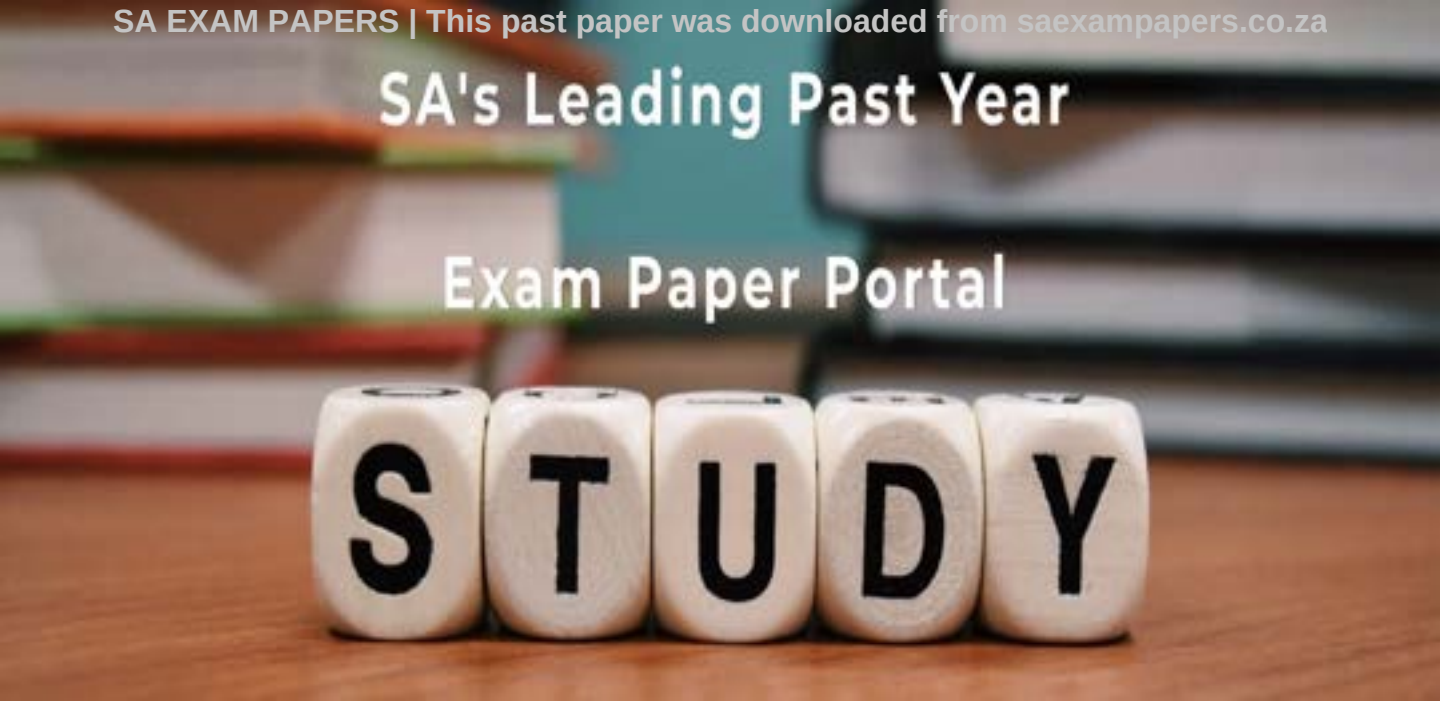

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION
GRADE 12

2025

ACCOUNTING

PAPER 2

ACCOUNTING P2

10712E

TIME: 2 hours

MARKS: 150

11 pages + 1 formula sheet and an 11-page answer book

X05

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. 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. Figures are NOT required in grey shaded areas.
9. Write neatly and legibly.
10. 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	56	45
2	Inventories	48	38
3	Management of fixed assets	34	27
4	Problem-solving	12	10
TOTAL		**150**	**120**

QUESTION 1: COST ACCOUNTING (56 marks; 45 minutes)

1.1 CONCEPTS

Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (1.1.1 to 1.1.3) in the ANSWER BOOK.

1.1.1 The salary of a foreman is part of the indirect material costs.

1.1.2 Carriage on raw materials purchased increases the cost of raw materials issued for production.

1.1.3 Profit on disposal of office equipment is part of administration costs.

(3 x 1) (3)

1.2 EASY DRINK MANUFACTURERS

The business manufactures durable reusable plastic cups. The financial year ended on 30 April 2025.

