



Province of the  
**EASTERN CAPE**  
EDUCATION



# **NATIONAL SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2023**

**ACCOUNTING P2**

**MARKS: 150**

**TIME: 2 hours**



This question paper consists of 13 pages, a 9-page answer book and a financial indicator formula sheet.

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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 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	40	30
2	Cost Accounting	40	35
3	Budgeting	40	30
4	VAT and Fixed Assets	30	25
TOTAL		150	120

**QUESTION 1: RECONCILIATIONS****(40 marks; 30 minutes)****1.1 BANK RECONCILIATION****AQUA STORES**

The information relates to August 2023. The owner, Flavo, uses the official bank statement which is available on the 26<sup>th</sup> of each month, to complete the monthly bank reconciliation process.

**REQUIRED:**

- 1.1.1 Update the Cash Journals by completing the tables provided in the ANSWER BOOK. (14)
- 1.1.2 Calculate the correct Bank Account balance on 31 August 2023. (4)
- 1.1.3 Prepare the Bank Reconciliation Statement on 31 August 2023. (7)
- 1.1.4 Explain any TWO different internal control measures that Flavo can implement, based on a problem you identified in the information provided. List the problem identified and the possible internal control measures in the table provided in the ANSWER BOOK. (3)

**INFORMATION:****A.** Extract from the Bank Reconciliation Statement on 31 July 2023:

Outstanding deposits:	Dated 17 July 2023	R 27 600
	Dated 27 July 2023	21 900
Outstanding EFTs:	No. 662	7 530
	No. 663	11 290
Unfavourable balance as per Bank Account		7 440

**NOTE:**

- The deposit on the 17 July for cash sales, was reflected on the August bank statement as R20 000. The balance must be written off, as the cashier in charge no longer works here.
- EFT No. 662 for stationery purchased, appeared on the August bank statement with the correct amount of R3 750.
- All other entries were correctly captured on the August bank statement.

**B.** On 31 August 2023, the provisional totals in the cash journals were:

<b>Cash Receipts Journal</b>	<b>Cash Payments Journal</b>
R 117 600	R 126 200

**C.** Extract of the Bank Statement on 26 August 2023:

DETAILS	AMOUNT R
Deposit: M. Shaba	9 000
Cash handling Fees	270
Debit order: BC Municipality	2 360
EFT Charges	230
Deposit S. Deley	4 160
Debit order: BC Municipality	2 360
EFT: George Garage	1 340
Koel Insurers	1 860

- The deposit from M. Shaba is for the monthly rent income.
- The debit order to BC Municipality was for rates and taxes.  
Note that payment was duplicated on the statement in error. The bank will rectify this on the next statement.
- The deposit from debtor S. Deley is in settlement of his account of R4 500.
- The EFT to George Garage was for petrol for Flavo's private vehicle. He neglected to hand over the slip to the bookkeeper to record the transaction.
- The payment to Koel Insurers is for the business insurance.

**D.** Entries in the August 2023 cash journals that did not appear on the August bank statement are the following:

- Deposit on 28 August 2023, R22 750
- EFT No. 816 for R3 370
- EFT No. 817 for R9 180

**E.** Bank statement balance on 26 August 2023: R ?

## 1.2 CREDITORS RECONCILIATION

Simple Stores buys goods on credit from Nandu Suppliers. A statement of account was received on 28 August 2023. The balance did not correspond with the balance on the Creditors Ledger account of Nandu Suppliers.

### REQUIRED:

Complete the table provided in the ANSWER BOOK, to show the effect of each error or omission. Indicate an increase (+) or decrease (-) next to each amount.

(12)

### INFORMATION:

Balance of the Creditor's Ledger account of Nandu Suppliers in the books of Simple Stores	R40 100
Balance as per the statement received from Nandu Suppliers	R21 020

### ERRORS AND OMISSIONS:

- A. Simple Stores reflected a credit invoice of R8 800 in the Creditors Ledger account of Nandu Suppliers. This was for goods purchased from Nandosile Dealers.
- B. An allowance of R1 740 for damaged goods returned was recorded as an invoice in the creditor's ledger account of Nandu Suppliers.
- C. An invoice for R15 200 was incorrectly reflected as R12 500 on the statement received from Nandu Suppliers.
- D. Simple Stores recorded a 10% discount on an EFT payment of R9 600. This did not appear on the statement. Nandu Suppliers stated that the discount should have been 5% and will include this on the next statement.
- E. Nandu Suppliers did not deduct the 10% trade discount on a credit invoice for goods purchased. The correct net amount of R11 160 was recorded in the creditor's ledger account in the books of Simple Stores.
- F. An invoice for goods purchased for R6 300 on 30 August 2023 was not on the statement from Nandu Suppliers. The statement date is 28 August 2023.

