Province of the
EASTERN CAPE
EDUCATION

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NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2025

ACCOUNTING P2

MARKS: **150**

TIME: **2 hours**

JACCNE2

This question paper consists of 14 pages, including a formula sheet and a 9-page answer book.

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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. 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 the 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 and Internal Control	35	30
2	Cost Accounting	45	35
3	Inventory	35	25
4	Fixed Assets and Problem-solving	35	30
TOTAL		150	120

QUESTION 1: RECONCILIATIONS AND INTERNAL CONTROL

(35 marks; 30 minutes)

1.1 DEBTORS' AGE ANALYSIS

REQUIRED:

1.1.1 Explain ONE point to illustrate why a debtor's age analysis is an important internal control measure for any business who sells on credit. (2)

1.1.2 Refer to **Information B** and explain TWO problems highlighted by the debtors' age analysis. Provide names and figures in your answer. (6)

INFORMATION:

A. Debtors are granted 30 days credit.

B. Debtors' age analysis on 31 May 2025:

DEBTORS	CREDIT LIMIT	TOTAL OWING	CURRENT	30 DAYS	60 DAYS	90 DAYS
R Bouwer	14 000	12 000	6 200	5 800		
W Holtz	7 000	8 400	7 600	800		
R Jansen	14 000	2 900	1 000			1 900
E Peens	36 000	35 000	14 050	9 725	6 595	4 630
D Rootman	7 000	7 000	3 800		3 200	
		65 300	32 650	16 325	9 795	6 530
		100%	50%	25%	15%	10%

1.2 DEBTORS' RECONCILIATION

You are provided with information from the records of Thomson Traders for April 2025. The bookkeeper noticed that the balance on the Debtors' Control account did not correspond with the totals of the Debtors' List.

REQUIRED:

Calculate the correct balance on the Debtors' Control account and the correct totals for the Debtors' List on 30 April 2025. Use the table in the ANSWER BOOK and show a figure with "+", "-" or "no entry" for each error or omission discovered. (17)

INFORMATION:

A. Balance on the Debtors' Control account on 30 April 2025, R65 600.
Total of the Debtors' List on 30 April 2025, R67 790.

B. Errors and omissions discovered:

(i) A debtor with a balance of R2 500 was omitted from the Debtors' List.

(ii) An EFT payment of R1 200 to settle an account of R1 300 was made by a debtor and it was correctly entered into the Cash Receipts Journal. The transaction was not posted to his account in the Debtors' Ledger.

(iii) The total of the Debtors' Journal was undercast by R1 800.

(iv) No entry was made for goods returned by a debtor, R2 700.

(v) Interest of R125 was charged on the overdue account of a debtor. It was entered in the General Journal as R125, but posted to the debtors' account, as R215.

(vi) Trading stock returned by a debtor, R1 200, was posted to the wrong side of his account in the Debtors' Ledger.

(vii) Thomson Traders buys from and sells goods to Sprong Services. Sprong Services requested that his credit balance of R2 500 in the Creditors' Ledger be transferred to his account in the Debtors' Ledger.

(viii) An invoice for credit sales to Le Vack Services was posted to the account of La Grange Goods, R3 500.

(ix) An invoice for credit sales R4 200, was entered as R2 400 in the Debtors' Journal.

(x) The overdue account of a debtor, R900, must be written off as bad debt. Even though no entry for the bad debt was made yet, the debtor's balance did not appear in the Debtors' List.

1.3 **CREDITORS**

INFORMATION:
Makanda Traders buys goods from Gqeberha Services.

REQUIRED:

Makanda Traders are not completely satisfied with the quality of goods received from Gqeberha Services.

Suggest TWO factors to consider before changing suppliers. (4)

1.4 BANK RECONCILIATION

The following information relates to Meyer Traders for January 2025.

REQUIRED:

Prepare the Bank Reconciliation Statement on 31 January 2025. (6)

INFORMATION:

A. Balance on the bank statement as received from EC Bank, R53 900 (cr).

B. Additional information to be considered:

(i) Items in the Cash Journals for January 2025, not appearing on the Bank statement for January 2025:

- A deposit of R38 250, made on 31 January 2025
- EFT 675, R5 400

(ii) Two mistakes were identified on the bank statement and EC Bank promised to correct these entries in February 2025.

