



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P2

JUNE 2024

MARKS: 150

TIME: 2 hours

**This question paper consists of 13 pages,
a formula sheet and a 11-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 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 the questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. A Financial Indicator Formula Sheet is attached at the end of this question paper.
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	35	30
2	Cost Accounting	45	35
3	Stock Valuation	45	35
4	Fixed Assets	25	20
TOTAL		150	120

QUESTION 1: BANK RECONCILIATION AND CREDITORS RECONCILIATION
(35 marks; 30 minutes)

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

1.1.1 A Bank Reconciliation Statement should be prepared every month to assist in maintaining internal control of the cash of the business.

1.1.2 Credit card sales are regarded as cash transactions.

1.1.3 Debit interest on the bank statement must be recorded in the Cash Payments Journal as bank charges.

1.1.4 Credit balance on the bank statement reflects an unfavourable balance.

1.1.5 A bank overdraft is a short-term loan that is transferred into the business current bank account. (5)

1.2 **BANK RECONCILIATION**

The information provided relates to P&K Traders. The business is owned by Pako Kenneth. The business uses the official bank statement which is received on the 28th of each month.

REQUIRED:

1.2.1 Use the table provided in the ANSWER BOOK and calculate the final totals for the Cash Journals on 31 July 2023. (9)

1.2.2 Calculate the correct bank balance on 31 July 2023. (5)

1.2.3 Prepare the Bank Reconciliation Statement on 31 July 2023. (10)

1.2.4 **Refer to information A (i).**

- Explain why the rule of prudence will be used in accounting for fraudulent activities in the books and financial statements. Give ONE point. (2)

- Explain how this type of fraudulent activity can be avoided in the future. Give TWO points. (4)

INFORMATION:

A. Bank Reconciliation Statement on 30 June 2023:

Favourable balance as per Bank Statement	89 700
Outstanding deposit (3 June 2023)	67 500
Outstanding deposit (27 June 2023)	27 375
Outstanding EFT 153	5 800
Outstanding EFT 155	25 800
Favourable balance as per Bank account	?

NOTE:

- (i) The outstanding deposit of R67 500 did not appear on the Bank Statement for July 2023. An investigation revealed that this money was never deposited. The previous bookkeeper cannot be traced and the amount must be written off.
- (ii) EFT 153 was correctly reflected as R 8 500 on the July 2023 Bank Statement.
- (iii) All other outstanding amounts from the previous month appeared on the Bank Statement for July 2023.

B. Provisional Cash Journal totals on 31 July 2023:

- Cash Receipt Journal: R615 900
- Cash Payments Journal: R579 525

C. The following items appeared only on the Bank Statement for July 2023:

- Bank charges, R4 275
- Interest on favourable bank balance, R435
- A direct deposit of R9 375 from a debtor in settlement of an account of R9 750.
- A debit order of R5 550 for the monthly insurance appeared twice on the Bank Statement. The bank will rectify this on the Bank Statement next month.
- Deposit received from Ruth Technical College, R7 510.
NOTE: This is an error on the statement as the business does not deal with this college. This will be rectified on the next statement.

D. The owner withdrew R3 565 from an ATM to pay wages on 29 July 2023, but did not inform the bookkeeper.**E. The following entries were in the Cash Journals for July 2023 but not on the Bank Statement:**

- A deposit of R41 000
- EFT No.228, R16 800
- EFT No.230, R4 255

F. The Bank Statement on 31 July 2023 reflected a balance of, R?

QUESTION 2: COST ACCOUNTING**(45 marks; 35 minutes)**

- 2.1 Choose an example from COLUMN B that matches a cost category in COLUMN A. Write only the letter (A–D) next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK, e.g. 2.1.5 F.

COLUMN A	COLUMN B
2.1.1 Selling and distribution cost	A Raw materials used in the factory
2.1.2 Factory overheads cost	B Direct raw material plus Direct labour cost
2.1.3 Direct material cost	C Office telephone account
2.1.4 Prime cost	D Advertising expenses
	E Salary of the factory foreman

(4 x 1) (4)

2.2 LENA MANUFACTURERS

The business manufactures leather purses. The information relates to financial year ended on 29 February 2024.

REQUIRED:**2.2.1 Refer to Information C.**

Calculate the factory overhead cost (10)

2.2.2 Prepare the Production Cost Statement on 29 February 2024. (11)**INFORMATION:**

A.

	2024	2023
Work in progress	?	525 000

B. Details of the workers in production:

Number of workers	45
Basic (normal) wage rate	55
Normal time hours worked by each worker	1 840
Overtime rate	60% (Above the normal wage rate)
Overtime time hours worked by each worker	250

- C. NOTE:** The bookkeeper calculated the factory overhead cost at R2 031 500.

The following costs were omitted and must be taken into account:

- (i) The closing stock of factory indirect material, R8 000.
- (ii) Insurance is a fixed monthly premium for the entire financial year. The amount paid, R238 000, includes the premium for March and April 2024. $\frac{2}{3}$ of this expense relates to the factory.
- (iii) Water and electricity allocated to the sales department was R122 500.
NOTE that water and electricity is shared according to floor space, as follows:

Factory	630 m ²
Sales	350 m ²
Office	220 m ²

The following entry must be corrected:

Rent of R210 000 was recorded in the factory overhead cost. However, the bookkeeper used the incorrect ratio of 2 : 6 : 1 for Factory, Sales and Office. The correct ratio is 6 : 2 : 1 respectively.