REQUIRED:

1.2.1 Calculate the direct material issued for the year ended 30 April 2025. (13)

1.2.2 Calculate the direct labour cost for the year ended 30 April 2025. (8)

1.2.3 Complete the Factory Overhead Cost Note for the year ended 30 April 2025. (17)

INFORMATION:

A. Stock balances:

	2025	2024
Raw material stock	R24 222	R38 000
Work-in-progress stock	R72 300	R95 100
Finished goods stock	R42 500	R85 200
Indirect materials	R8 150	R7 400

B. Raw material:

- Raw materials worth R280 000 were purchased on credit during the year.
- Transportation on raw materials amounted to 2% of purchases.
- Raw materials worth R5 400 were damaged in the storage area. The raw materials were not insured.
- Material, not as per order, was sent back to the supplier. A credit note was received from the supplier for the following:
  - ❖ R2 600 for material not as per order
  - ❖ R52 for carriage on purchases
- Some raw materials had to be imported from China due to the high demand. A payment of 2 300 Yuan (Chinese currency) was made to the supplier. The exchange rate is 1 Yuan (¥) = R2,60. Customs duty on these goods was levied at 30% and was paid to SARS when the goods arrived in the country.

C. Direct labour:

- Easy Drink Manufacturers employs 5 factory workers at a normal rate of R38 per hour. Together they worked 200 hours per week for 45 weeks of the year.
- Easy Drink Manufacturers contributes to the UIF on a rand-to-rand basis. Employee deductions for UIF are 1% of normal time.
- A total of 284 overtime hours was booked during the year. Overtime is paid at one and a quarter (¼) times the normal rate.

D. Other expenses:

- Purchased indirect materials worth R36 550 during the year. 35% of total indirect materials is used in the factory.
- The factory foreman received a gross monthly salary of R13 000. He also received a bonus equal to one month's salary.
- The following amounts were extracted from the Pre-adjustment Trial Balance on 30 April 2025:

Administration office: Water and electricity	R18 954
Rent expense	R66 800
Depreciation on factory equipment	R28 690
Depreciation on delivery vehicles	R56 800
Factory insurance	R15 000
Factory telephone	R10 000

- **Water and electricity**

  The water and electricity account is up to date. Water and electricity is allocated to the following departments in a 7 : 2 : 1 ratio (Factory, Administration and Sales).

- **Rent expense**

  The rent was increased to R5 600 per month on 1 March 2025. The rent for May 2025 has already been paid. Rent is allocated according to the floor space of each department. The factory occupies 610 square metres, the administrative department 220 square metres and the sales department 170 square metres.

- **Insurance**

  Insurance was initially allocated to the factory, the administrative department and sales department in a ratio of 3 : 1 : 1 per error. The correct allocation should have been in a ratio of 3 : 2 : 1.

- **Telephone**

  The telephone bill for April has not yet been paid. R1 825 of the bill will be allocated to the factory.

1.3 SEGAL MANUFACTURERS

The business manufactures keyholders and is owned by Liza Segal. The financial year ended on 31 March 2025.

REQUIRED:

1.3.1 Complete the missing figures marked with an asterisk (*). (4)

1.3.2 Calculate the unit cost of production for 2025. (2)

1.3.3 Calculate the break-even point for 2025. (5)

1.3.4 Comment on the level of production and the break-even point of the company in 2025. (4)

INFORMATION:

	2025	2024
Number of units made and sold	25 000	18 000
Break-even (units)	?	12 560
Selling price	R60	R50

COSTS	TOTAL	UNIT COST 2025	UNIT COST 2024
Direct material	R250 000	*	R12
Direct labour	*	*	R11
Direct costs	*	R25	R23
Factory overheads	R200 000	R8	R10
Administration costs	R75 000	R3	R3
Selling and distribution	R100 000	R4	R2

QUESTION 2 : INVENTORIES (48 marks; 38 minutes)

2.1 CONCEPTS

Choose the correct stock valuation method for each of the following:

Write only the answer next to the question numbers (2.1.1 to 2.1.3) in the ANSWER BOOK.

Options to choose from:

A First-in first-out (FIFO)
B Weighted-average (WAM)
C Specific identification (SIM)

2.1.1 The method that is appropriate for very expensive, individually recognisable items

2.1.2 The method that assumes that the older stock is sold first

2.1.3 The method that divides the total cost of goods available for sale by the number of units (3 x 1) (3)

2.2 MB SPORT SHOP

Mango Brand owns this business. The business uses the periodic inventory system. Year-end was on 28 February 2025.

2.2.1 Calculate the value of the closing stock on 28 February 2025 using the weighted-average method. (7)

2.2.2 Calculate the cost of sales for the year ended 28 February 2025. (3)

2.2.3 Calculate the gross profit for the year ended 28 February 2025. (3)

2.2.4 Calculate the percentage mark-up achieved for the year ended 28 February 2025. (3)

2.2.5 Calculate the value of the closing stock using the first-in first-out method. (6)

2.2.6 The owner heard that he could adjust the profit by changing the stock valuation method from the weighted-average method to the first-in first-out method.

