KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

JUNE EXAMINATION

2025

MARKS: 150

TIME: 2 Hours

This question paper consists of 12 pages including a formula sheet and an Answer Book of 9 pages.

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 the questions.

3. Show workings in order to achieve 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. 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 and table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Creditors Reconciliation and Debtors age analysis	35	25
2	Cost Accounting	50	40
3	Stock Valuation, Problem solving.	40	35
4	Bank Reconciliation	25	20
TOTAL		**150**	**120**

QUESTION 1: RECONCILIATION (35 Marks: 25 Minutes)

1.1 CREDITORS' RECONCILIATION:

Makhedama Stores purchase goods on credit from Kranskop Ltd.

REQUIRED:

1.1.1 Provide THREE points for good internal control over creditors (6)

1.1.2 Use the table in the ANSWER BOOK to indicate how the relevant balances will change when preparing the creditors' reconciliation. Indicate the figure as well as **(+)** for increase and **(–)** for decrease. The first transaction has been done as an EXAMPLE. (17)

INFORMATION:

The following balances are provided

In the account of Kranskop Ltd in the Creditors' Ledger of Makhedama Stores on 31 May 2025:	R114 485	Credit
On the statement received from Kranskop Ltd on 25 May 2025:	R182 150	Debit

The following errors and omissions were discovered during an investigation:

A. A payment by Makhedama Stores of R9 500 was omitted from the Creditors' Ledger and the statement of accounts.

B. An invoice for goods bought for R87 000 was reflected on the statement from Kranskop Ltd but was not recorded by Makhedama Stores.

C. An invoice for R28 000 received from Kranskop Ltd was recorded correctly by Makhedama Stores. The statement of account reflects it as R21 100.

D. Makhedama Stores had correctly recorded discount of R1 350 for early payment of their account. This has not been reflected on the statement from Kranskop Ltd.

E. The statement of accounts reflects interest of R730 on the overdue account. Kranskop Ltd acknowledged that an error had been made and promised to reverse the entry in the June 2025 statement.

F. A debit note for R2 000 issued to Nongoma traders was incorrectly recorded in the account of Kranskop Ltd by Makhedama Stores.

G. A credit note for R5 350 received from Kranskop Ltd for goods returned was incorrectly recorded as an invoice by Makhedama Stores.

H. Kranskop Ltd included returns of R1 215 on the statement. These were returns by another client, Road Stores.

I. Goods purchased from Kranskop Ltd on 31 May 2025 for R4 600 were recorded by Makhedama Stores. The statement of accounts from Kranskop Ltd is dated 25 May 2025.

1.2 DEBTORS' AGE ANALYSIS AND INTERNAL CONTROL

Charlestown Fashion Boutique sells 80% of their ladies' fashion wear on credit. The business pays cash for its stock. The business is owned by Tatjana Smith.

STUDY THE DEBTORS' AGE ANALYSIS PROVIDED BELOW TO ANSWER THE FOLLOWING QUESTIONS.

1.2.1 Calculate the percentage of debtors' balances that are within the credit term of the business. (2)

1.2.2 The business is not controlling its debtors effectively. Give THREE reasons why you would agree with this statement. Quote names of debtors and figures to support your reasons. (6)

1.2.3 Tatjana is of the opinion that her debtors' clerk does not screen (check) potential customers properly before offering credit facilities.
Give TWO strategies that the debtors' clerk should follow before allowing customers to open accounts. (4)

INFORMATION:

The age analysis of debtors extracted at the end of May 2025 showed the following:

Credit Policy: Debtors are allowed 30 days credit terms.

NAME OF DEBTOR	CREDIT LIMIT	TOTAL OWING	CURRENT MONTH	30 DAYS	60 DAYS	90 DAYS+
P. Nel	8 000	7 700		2 800	4 900	
P. Ras	5 000	6 120	3 820	2 300		
S.M Mazibuko	4 000	1 380	1 380			
M.K Ngubane	6 000	6 000	1 500			4 500
P. Luthuli	10 000	10 600	3 420	4 280	2 900	
		31 800	10 120	9 380	7 800	4 500
		100%	?	?	?	?

