basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

**SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

ACCOUNTING P2

MAY - JUNE 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 14 pages, a formula sheet and a 12-page answer book.

* A C C N E 2 *

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	VAT and Creditors' Reconciliation	30	25
2	Cost Accounting	40	30
3	Stock Valuation	40	30
4	Budgeting	40	35
TOTAL		**150**	**120**

QUESTION 1: VAT AND CREDITORS' RECONCILIATION (30 marks, 25 minutes)

1.1 **VALUE-ADDED TAX (VAT)**

REQUIRED:

The information relates to Comfort Traders for the VAT period ended 31 January 2025. The VAT rate is 15%. The business is owned by Karen Botha. The sales of the business average R150 000 per month.

REQUIRED:

1.1.1 Calculate the VAT amounts in the table provided in the ANSWER BOOK. Indicate the effect of EACH item on the amount payable to SARS. Show an increase with a '+' and a decrease with a '–'. An example has been completed. (10)

1.1.2 Karen wants to deregister her business as a VAT vendor as she is unable to meet VAT deadlines for submissions.

What advice would you give to Karen? State ONE point. (2)

INFORMATION:

A. Amount owed to SARS on 1 January 2025, R51 500.

B. **Transactions for January 2025:**

NO.	DETAILS	EXCLUDING VAT (R)	INCLUDING VAT (R)	VAT AMOUNT (R)
Example	**Drawings of stock**	**6 000**	**6 900**	**900**
(i)	Merchandise purchased		221 720	?
(ii)	Credit notes issued to customers	12 000		?
(iii)	Total sales		*187 795	?
(iv)	Bad debts written off			765

*Certain goods, with a total selling price of R21 275 (including VAT), should have been recorded as zero-rated items.

1.2 CREDITORS' RECONCILIATION

Epson Traders received a statement of account from a creditor, Canon Suppliers. The balance on the statement did not agree with that on the account of Canon Suppliers in the Creditors' Ledger of Epson Traders.

REQUIRED:

1.2.1 **Refer to Information A, B and C.**
Use the table provided to indicate changes to the:

- Creditors' Ledger Account in the books of Epson Traders
- Statement of account received from Canon Suppliers

Write the amount and indicate increase (+) or decrease (-) with each amount. (14)

1.2.2 **Refer to Information D.**

It was discovered that the purchasing manager, Senzo, had signed a fictitious invoice received from Prime Suppliers. The banking details of his son appeared on this invoice. The relevant payment was processed by the financial department.

Other than dismissing Senzo, provide:

- ONE action to be taken against him
- ONE suggestion on how to prevent this problem in future (4)

INFORMATION:

A. Creditors' Ledger of Epson Traders:

CANON SUPPLIERS (CL9)					
DATE		**DETAILS**	**DEBIT**	**CREDIT**	**BALANCE**
2025 March	1	Account rendered			69 800
	6	Invoice 519		26 300	96 100
	8	Debit Note 104	1 600		94 500
	14	EFT 310	45 500		49 000
		Discount	7 000		42 000
	15	Invoice 202		13 800	55 800
	24	Invoice 567		20 000	75 800
	25	Invoice 594		17 100	92 900
	31	Invoice 610		9 000	101 900

B. Statement of account received from Canon Suppliers:

CANON SUPPLIERS

Epson Traders
95 Barberton Road

Dated: 25 March 2025

DATE		**DETAILS**	**DEBIT**	**CREDIT**	**BALANCE**
2025 March	1	Balance			69 800
	4	Interest	400		70 200
	6	Invoice 519	23 600		93 800
	8	Credit Note 164	1 600		95 400
	14	Receipt 7710		45 500	49 900
	24	Invoice 567	20 000		69 900
	25	Invoice 594	19 000		88 900

C. Differences noted:

(i) Canon Suppliers correctly levied interest of R400 on the account of Epson Traders on 4 March 2025.

(ii) Invoice 519 on 6 March 2025 was correct according to the statement received from Canon Suppliers.

(iii) Canon Suppliers made an error in recording the return of goods on 8 March 2025.

(iv) Epson Traders qualified for an early settlement discount with the payment on 14 March 2025. Canon Suppliers granted only R5 000 as discount. They promised to show this on their statement next month.

(v) Invoice 202 for R13 800 was recorded incorrectly in the Creditors' Ledger Account of Canon Suppliers on 15 March 2025. The invoice was received from another creditor, Baron Suppliers.

