>230</b>	<b>R3 600</b>	<b>R828 000</b>
<b>Purchases during the year</b>	<b>1 375</b>		<b>R5 661 350</b>
April 2023	140	3 800	532 000
July 2023	235	4 050	951 750
September 2023	480	4 120	1 977 600
December 2023	360	4 200	1 512 000
February 2024	160	4 300	688 000
<b>Returns: Dec purchases</b>	<b>(40)</b>		<b>(168 000)</b>
<b>Total available for sales</b>	<b>1 565</b>		<b>R6 321 350</b>
<b>Stock balance: End</b>	<b>310</b>		
<b>Total sales</b>	<b>1 200</b>		

**B. Courier costs**

The Company uses The Courier Guy to make deliveries of sunglasses to the store. The business does not get a refund if goods are sent back to suppliers. Total delivery costs for the year is R142 100.

**30**

**QUESTION 3: COST ACCOUNTING AND FIXED ASSETS**

**(60 marks; 50 min)**

**3.1 Choose the correct word(s) from those within brackets. Write only the word(s) next to the question numbers (3.1.1 – 3.1.3) in the ANSWER BOOK.**

- 3.1.1 Prime cost is made up of direct labour and (direct material / factory overheads).
- 3.1.2 Advertising is part of the (administration / selling and distribution) cost.
- 3.1.3 (Variable / Fixed) cost changes when the quantity of goods produced, changes. (3)

**3.2 Whale Watches is a local manufacturing company that produces affordable branded watches for Deep Sea diving and fishing. They use a standard mark-up percentage of 150% on cost price. The financial year ends on 28/29 February each year.**

- 3.2.1 **Refer to information B**  
Calculate the value of raw materials issued for production. (10)
- 3.2.2 **Refer to information C**
  - Calculate depreciation on factory equipment. (7)
  - Apart from theft, name another risk to which fixed assets are exposed and a control measure to prevent this risk. (2)
  - Calculate depreciation on the delivery vehicle. (2)
- 3.2.3 Prepare the Factory overhead note for the year ended 29 February 2024. (17)
- 3.2.4 Prepare the Production Cost Statement. (8)

**INFORMATION:**

**A. Extract from the company's financial records:**

	<b>29 Feb 2024</b>	<b>28 Feb 2023</b>
Raw material stock	672 020	513 500
Work-in-Process stock	628 900	546 700
Finished goods stock	201 300	229 800
Factory equipment	843 000	664 000
Accumulated depreciation on factory equipment	?	545 720

**B. Raw material**

- Raw materials to the value of R2 100 000 were purchased throughout the year. 7,5% of the purchases were returned to the suppliers, because they were not according to specifications.
- Freight money on purchases of raw materials amounts to R94 500 per EFT payments.
- Additional raw materials worth R240 000 were purchased from MEG Traders in the USA. A 5% trading discount was received from MEG Traders. Import duties amount to 2% of the final invoice's total.

**C. Depreciation on factory equipment**

- The bookkeeper completed the following pages in the fixed asset register using the wrong method of depreciation.
- Depreciation on factory equipment is calculated at 20% p.a. on the book value method.

Adjustments regarding the 3-D printer stolen on 30 November 2023 must be made:

3-D Printer	Cost	Depreciation	Book value
1 July 2022	R36 000		R36 000
28 February 2023		R4 800	R31 200
30 November 2023		R5 400	R25 800
Insurance pay-out			R19 500
Loss due to theft			R6 300

New equipment was purchased in cash for R215 000 on 1 September 2023.

Depreciation on the remaining equipment on 29 February 2024 was correctly calculated as R84 000.

- Depreciation on the delivery vehicle is provided at 15% p.a. on the Cost price method.

Delivery vehicle	Cost	Depreciation	Book value
1 March 2017	R1 664 000		R1 664 000
28 February 2023		R249 600	R166 400
29 February 2024		R249 600	

**D. Factory overhead:**

<b>Extract of expense accounts:</b>	
Indirect materials	170 800
Rental expense	227 500
Salary: Factory foreman	223 502
Insurance: Administration	28 560
Water and Electricity	?
Depreciation	?