(i) Explain the difference between the stock valuation methods to the owner. (3)

(ii) What advice will you give the owner about changing from one stock valuation method to another? (2)

2.2.7 Calculate how long (in days) it is expected to take to sell the closing stock of 465 cricket bats. (3)

2.2.8 Mango Brand is concerned about the control of cricket bats.

(i) Provide a calculation to support his concern. (6)

(ii) What entry would you make in the company's books to record this problem? Explain. (3)

(iii) How can Mango Brand solve this problem? Provide THREE points. (6)

INFORMATION

A. CRICKET BATS STOCK

	UNITS	UNIT PRICE	TOTAL
Opening stock (1 March 2024)	350		R420 850
Closing stock (28 February 2025)	465	?	?

B. PURCHASES, RETURNS AND CARRIAGE

	UNITS	UNIT PRICE	TOTAL
Purchases	3 150		R4 302 500
September 2024	1 100	R1 250	R1 375 000
November 2024	950	R1 350	R1 282 500
January 2025	650	R1 475	R958 750
February 2025	450	R1 525	R686 250
Returns (from February's purchases)	20	?	?
Carriage on purchases: • Total transport cost of stock purchased during the year is R110 250. • Refund was received for carriage on the returns.			

C. SALES

Total sales of R5 400 000.
(3 000 cricket bats were sold at R 1 800 each.)

QUESTION 3: MANAGEMENT OF FIXED ASSETS (34 marks; 27 minutes)

The information relates to the fixed/tangible assets of Bellairs Ltd. The financial year ended on 28 February 2025.

REQUIRED:

3.1 Calculate the TOTAL depreciation on vehicles for the year ended 28 February 2025. (8)

3.2 Calculate the rate of depreciation used by Bellairs Ltd to depreciate their equipment. (4)

3.3 Complete the extract of the Fixed Asset Note for the year ended 28 February 2025 by completing all the relevant amounts indicated by **A** – **H**. (14)

3.4 Calculate the profit or loss on the disposal of vehicles. Give advice on what should be taken into account when deciding to sell an asset. (4)

3.5 Bellairs Ltd has been informed that vehicles of the business are being misused by some employees for their own use. The insurance policy states that damage resulting from unauthorised use will not be covered. The business must establish internal controls to prevent the misuse of vehicles. You have been approached to help improve internal controls.

Give TWO internal controls that can be implemented. (4)

INFORMATION:

A. Incomplete Fixed Asset Note on 28 February 2025 for Bellairs Ltd.

	VEHICLES	EQUIPMENT
Carrying value on 1 March 2024	**530 000**	**56 000**
Cost price	850 000	560 000
Accumulated depreciation	(320 000)	(504 000)
Movements		
Additions at cost price	**A**	150 000
Disposals at carrying value	**B**	-
Depreciation	**C**	**G**
Carrying value on 28 February 2025	**F**	**H**
Cost price	**D**	710 000
Accumulated depreciation	**E**	

B. On 1 July 2024, a vehicle that originally cost R140 000 was traded in for R73 360. The new vehicle cost R216 000. The accumulated depreciation on the vehicle sold was R59 360 on 1 March 2024. Vehicles are depreciated at 20% p.a. on the diminishing balance method.
No entries have been made to record any of the above transactions.

C. New equipment was purchased on 31 August 2024. This has been correctly recorded. The depreciation of the new equipment amounted to R11 250. Equipment is depreciated on cost price.

34

QUESTION 4: PROBLEM-SOLVING **(12 marks; 10 minutes)**

Bally Clothing Store sells Golf T-shirts and shirts. The owner, Bally Clothing Store has provided information and requested advice. The table below reflects annual figures of the Bally Clothing Store for the financial year ended 31 January 2025 as presented by the bookkeeper.

REQUIRED:

Identify TWO problems for each product for 2025. In each case, give ONE piece of advice to address the problem identified. (12)

	GOLF T-SHIRTS		SHIRTS	
	2025	**2024**	**2025**	**2024**
Units: Opening stock	407	120	218	200
Units: Purchases	800	800	1 800	2 200
Units: Sold (gross) All sales are cash	550	500	1 970	2 260
Units returned by customers	0	0	90	78
Units: Closing stock	615	407	138	218
Stock turnover rate	0,9	1,9	10,6	10,4
Mark-up % achieved	75%	50%	25%	25%
	R	**R**	**R**	**R**
Cost price per item	360,00	360,00	170,00	160,00
Selling price	630,00	540,00	212,50	200,00
Income from sales (deposited in the bank)	346 500	268 920	349 500	436 400

12

TOTAL: 150

END

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