35

QUESTION 2: COST ACCOUNTING (50 Marks: 40 Minutes)

2.1 NDABA MANUFACTURERS

The information relates to the financial year ended 28 February 2025. The business manufactures one type of hat.

REQUIRED :

2.1.1 Calculate the following:

- Direct labour cost (refer to information C) (7)
- Factory overheads cost for the year (refer to information D) (5)

2.1.2 Prepare the Production Cost Statement for the year ended 28 February 2025. (10)

2.1.3 The owner is impressed that factory workers never complained about working overtime to meet targets.

Provide TWO reasons why the factory workers choose to work overtime without any concern. (4)

INFORMATION:

A. Stock balances:

	28 February 2025	29 February 2024
Raw material stock	745 000	2 663 000
Work – in – progress	?	26 000
Finished goods	552 000	276 000

B. Raw material issued for production amounted to R1 500 000.

C. Direct labour costs for the year:

No of workers	wages	Earnings per worker	
10	Basic (Normal wages)	R50	2 000 hours
	Overtime	Basic rate + 80%	100 hours

Note:

- Deduction: 9% of basic wages
- Employer's contribution: 12% of basic wages

D. Factory overheads costs:

The bookkeeper calculated factory overheads as R764 780. However, she made the following errors which must be corrected:

- The factory rent expense of R66 000 was included in the factory overheads. The amount was undercast by 20%

- Annual insurance for the period 1July 2024 to 30 June 2025 was paid and allocated to factory, office and sales in the ratio 3 : 1 : 1 respectively.

The office insurance amounted to R1 440 per month.

E. The following were calculated after taking into account the above information:

Sales	R5 760 000
Actual mark – up achieved	80%

2.2 CEBEKHULU PENS

The business manufactures one type of pen and is owned by Pep Guardiola. The financial year ended on 28 February 2025.

REQUIRED:

2.2.1 Calculate the break – even point for the year ended 28 February 2025. (4)

2.2.2 Explain whether the level of production achieved is satisfactory or not. Quote figures to support your opinion. (4)

2.2.3 Pep is generally satisfied with management of variable costs, but is not pleased with the control over direct labour costs.

- Justify his concern by quoting figures (2)
- Provide THREE suggestions he can implement to address this problem. (6)

2.2.4 Pep is considering using computerised machinery as an alternative to manual labour. It may result in some workers losing their jobs.

Explain TWO points that he should consider before taking this step. (4)

2.2.5 Pep wants to increase production by 800 units during the next financial year while maintaining costs. Calculate the additional profit that he will achieve. (4)

INFORMATION:

Extracted from the records of Cebekhulu pens:

	28 February 2025		29 February 2024	
	Total (R)	Unit cost (R)	Total (R)	Unit cost (R)
Fixed costs	2 442 375	58.50	2 346 000	55.20
Variable costs:	1 507 175	36.10	1 155 750	27.19
Direct material cost	705 575	16.90	539 750	12.70
Direct labour cost	613 725	14.70	416 500	9.80
Selling and distribution	187 875	4.50	199 500	4.69
Selling price per unit	R104.10		R95.70	
Number of units produced and sold	41 750 units		42 500 units	
Break – even point	?		34 244 units	

50

QUESTION 3: INVENTORY SYSTEMS AND VALUATION (40 Marks; 35 Minutes)

3.1 INVENTORY VALUATION

You are provided with information related to Ladysmith Traders for the year ended 28 February 2025. The business is owned by Kevin De Bruyne. The business sells one type of Rolex watches. The periodic inventory system and weighted average stock valuation method is in operation.

REQUIRED:

3.1.1 Explain TWO differences between the perpetual stock system and the periodic stock system. (4)

3.1.2 Calculate the following:

(i) Customs duty paid per watch (1)

(ii) The value of closing stock using weighted average method. (11)

(iii) Cost of sales (3)

(iv) Stock holding period in days for 2025. (5)

3.1.3 Comment on the stock holding period for 2025. (2024 was 158 days) (3)

INFORMATION:

A. The Rolex watches are imported from USA.

B. The watches are valued using the weighted average method

C. Balances:

	NUMBER OF UNITS	TOTAL
Opening stock	100	3 803 500
Closing stock	78	?