- EFT No. 687 was entered correctly in the Cash Payment Journal as R9 860, but appeared on the bank statement as R8 960.
- A payment for an unidentified debit order for R2 500 appeared on the bank statement.

(iii) The balance for the bank account is?

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

2.1 Identify ONE cost category for each of the following descriptions by choosing the best option from the list below. Write only the cost category next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

administration cost; direct labour cost; direct material cost; factory overhead cost; selling and distribution cost

2.1.1 Cost of advertising campaign

2.1.2 Cost of material used in production process

2.1.3 Rent of factory

2.1.4 Salaries of office staff (4)

2.2 **HERMS MANUFACTURERS**

You are provided with information regarding Herms Manufacturers for the year ended 30 April 2025. They manufacture one style of laptop bags.

REQUIRED:

2.2.1 Calculate the following costs:
- Direct material cost (6)
- Direct labour cost (6)
- Factory overhead cost (7)

2.2.2 Prepare the Production Cost Statement. (9)

2.2.3 Calculate the break-even point for 2025. (6)

Explain whether the owner should be concerned or not about the results. Provide figures in your explanation. (3)

2.2.4 Explain the difference between *fixed* and *variable cost*. (2)

2.2.5 Explain the term *"economy of scale"* in terms of fixed cost. (2)

INFORMATION:

A. Stock on hand:

	30 April 2025	1 May 2024
Raw material	183 100	260 500
Work-in-progress stock	?	75 200

B. Raw material purchased during the financial year, R1 500 600.
Carriage paid on raw material purchased, R89 000.
Raw material returned to suppliers, R13 700.

C. Wages for workers involved in production:

Number of workers	9
Normal/basic wage	R60 per hour
Normal hours worked per worker	1 950
Overtime wage	1½ times normal wage per hour
Total overtime hours	150
Deductions	12% of basic wage
Employer's contribution	10% of basic wage

D. Factory overheads:

The factory overhead cost was calculated as R530 200, but the following errors and omissions were discovered:

- R60 000 for rent was included. Rent was allocated as 3 : 2 : 1. Rent should be allocated as 6 : 2 : 2 with the factory always carrying the biggest part of the rent expense.
- The whole expense for water and electricity, R240 800 was entered as part of factory overhead cost. The factory carries only 80% of this expense.
- Insurance for the year was R85 000 and was omitted from the factory overhead expense. The factory carries 70% of this expense.

E. Additional information:

- 3 820 laptop bags were produced at a cost of R900 each and sold at a profit of 50% on cost.
- Total fixed cost amounted to R1 008 000 and total variable cost amounted to R3 629 000.

45

QUESTION 3: INVENTORY (35 marks; 25 minutes)

3.1 CONCEPTS

Match the concepts in COLUMN B with a description in COLUMN A. Write only the letter (A–E) next to the question numbers (3.1.1 to 3.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Method best suited for expensive, individually recognisable items	A	First-in-first-out
3.1.2	Older stock is sold first	B	Periodic system
3.1.3	Total cost of goods available is divided by the number of units available	C	Perpetual system
3.1.4	Cost price is calculated at point of sale	D	Specific identification
		E	Weighted-average

(4)

3.2 INVENTORY VALUATION

You are provided with information relating to Rabada Batters, owned by Rabada King. The business sells cricket gear. Rabada Batters uses the **periodic inventory system** and the **weighted-average** method to value their cricket bats (which is 95% of their business) in stock. The financial year ended 28 February 2025.