- 85% of the indirect material was used in the production process.
- The rent for March 2024 has been paid in advance. Rent is a fixed monthly amount and has remained unchanged during the year. Rent is allocated according to floor space: Factory 900m<sup>2</sup>; Administration 150m<sup>2</sup> and Sales and distribution 150m<sup>2</sup>.
- The bookkeeper divided the total insurance equally between the factory, administration and sales and distribution. However, the correct ratio is 3 : 1 : 1.
- Information to calculate the factory's water and electricity for the year:

	<b>Annual consumption</b>		<b>Monthly fee</b>
	<b>Units used</b>	<b>Cost per unit</b>	<b>Service fees</b>
Workstation A	16 250	R0,80	R450
Workstation B	20 900	R0,90	
<b>Total</b>	<b>37 150</b>		

**3.3 Breakeven Point**

**Dolphin divers – Stores manufacture only one type of wetsuits. The financial year ends on 29 February 2024. Production is based on orders received only, therefore there are no Work-in-Process stock balances.**

- 3.3.1 Explain why it is necessary to calculate the Break-even point. (1)
- 3.3.2 Calculate the break-even point for the year ending 29 February 2024. (4)
- 3.3.3 Explain whether the achieved production levels are satisfactory or not. Quote figures to support your opinion. (3)
- 3.3.4 Refer to the accountant's calculations of variable costs per unit for wet suits:  
Identify the production cost that caused the biggest problem in making the wetsuits, quote figures to support your answer. Give a practical solution to Dolphin divers – Stores. (3)

**INFORMATION:**

**Extract from the records of Dolphin divers – Stores:**

	2024		2023	
	Total	Unit cost	Total	Unit cost
Fixed costs	R2 778 750	R585	R1 821 000	R378
Variable costs	R1 710 000	R360	R1 785 250	R370
Direct material cost		R170		R200
Direct labour cost		R160		R120
Selling and distribution		R30		R50
Selling price per unit		R1 410		R970
Quantity of units produced and sold	4 750		4 825	
Breakeven point (units)	?		3 035	

**60**

**QUESTION 4: CASH BUDGET**

**(35 marks; 25 min)**

You are provided with information relating to Road Trip – General Traders

**REQUIRED:**

- 4.1 Complete the Debtors' Collection Schedule for December 2024 and January 2025. (6)
- 4.2 Calculate the missing amounts indicated by (a) to (g) in the Cash Budget. (19)
- 4.3 Calculate the additional space (in square meters) that the business plans to rent from January. **(Refer to Information K)** (3)
- 4.4 **Refer to Information L:**  
 Budgeted and actual amounts of certain items for November 2024 are provided. In every case, quote amounts in your explanation.  
 Comment on the control over the following expenses:
  - Packaging material (4)
  - Water and Electricity (3)

**INFORMATION:**

**A. Extract amounts from the Cash Budget**

	Actual		Budgeted	
	Oct.	Nov.	Dec.	Jan.
Total sales	180 000	170 000		
Cash Sales			20 000	22 000
Payment to Creditors			?	<b>(a)</b>
Loan received				20 000
Interest on Loan			2 250	<b>(b)</b>
Wages		19 450	<b>(c)</b>	<b>(d)</b>
Rental expense	9 000	9 000	9 000	13 800
Other operating Expenses			<b>(e)</b>	38 500
Deposit: Delivery vehicle			<b>(f)</b>	
Vehicle instalments				4 500
Advertising			62 000	<b>(g)</b>

- B.** Cash sales amount to 10% of total sales.
- C.** Profit margin is 100% on cost price.

**D. Debtors are expected to pay as follows:**

- 10% in the same month that the transaction took place.
- 50% in the month after the transaction took place.
- 40% two months after the transaction took place.

**E. Purchases and Payment to Creditors:**

- All goods are purchased on credit. Trading stock levels are kept constant.
- Creditors are paid in the month after the purchases are made, so that the company can receive a 5% discount.

**F.** Road Trip – General Traders plans to make an additional loan in January 2025 of R20 000 at 15% p.a. interest rate. Calculate the interest on loan payable in January 2025.

**G.** A staff member asked that R3 500 be kept from her November wages and paid to her in December. The request was granted. The wage expense remains a constant amount from November to January.

**H.** Other operating expenses will increase by 10% with effect from 1 January 2025.

**I.** The business plans to purchase a delivery vehicle on 1 December 2024. A 20% deposit will be paid on 1 December and the balance will be paid in equal monthly instalments of R4 500 over 4 years from January 2025.

**J.** Getaway Productions was contracted at R128 000 for an advertising campaign for the period 1 January 2025 to 31 December 2025. The agreement with Getaway Production includes a one-off sum of R62 000 payable in December 2024 for the production of the video. The remaining amount covers the monthly advertisement on TV for the 12 months contract.

**K.** Rental expense is calculated at a fixed amount per square meter. mAdditional floor space due to extensions will be rented at the same amount from 1 January 2025.

**L.** Budgeted and Actual amounts for November 2024:

	Budgeted	Actual
Sales	170 000	129 200
Packaging material	25 500	23 400
Water and Electricity*	6 750	7 500

\* **NOTE:** The water and electricity has unexpectedly increased by 15% from 1 November 2024.



### GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

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

**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.