(vi) A trade discount of 10% was deducted on invoice 594. Canon Suppliers will correct this error next month.

(vii) Invoice 610 did not appear on the statement received from Canon Suppliers as this transaction took place after their statement date.

D. Creditors' Ledger of Epson Traders

PRIME SUPPLIERS (CL24)					
DATE		DETAILS	DEBIT	CREDIT	BALANCE
2025 March	23	Invoice 481		18 000	18 000
	28	EFT 336	18 000		0

30

QUESTION 2: COST ACCOUNTING **(40 marks; 30 minutes)**

2.1 Choose the correct word from those given in brackets. Write only the word next to the question numbers (2.1.1 to 2.1.3) in the ANSWER BOOK.

2.1.1 Consumable items used in the factory are regarded as (direct/indirect) material.

2.1.2 Depreciation on factory machines is classified as a (variable/fixed) cost.

2.1.3 Wages paid to office cleaners is regarded as a/an (selling and distribution/administration) cost. (3 x 1) (3)

2.2 **WOLLIES' WINTER GLOVES**

The business manufactures winter gloves. The financial year ended on 28 February 2025. The business is owned by Jerry Classon.

The business does not carry any work-in-progress stock and all items produced are sold.

REQUIRED:

2.2.1 **Refer to Information A.**

Calculate the direct material cost for the year ended 28 February 2025. (4)

2.2.2 **Refer to Information B.**

Calculate the correct factory overhead cost for the year ended 28 February 2025. (9)

2.2.3 Calculate the gross profit earned for the year ended 28 February 2025. (5)

2.2.4 Jerry was satisfied with the performance during the current year and plans to increase production by 30% in the next financial year. He is confident that the demand will increase due to changing weather patterns.

- Comment on the level of production and the break-even points comparing the results for the current financial year with his plan for the next financial year. Provide TWO points, with figures. (4)
- Calculate the **increase** in profits Jerry expects to earn from the year ended 28 February 2025 to the next financial year. (5)

2.2.5 Give TWO possible reasons for the proposed increase in direct labour cost in the next financial year. Quote figures. (4)

2.2.6 Jerry has projected an increase of R304 000 for the total fixed costs.

- Provide TWO possible expense items he may have considered when making his projections. Give a different reason for each item identified. (4)
- Explain why Jerry should not be concerned about this proposed increase in the total fixed costs. Provide ONE point with figures. (2)

INFORMATION:

A. Direct material cost:

	METRES	COST PER METRE (R)	TOTAL AMOUNT (R)
Opening stock	6 000	55	330 000
Purchases during the year	24 000	60	1 440 000
Total available for use	30 000	?	1 770 000
Closing stock	4 000	?	?
Direct materials issued for production	26 000	?	?

- Material is transferred to the factory using the weighted-average method.
- Due to good internal controls there were no missing or stolen material.

B. Factory overhead cost:

The bookkeeper calculated the factory overheads as R966 360. However, he made the following errors which must be corrected:

(i) The entire telephone expense of R36 000 was used instead of 25% being allocated to the factory.

(ii) The closing stock of factory indirect material was understated by R2 800.

(iii) The bookkeeper correctly allocated the portion of the cleaner's wages to factory overheads. However, he neglected to take into account the increase of 6% p.a. effective from 1 January 2025 on the cleaner's wages. The cleaner earns R48 000 p.a. and spends half his time in the factory.

(iv) Water and electricity of R25 600 was allocated to the factory using the ratio 4 : 3 : 2 for factory, sales and office respectively. This should have been shared in the ratio 5 : 3 : 2.

C. Actual and projected costs:

	28 FEBRUARY 2025		PLAN FOR NEXT FINANCIAL YEAR	
	TOTAL AMOUNT (R)	UNIT COST PER PAIR (R)	TOTAL AMOUNT (R)	UNIT COST PER PAIR (R)
Direct material cost	?	?	1 560 000	30,00
Direct labour cost	876 000	21,90	1 300 000	25,00
Selling and distribution costs			650 000	12,50
Total variable costs		75,00		67,50
Total fixed costs		38,00		35,10

D. Other information:

	28 FEBRUARY 2025	PLAN FOR NEXT FINANCIAL YEAR
Units produced and sold	40 000 pairs	52 000 pairs
Break-even point	38 000 pairs	38 400 pairs
Selling price per pair	R115,00	R115,00
Sales	R4 600 000	R5 980 000

40

QUESTION 3: STOCK VALUATION **(40 marks; 30 minutes)**

HELEN'S ELECTRONICS

Helen Woods owns an electronics shop that sells a variety of electronic products. The financial year ended on 28 February 2025. Records for headphones, television sets, vacuum cleaners and pressure cleaners are provided.