D. Purchases during the financial year:

DATES	NUMBER OF UNITS	UNIT COST	TOTAL (EXCLUDING CUSTOMS AND CARRIAGE)	Customs duty
01 March 2024	120	R33 000	R3 960 000	R18 000
15 August 2024	81	R35 000	R2 835 000	R12 150
11 January 2025	69	R37 000	R2 553 000	R10 350
	270		R9 348 000	R40 500

E. Carriage on purchases for the financial year:
Watches were transported at R50 per watch from King Shaka International Airport to the business.

F. 5 watches bought on 15 August 2024 were returned to the supplier. The supplier agreed to refund R35 000 per watch and no other costs.

3.2 PROBLEM SOLVING

Vusi Mhlungu owns three bicycle shops, Shop A, Shop B and Shop C. He appointed a manager for each of these shops. You are supplied with information regarding each of the shops. He wants to improve the financial results of these shops and is asking your advice on them.

Each store calculates their selling price at cost plus 60%. Managers may decide to adjust these prices by 10% if necessary.

REQUIRED:

3.2.1 Comment on the price adjustment policy. Is it a good idea to allow the managers to adjust prices? Provide figures to support your answer (4)

3.2.2 Identify ONE problem relating to each shop. Provide figures to support your answer. In each case provide a possible solution. (9)

	SHOP A	SHOP B	SHOP C
Name of Managers	**M. Nxumalo**	**S. Mthembu**	**N. Shabalala**
Targeted profit mark-up	60%	60%	60%
Mark-up achieved	60%	50%	65%
Sales	400 000	510 000	247 500
Cash sales	180 000	510 000	24 750
Credit sales	220 000	Nil	222 750
Number of employees	5	10	3
Gross profit	150 000	170 000	97 500
Period stock on hand	120 days'	60 days'	60 days'
Creditors' payment period	21 days'	60 days'	110 days'
Debtors' collection period	30 days'	None	90 days'
Bad debts	2 200	None	22 275
Salaries	105 000	210 000	63 000

40

QUESTION 4: BANK RECONCILIATION (25 Marks; 20 Minutes)

4.1 DAIRY TRADERS

The information relates to April 2025. The official Bank Statement is used for reconciliation purposes.

REQUIRED:

4.1.1 Show the entries that must be recorded in the Cash Journals by completing the table provided in the ANSWER BOOK. (7)

4.1.2 Calculate the correct bank balance in the General Ledger on 30 April 2025. (4)

4.1.3 Prepare the Bank Reconciliation Statement on 30 April 2025. (10)

4.1.4 Provide ONE reason why the internal auditor should be concerned about the control of cash. Provide a solution for his concern. (4)

INFORMATION:

A. Bank Reconciliation as on 31 March 2025:

	Debit	Credit
Balance as per bank statement		2 070
Outstanding deposit		12 490
Outstanding EFT : 161 (21 January 2025)	3 400	
175 (28 March 2025)	960	
176 (30 March 2025)	4 130	
Debit balance as per the bank account	1 930	

B. The journals had the following totals for April 2025, before the information below was taken into account:

Cash Receipts Journal (CRJ)	R132 890
Cash Payment Journal (CPJ)	R73 200

C. The following items appear on the Bank statement but not in the Journals:

- Interest on unfavourable bank balance, R420
- Monthly debit order for Easy Insurance, R3 000. Dairy Traders, however, instructed the bank last month to stop all debit orders for Easy Insurance.
- A deposit of R12 490 on 1 April 2025.
- A deposit of R8 500 was deposited by the tenant into the business account.
- An EFT for R2 600 from a debtor was received in settlement of his debt of R2 850.
- EFT 175 appeared on the bank statement incorrectly as R690.
- EFT 161 appeared on the bank statement with the correct amount
- Bank charges are shown as R3 450, after enquiring about the amount, the bank admitted that they had made a mistake. The amount should have been R1 550.

D. The following items appear in the journals but not on the bank statement:

- A deposit of R23 100 deposited on 02 April 2025.
- EFT 191 for R950 was for donation to local school, it was discovered that the school was closed permanently in January 2025, due to poor results.
- EFT 201 for R5 100 and EFT 202 for R3 150

E. Bank statement balance is a balancing figure.

25

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 and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*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.