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**QUESTION 2: COST ACCOUNTING****(40 marks; 35 minutes)****2.1 WESTERN MANUFACTURERS**

The business manufactures school jackets. The financial year ended on 28 February 2023.

**REQUIRED:**

2.1.1 Calculate the following for the financial year:

- Direct material cost (5)
- Direct labour cost (7)

2.1.2 **Refer to Information D**

Calculate the correct factory overhead cost by taking into account the errors and omissions. Indicate an increase (+) or decrease (-) to the total given. Show all workings. (8)

2.1.3 Prepare the Work-in-progress stock account in the General Ledger. (7)

**INFORMATION:****A. Stock balances:**

	<b>28 FEBRUARY 2023</b> <b>R</b>	<b>1 MARCH 2022</b> <b>R</b>
Raw material	62 300	56 700
Work-in-progress	47 760	71 300

**B. Transactions for the year:**

- (i) Raw material purchased amounted to R522 000.
- (ii) Damaged raw material cost R11 200 was sent back to suppliers.

**C. Details of workers in production:**

Number of workers	6
Normal hours worked (basic)	1 640 hours per worker
Normal time rate	R40 per hour
Total overtime hours for all workers	525 hours
Overtime rate	60% more than normal time rate.

The business contributes 1% to the UIF and 9% to a pension fund on behalf of all employees, based on their normal (or basic) wages.



D. The bookkeeper calculated the factory overhead costs as **R321 580**.

The following errors and omissions were noted:

- (i) The wages of the cleaner were not taken into account. The cleaner earns R64 800 per year. 65% of his time is spent in the factory.
- (ii) 70% of the rent expense must be allocated to the factory. The entire rent expense of R126 000 was recorded in the factory overhead cost.
- (iii) Water and electricity must be allocated in the ratio 5 : 2 between the factory and the sales department. The bookkeeper however, transferred half the water and electricity expense, R28 700, to the factory overhead account.

## 2.2 NELSON'S FACTORY

Nelson John, the owner presented the following analysis of costs, sales and production of electric heaters. The financial year ended on 30 June 2023.

The heaters are sold at a profit mark-up of 60% on cost.

### REQUIRED:

- 2.2.1 Calculate the break-even point for the year ended 30 June 2023. (4)
- 2.2.2 Explain whether Nelson should be satisfied with the level of production achieved for this financial year. Quote figures. (3)
- 2.2.3 Identify TWO costs that should be of concern to Nelson. Quote figures. In EACH case, provide a possible solution to address the concern. (6)

### INFORMATION:

	30 June 2023		30 June 2022
	TOTAL R	UNIT PRICE R	UNIT PRICE R
Direct Material Cost	900 000	180,00	155,00
Direct Labour Cost	820 000	164,00	163,00
Selling and Distribution Cost	330 000	66,00	50,00
<b>TOTAL VARIABLE COST</b>	<b>2 050 000</b>	<b>410,00</b>	
Factory Overhead Cost	475 000	95,00	113,00
Administration Cost	100 000	20,00	24,00
<b>TOTAL FIXED COST</b>	<b>575 000</b>	<b>115,00</b>	<b>137,00</b>
<b>Selling price per unit</b>	<b>535,00</b>		<b>540,00</b>
Units produced and sold	5 000 units		4 200 units
Break-even point	?		3 344 units

**QUESTION 3: BUDGETING****(40 marks; 30 minutes)****SHEPSTONE STORES**

Information from the records is for the budget period ending 31 December 2023.  
The business, owned by Cloe Dash, sells furniture.

**REQUIRED:**

- 3.1 Complete the Debtors Collection Schedule presented in the ANSWER BOOK. (8)
- 3.2 Calculate the missing amounts denoted by (i) to (vi) on the extract of the Cash Budget for November and December 2023. (16)
- 3.3 Calculate the % increase in salaries of office workers and explain TWO points why they should be satisfied with the increase they will receive in December. (6)
- 3.4 Cloe plans to purchase a delivery vehicle during December 2023, and offer a free delivery service in the new year.
  - 3.4.1 Calculate the total cost to the business, for the purchase of this delivery vehicle (including interest and finance charges). (4)
  - 3.4.2 Identify TWO additional items that must be included on the budget once the vehicle is purchased. (2)
  - 3.4.3 Besides the possibility of increased sales, explain TWO other advantages of the business purchasing the vehicle. (4)

**INFORMATION:****A. Sales figures for the budget period:**

	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Total Sales	R665 000	R675 500	R647 500	R630 000

- Goods are sold at a profit mark-up of 75% on cost.
- Cash sales amounts to 40% of total sales.