HEADPHONES

The first-in first-out (FIFO) stock valuation method is applicable.

REQUIRED:

3.1 Calculate the value of the closing stock on 28 February 2025, using the FIFO method. (5)

3.2 Helen decided to change suppliers in September 2024 after receiving advice from her sister, the store manager.

- Provide TWO points that show her customers are unhappy with the quality of the headphones purchased from the new suppliers. Quote figures. (4)
- What advice would you give to Helen about changing the supplier in the future? Provide ONE point. (2)

INFORMATION:

A. Stock balances of headphones:

	UNITS	UNIT PRICE (including carriage) (R)	TOTAL (R)
1 March 2024	170	145	24 650
28 February 2025	350	?	?

B. Purchases of headphones during the financial year:

	UNITS	UNIT PRICE (R)	TOTAL (R)
April 2024	250	165	41 250
June 2024	300	180	54 000
September 2024	380	135	51 300
December 2024	320	140	44 800
Total purchases	**1 250**		**191 350**

C. Carriage on purchases:

Headphones are delivered to the store by Jiffy Transport at a non-refundable rate of R20 per unit. The carriage on purchases is not included in **Information B**.

D. Returns:

80 headphones that were purchased in December 2024 were returned to the suppliers, R11 200.

E. Sales:

	UNITS	SELLING PRICE PER UNIT (R)	TOTAL (R)
1 March 2024 to 31 August 2024	680	220	149 600
1 September 2024 to 28 February 2025	310	220	68 200
	990		217 800

TELEVISION SETS

The stock of television sets is valued using the specific identification stock valuation method. The business sold two models (Quantum and Crystal) from 1 March 2024, the beginning of the financial year. A new TV model, Limpid, was introduced on 1 December 2024 to replace the Quantum TV model.

REQUIRED:

3.3 Calculate the closing stock of the television sets on 28 February 2025. (9)

3.4 Helen was not satisfied that she was selling an average of 19 Crystal TVs per month. However, she is happy that the new Limpid TVs, despite its higher selling price per unit, is selling at a quicker rate than Crystal TVs.

- Calculate the cost of sales of the Limpid TVs. (3)
- Calculate how long (in days) it will take Helen to sell the closing stock of the Limpid TVs. (4)
- Helen feels that she has made a wise decision by replacing the Quantum TVs with the Limpid TVs. Give ONE possible reason (with figures) to substantiate her opinion. (2)

3.5 **Refer to information D.**

Explain how this will have a positive effect on her business. Provide ONE point. (2)

INFORMATION:

A. Opening stock:

DATE	TV MODEL	UNITS	COST PRICE PER UNIT (R)	TOTAL (R)
1 March 2024	Quantum	123	R4 800	590 400
	Crystal	72	R6 500	468 000

B. Purchases:

DATE	TV MODEL	UNITS	COST PRICE PER UNIT (R)	TOTAL (R)
1 July 2024	Crystal	186	R6 500	1 209 000
1 Dec. 2024	Limpid	115	R7 200	828 000

C. Sales for the financial year ended 28 February 2025:

TV MODEL	UNITS	SELLING PRICE PER UNIT (R)	TOTAL (R)
Quantum	105	5 950	624 750
Crystal	225	9 750	2 193 750
Limpid	94	10 500	987 000
Total sales	**424**		**3 805 500**

D. Donation of television sets to local schools:

Helen donated the unsold Quantum TVs to local high schools.

VACUUM AND PRESSURE CLEANERS

REQUIRED:

3.6 **Vacuum cleaners:**

- Identify ONE problem with vacuum cleaners. Quote figures.
- What advice would you give? State ONE point. (3)

3.7 **Pressure cleaners:**

- Explain TWO good decisions that Helen took in respect of pressure cleaners. Quote figures.
- Explain how each decision improved the results on 28 February 2025. Provide ONE different point for EACH decision. (6)

INFORMATION:

	VACUUM CLEANERS		PRESSURE CLEANERS	
	28 FEB. 2025	29 FEB. 2024	28 FEB. 2025	29 FEB. 2024
Gross units sold	532	565	704	584
Number of units sold for cash	280	360	398	302
Trade discount on cash sales	5%	5%	10%	5%
Number of units sold on credit	230	190	270	240
Payment policy on credit sales	90 days	90 days	120 days	150 days
Interest rate on credit sales	18%	18%	15%	18%
Returns by customers (faulty units)	22	15	36	42
Mark-up %	50%	60%	40%	60%

40

QUESTION 4: BUDGETING (40 marks; 35 minutes)

Daisy MacDonald owns Canary Stores that sells school bags. The information relates to the budget period ending 31 July 2025.