- D.** Total prime cost for the year amounted to R12 800 000.
- E.** Total production for the year, 34 500 units, were produced at a cost of R450 per unit.

2.3 TLOTLO MANUFACTURERS

The information relates to Tlotlo manufactures. The business is owned by Tlotlo Mampe. He makes dresses. The financial year ended on 29 February 2024.

REQUIRED:**2.3.1 Control over raw material:**

- Tlotlo is concerned about the wastage of material in production. Calculate the number of metres of fabric that was wasted. (4)
- Calculate the total cost of the wastage of fabric. (2)
- Provide TWO possible reasons for this wastage. (4)

INFORMATION:**A. Direct material stock:**

	Fabric
Opening stock	2 830 metres
Purchases	15 340 metres
Raw materials issued to factory	14 160 metres

- Fabric is purchased at a fixed cost price of R250 per metre.
- It takes 1,6 metres of fabric to make one dress.
- Number of units produced and sold 8 750.

2.4 SUZAN'S TOY FACTORY

This factory manufactures toy teddy bears. There is no work-in-progress stock at the beginning or end of each year. The financial year ends on 29 February 2024.

Suzan decided to address the problem of low profits made in 2023 by making some changes to improve sales and production.

REQUIRED:

- 2.4.1 Provide a calculation to confirm that the break-even point for the 2024 financial year is correct. (3)
- 2.4.2 Explain why Suzan is pleased with the production level, sales, and break-even point. Quote figures. (4)
- 2.4.3 Suzan is concerned about the increase of R5 700 in total fixed costs. Provide ONE reason why she should not be concerned. Quote figures. (3)

INFORMATION:

	29 FEBRUARY 2024		28 FEBRUARY 2023	
	TOTAL R	UNIT COST R	TOTAL R	UNIT COST R
Direct material	491 400	100,00	320 000	80,00
Direct labour	275 184	56,00	288 000	72,00
Selling and distribution	176 904	36,00	96 000	24,00
VARIABLE COST:	943 488	192,00	704 000	176,00
Factory overhead	171 007	34,80	168 000	42,00
Administration	74 693	15,20	72 000	18,00
FIXED COST:	245 700	50	240 000	60
Selling price per unit	R255		R240	
Units produced and sold	4 914 units		4 000 units	
Break-even point	3 900 units		3 750 units	

QUESTION 3: STOCK VALUATION**(45 marks; 35 minutes)**

3.1 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question numbers (3.1.1 to 3.1.4) in the ANSWER BOOK.

3.1.1 In the (perpetual/periodic) inventory system, the cost of sales must be calculated at the end of the year.

3.1.2 The (specific identification/weighted-average) stock valuation method is best suited for unique high-value products.

3.1.3 In the perpetual inventory system, merchandise purchased is recorded as an (asset/expense) to the business.

3.1.4 The (first-in-first-out/weighted-average) stock valuation method is best suited for products of similar value purchased in large quantities.

(4 x 1) (4)

3.2 LUELLA LADIES' HANDBAGS

The information is relating to Luella Ladies Bags. The store is situated in Johannesburg and is owned by Reatlegile Maine. The business trades in handbags. Handbags are valued using the first-in-first-out method and periodic inventory system.

REQUIRED:

3.2.1 Calculate the following:

- Value of the closing stock on 31 December 2023 (5)
- Gross profit for the year ended 31 December 2023 (8)
- Calculate how long (in days) it will take to sell the closing stock of Luella ladies' handbags. (3)

3.2.2 Reatlegile suspects that some handbags have been stolen despite the cameras installed in the store.

- Calculate the number of handbags that are missing. (6)
- Explain to Reatlegile why she only discovered the loss at the end of the year. (2)
- Suggest ONE additional measure that she can implement to address the problem of missing items. (2)

3.2.3 Refer to information E.

The owner Reatlegile Maine feels that the Specific Identification method is more suitable to value the handbags. She requested the bookkeeper to extract the units sold from each batch purchased.

- Explain TWO points to the owner regarding the benefits of using Specific Identification method. (4)
- Calculate the value of closing stock on 31 December 2023 using Specific Identification method. (5)

INFORMATION**A. Stock of handbags:**

DATE	UNITS	Cost price per unit	TOTAL (including transport)
1 January 2023	180	R1 200	R237 600
31 December 2023	220	?	?

Purchases during the year:

DATE	UNITS	Cost price per unit	TOTAL (including transport)
February 2023	250	R1 230	R338 250
June 2023	370	R1 250	R508 750
September 2023	200	R1 275	R280 500
	820		R1 127 500

NOTE: Carriage on purchases is charged at 10% of the cost price.

C. Returns:

20 units from September 2023 purchases were returned to suppliers. They only covered the cost of the units returned, excluding transport costs.