REQUIRED:

3.2.1 Calculate the unit price of the cricket bats on 1 March 2024. (2)

3.2.2 Calculate the value of the stock on hand on 28 February 2025. (8)

3.2.3 Calculate the gross profit on 28 February 2025. (6)

3.2.4 Calculate how many **days** it should take to sell the closing stock of cricket bats. Use the **closing stock** in your calculation.
Give a short comment on your answer, keeping in mind that the stock holding period for 2024 was 34 days. (5)

3.2.5 Rabada suspects that some of the cricket bats were stolen during the year. Provide a calculation to support his concern.
Give TWO points of advice to Rabada to improve this situation. (8)

3.2.6 Rabada Batters also sells cricket shirts and uses the first-in-first-out method to value their cricket shirts in stock.
Explain ONE reason why the business uses different methods to value their stock. (2)

INFORMATION:

A. Stock balances of cricket bats:

	Units	Unit price	Total
1 March 2024	700	?	R1 050 000
28 February 2025	930	?	?

B. Purchases, returns and carriage:

	Units	Unit price	Total amount
Purchases:			
May 2024	2 200	R1 600	R3 520 000
September 2024	1 900	R1 800	R3 420 000
November 2024	1 300	R2 500	R3 250 000
February 2025	900	R2 650	R2 385 000
	6 300		R12 575 000
Returns:			
From September 2024	(10)		?
From February 2025	(40)		?
Carriage on purchases: • Total transport cost on purchases for the year was R218 300. • No refund was received for carriage on the goods returned.			

C. Sales:

6 050 cricket bats were sold at R3 200 each.

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QUESTION 4: FIXED ASSETS AND PROBLEM-SOLVING (35 marks; 30 minutes)

4.1 FIXED ASSETS

The information relates to Govender Ltd. The financial year ended 28 February 2025.

REQUIRED:

4.1.1 Calculate the carrying value of land and buildings on 1 March 2024. (2)

4.1.2 A building similar in size and location to the company's building was recently sold for R10 000 000. The chief executive officer requested the internal auditor to revalue the company's buildings to R8 000 000. Explain why the internal auditor have a problem with this request. Refer to a GAAP principal in your explanation. (3)

4.1.3 Calculate the total depreciation on vehicles for the year ended 28 February 2025. (6)

4.1.4 Calculate the total accrued depreciation on the equipment sold on 31 October 2024. (6)

4.1.5 Prepare the Asset Disposal Account on 31 October 2024. (5)

4.1.6 An employee wanted to buy the old equipment and was extremely dissatisfied when he heard that the equipment was sold to one of the directors. Comment on this situation. (4)

INFORMATION:

A. Balances:

	28 February 2025	1 March 2024
Land and buildings	5 100 000	?
Vehicles	1 440 000	700 000
Accumulated depreciation on vehicles	?	680 000
Equipment	870 000	750 000
Accumulated depreciation on equipment		

B. Additional information:

(i) Additions to the value of R860 000 were made to the building during the year. This was correctly entered when the additions were made.

(ii) The company had two vehicles on 28 February 2025. The second vehicle was purchased on 1 November 2024 and properly entered in the books.

(iii) Vehicles depreciate at 15% p.a. on cost.

(iv) New equipment to the value of R150 000 were bought and correctly entered on 1 December 2024.
Old equipment was sold for cash, R5 000 to one of the directors on 31 October 2024. This equipment was bought at a cost of R30 000 on 1 March 2022.

(v) Depreciation on equipment is calculated at 10% p.a. on carrying value.

4.2 **PROBLEM-SOLVING**

Easy Rides sells electric bikes from three different shops in the East London area. Each shop has its own manager. The table below reflects the figures for the financial year ended 31 March 2025.

REQUIRED:

Identify ONE problem in relation to each shop, quoting figures in identifying each problem. Provide ONE point of advice for solving each problem identified. (9)

INFORMATION FOR THE YEAR ENDED 31 MARCH 2025:

	Vincent	Cambridge	Selborne
Number of e-bikes available for sale	550	450	380
Number of orders received	150	400	500
Number of e-bikes sold	150	400	380
Number of e-bikes returned for repairs	1	10	2
Closing stock	400	50	0
Selling price per e-bike	R16 150	R14 250	R15 200
Mark-up percentage	70%	50%	60%
Cash from customers deposited	R2 422 500	R5 415 000	R5 776 000

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TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Cost of sales}} \times \frac{100}{1}$
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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (*See note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales/Credit purchases}} \times \frac{365}{1}$ (*See note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*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.
2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is consistent).
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.