NOTE:	Where comments or explanations are required, you should: • Quote trends with figures

REQUIRED:

4.1 Explain how the preparation of a Cash Budget serves as a management tool in assisting the business to manage its cash resources. State ONE point. (2)

4.2 Identify TWO items in the payment section of this Cash Budget which will not appear in the Projected Statement of Comprehensive Income. (2)

4.3 Complete the Creditors' Payment Schedule. (9)

4.4 Calculate the missing figures **(i)** to **(iv)** in the Cash Budget. (14)

4.5 **Refer to Information F.**
Calculate the reduction in the floor space (in m^2) being rented during July 2025. (5)

4.6 **Refer to Information H.**
A new competitor moved into the area during April 2025. Daisy was not aware of the competitor and did not take any action during April 2025.

4.6.1 Explain the effect of the new competitor on any TWO items in the budgeted and actual information for April 2025. Quote figures. (4)

4.6.2 Identify TWO changes Daisy implemented in May 2025 in response to the new competitor. Quote figures. (4)

INFORMATION:

A. Sales, purchases of stock and cost of sales:

- **Total sales:**

April 2025	R180 000
May 2025	R202 500
June 2025	?
July 2025	R270 000

- 40% of sales are cash; the rest is on credit.
- The mark-up is 50% on cost.
- Stock is replaced on a monthly basis.
- 20% of purchases are cash; the rest is on credit.

B. Creditors' payment:
It is expected that creditors will be paid as follows:
- 75% are paid in the month of purchases to receive a 5% discount.
- 15% are paid in the month after purchases.
- 10% are paid in the second month after purchases.

C. Salaries of sales assistants:

The sales assistants all earn the same monthly salary. They will get a 5% increase from 1 July 2025. The business had two assistants in June and will hire an additional assistant from 1 July at the same monthly salary as the other two assistants after the increase.

D. Loan:

Part of the loan will be repaid on 1 July 2025. Interest of 15% p.a. is paid at the end of each month and is not capitalised.

E. Vehicle and delivery expenses:

- Canary Stores have been outsourcing delivery services for the past two years at a percentage of sales.
- The owner plans to purchase a delivery vehicle on 31 July 2025. The business will pay a deposit of 10% on this date, and the balance will be paid over a period of 36 months at R6 875 per month starting 31 August 2025.

F. Rent expense:

The business rents 180 m^2 of the premises at a fixed rate per m^2. The rental agency informed the business of a planned increase in rent per m^2 as from 1 August 2025. In order to save on rent, the owner decided to reduce the m^2 that is being rented with effect from 1 July 2025.

G. Extract from Cash Budget for June and July 2025:

RECEIPTS	JUNE 2025 (R)	JULY 2025 (R)
Cash sales		(i)
Collections from debtors	117 450	134 325
Interest on fixed deposit	250	250
Fixed deposit maturing		30 000
PAYMENTS		
Cash purchase of stock		36 000
Payments to creditors	111 300	
Salaries and wages	(ii)	35 280
Loan repayment		(iii)
Interest on loan	3 150	2 250
Delivery expenses		13 500
Rent expense	59 940	47 952
Deposit for vehicle		(iv)
Advertising		24 300
Sundry expenses	4 950	5 100

H. Budgeted and actual information for April and May 2025:

	APRIL 2025		MAY 2025	
	BUDGETED	ACTUAL	BUDGETED	ACTUAL
Units to sell/sold	720	540	900	765
Selling price per unit	R250	R250	R225	R225
Total sales	R180 000	R135 000	R202 500	R172 125
Total purchases	R120 000	R90 000	R135 000	R114 750
Gross profit	R60 000	R45 000	R67 500	R57 375
Advertising	R9 000	R4 500	R18 225	R15 400
Commission	0	0	R4 050	R3 443
Delivery expenses	R7 200	R6 750	R10 125	R8 600

40

TOTAL: 150

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

NOTE:
1. Trading stock at the end of a financial year may be used if required in a question. 365 days is applicable only if relevant to the whole year.
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.