D. Sales:

740 units were sold at R1 750 each, R1 295 000.

E. Units sold:

To test the specific identification option, the bookkeeper was able to obtain the following sales figures as requested by the owner:

DATE PURCHASED	UNITS SOLD PER BATCH
January 2023 (opening stock)	120
February 2023	205
June 2023	285
September 2023	170

3.3 PROBLEM SOLVING

John T Mobile Traders has two branches in two different towns selling Freestyle projectors. John, the owner, is concerned about the performance of each branch and has decided to investigate. Information for the two branches for March 2023 is presented below:

REQUIRED:

- 3.3.1 Identify ONE problem in relation to each branch. Quote relevant figures to support your answer. In each case, offer John advice on how to solve the problem. (6)

INFORMATION:

- A. General information for both branches (**per month**):

Normal time	Monday to Fridays	8:30–16:30	160 hours
Overtime	Mondays to Fridays	16:30–18:30	40 hours
	Saturdays	9:30–12:30	12 hours
	Total		52 hours

Overtime salary/wage is 1½ times the normal rate.

	OMOLEMO BRANCH	NGIXI BRANCH
Stock on hand (1 March 2023)	80 units	80 units
Selling price per unit	R5 800	R5 800
Units sold	58	47
Units returned by customers	3	8
Credit sales	R191 400	R104 400
Cash received and deposited from cash sales	R120 000	R121 800
Hours worked (normal time)	156 hours	120 hours
Overtime hours	10 hours	50 hours
Rent expense per month	R8 000	R8 000

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

The information relates to California Hardware. The financial year ended 30 June 2023.

4.1.1 The business owns three delivery bakkies.

Refer to information A.

- The bookkeeper calculated the depreciation of Bakkie 1 as:
 $R500\ 000 \times 20\% = R100\ 000$.

Explain to him why his method is incorrect and provide a calculation to support your explanation. (4)

- Calculate the carrying value of Bakkies at the end 30 June 2023.
(Show ALL calculations) (12)

4.1.2 The business offers a delivery service to clients within a 30 km radius of the store.

- They charge a fixed amount of R250 per delivery. Clients pay this amount directly to the drivers of the bakkies.
- A total of 3 680 deliveries were made during the year in the 260 days the bakkies operated.
- As the internal auditor, you are concerned about the problems with the delivery bakkies and the drivers.

Refer to information B.

- Identify and explain ONE big problem with each bakkie and its driver. Quote figures in each case and provide a solution. (9)

INFORMATION:**A. Fixed asset register on 01 July 2022:**

	BAKKIE 1	BAKKIE 2	BAKKIE 3
Date of purchased	1 January 2018	1 July 2021	1 July 2022
Cost price	500 000	437 500	350 000
Accumulated depreciation	(450 000)	(87 500)	-
Depreciation	100 000	-	70 000

NOTE:

- Vehicle 1 is a very old asset
- Vehicle 2 was sold at its carrying value on 1 April 2023
- Depreciation: vehicles at 20% on cost

B. Information in respect of delivery bakkies and drivers on 31 May 2023:

	Bakkie 1	Bakkie 2	Bakkie 3
Name of driver	Lebo	Nomsa	Dan
Number of days worked	210 days	260 days	260 days
Number of deliveries made	280	2 100	1 300
Cash paid in by drivers	R70 000	R525 000	R275 000
Salaries paid to drivers	R52 000	R52 000	R52 000
Fuel and maintenance costs for the year	R36 000	R430 500	R201 500
Fuel and maintenance costs per kilometer	R1,30	R2,05	R1,55

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit} \times 100}{\text{Sales} \quad 1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales} \quad 1}$
$\frac{\text{Net profit before tax} \times 100}{\text{Sales} \quad 1}$	$\frac{\text{Net profit after tax} \times 100}{\text{Sales} \quad 1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales} \quad 1}$	$\frac{\text{Operating profit} \times 100}{\text{Sales} \quad 1}$
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	
$\frac{\text{Average trading stock} \times 365}{\text{Cost of sales} \quad 1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors} \times 365}{\text{Credit sales} \quad 1}$	$\frac{\text{Average creditors} \times 365}{\text{Cost of sales} \quad 1}$
$\frac{\text{Net income after tax} \times 100}{\text{Average shareholders' equity} \quad 1}$	$\frac{\text{Net income after tax} \times 100}{\text{Number of issued shares} \quad 1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans} \times 100}{\text{Average shareholders' equity} + \text{Average non-current liabilities} \quad 1}$	
$\frac{\text{Shareholders' equity} \times 100}{\text{Number of issued shares} \quad 1}$	$\frac{\text{Dividends for the year} \times 100}{\text{Number of issued shares} \quad 1}$
$\frac{\text{Interim dividends} \times 100}{\text{Number of issued shares} \quad 1}$	$\frac{\text{Final dividends} \times 100}{\text{Number of issued shares} \quad 1}$
$\frac{\text{Dividends per share} \times 100}{\text{Earnings per share} \quad 1}$	$\frac{\text{Dividends for the year} \times 100}{\text{Net income after tax} \quad 1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
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.	