**B. Credit sales are collected according to the following trend:**

- 40% in the month of sale (these debtors receive a 5% discount)
- 45% in the month following the month of sale
- 12% two months after the sales month
- 3% is written off as bad debts

**C. Purchases and payment to creditors:**

- Stock sold is replaced in the month of sale (a base stock is maintained).
- All purchases of trading stock are made on credit.
- Creditors are paid in the month following the month of purchase.

**D. Additional information:**

- Rent income is expected to increase by 9% p.a. from 1 December 2023.
- A loan will be received on 1 November 2023.  
A fixed monthly instalment will be paid at the end of each month.  
Interest at 13% p.a. will also be paid at the end of each month.
- Insurance will increase by 6% p.a. from 1 December 2023.
- The owner will decrease his drawings from 1 December 2023, to R7 500 per month. 25% of this will be in the form of stock.

**E. Details of the purchase of the delivery vehicle:**

- A deposit of 20% of the marked price of the vehicle will be paid.
- After the dealership has calculated the total interest and finance charges, a monthly instalment of R12 650 will be paid over 36 months.

**F. Extract of the Debtors Collection Schedule:**

Month	Credit sales	OCTOBER	NOVEMBER	DECEMBER
SEPT	399 000	179 550	47 880	
OCT	405 300	154 014	*	*
NOV	388 500		*	174 825
DEC	*			143 640
<b>TOTAL</b>				

**G. Extract of the Cash Budget for November and December 2023:**

	NOV R	DEC R
<b>RECEIPTS</b>		
Cash sales	(i)	252 000
Rent income	10 200	(ii)
Loan: Nerd Bank	(iii)	
<b>PAYMENTS</b>		
Payments to creditors (for stock)	386 000	(iv)
Insurance	(v)	3 975
Drawings	9 500	(vi)
Salaries: office workers	67 500	70 200
Salaries: managers	92 000	94 300
Delivery expenses (FastG Services)	25 900	25 200
Deposit for delivery vehicle	-	76 000
Instalment: delivery vehicle	-	12 650
Instalment on loan	12 000	12 000
Interest on loan	5 200	?

**QUESTION 4: VAT AND FIXED ASSETS****(30 marks; 25 minutes)****4.1 VALUE ADDED TAX (VAT)**

Lashes Traders is a registered VAT vendor. He stocks goods that are zero-rated as well as goods that are subject to the standard VAT rate of 15%.

**REQUIRED:**

4.1.1 Provide ONE explanation why some goods are classified as zero-rated. (2)

4.1.2 Calculate the missing amount in the table provided:

AMOUNT EXCLUDING VAT	VAT AMOUNT	AMOUNT INCLUDING VAT
86 000	(i)	98 900
98 000	(ii)	
	(iii)	62 790
	11 910	(iv)

(8)

**4.2 FIXED ASSETS**

The information relates to SS Consultants for the financial year ended 28 February 2023. The owner, Sydney, changed the recording of equipment.

- It was decided to record the five computers separately from other equipment.
- The depreciation policy was amended on 1 March 2022, as follows:
  - Computers: 25% on cost
  - Other equipment: 20% on carrying value
- Three of the five computers were replaced for later models on 31 July 2022. Note that the old computers were purchased on the same date for R17 200 each. An EFT payment for the full amount was paid on that date.

**REQUIRED:**

4.2.1 Provide TWO reasons why Sydney wanted to replace some assets. (4)

4.2.2 Explain why Sydney wanted to record the computers separately. (2)

4.2.3 Prepare the following accounts in the General Ledger:

- Computers (at cost) on 28 February 2023. (7)
- Asset Disposal account on 31 July 2022. (7)

**Information extract from the Fixed Asset Register:**

	28 Feb 2023	28 Feb 2022
Computers (at cost)	R 95 900	R 86 000
Accumulated depreciation on computers	?	38 700
Equipment (cost)	426 000	426 000
Accumulated depreciation on equipment	?	255 600

\* Accumulated depreciation on the computers sold was R23 220 on 1 March 2022. They were sold for R3 000 each to employees. The employees paid cash for these computers.

**30****TOTAL: 150**

GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Partner's Average equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average owners equity}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365 \text{ or } 12}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$	
Non-current liabilities : Owners' equity	Total assets : Total liabilities	
$\frac{\text{Total fixed costs}}{\text{Selling Price per unit} - \text{Variable Costs per unit}}$		





