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GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2025

10712
ACCOUNTING
(PAPER 2)
ANSWER BOOK

14 pages

NAME OF SCHOOL: _____

NAME OF LEARNER: _____

QUESTION	TOPIC	MARKS	MARKS OBTAINED
1	Reconciliations	40	
2	Cost Accounting	40	
3	Stock Valuation	35	
4	Budgets	35	
TOTAL		150	



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P.T.O.



1.1.3 Choose only ONE template below to answer this question.

TWO-COLUMN METHOD

BANK RECONCILIATION STATEMENT ON 31 MAY 2025		
	DEBIT	CREDIT

7

OR

ONE-COLUMN METHOD

BANK RECONCILIATION STATEMENT ON 31 MAY 2025	

7





- 1.1.4 Khaya has noticed that a long serving cashier has recently been experiencing cash shortages. Suggest TWO possible reasons for these shortages and provide a solution for each reason given.

Reason	Solution

4

- 1.1.5 Provide TWO reasons why Khaya authorises all EFT payments of his business.

--

2



**1.2 CREDITORS' RECONCILIATION****1.2.1 Use the table provided to indicate corrections that must be made to the Creditors' Control Account and the Creditors' List.**

Indicate changes with a (+) for an increase, a (–) for a decrease or a (0) for no change.

	CREDITORS' CONTROL ACCOUNT	CREDITORS' LIST
BALANCE	64 800	79 300
B		
C		
D		
E		
F		
Corrected Balance		

9

1.2.2 PP Distributors is happy with the way Soweto Traders manages its account and is willing to increase its credit limit.

Explain TWO actions taken by Soweto Traders that helped them to maintain a good relationship with the creditor.

4

TOTAL MARKS

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**QUESTION 2****2.1 MAGIC WOOD MANUFACTURERS****2.1.1 Calculate direct/raw material costs.**

WORKINGS	ANSWER

6

2.1.2 Calculate factory overhead costs for the year.

Incorrect total	3 670 860
Correct total for factory overhead costs	

9

2.1.3 PRODUCTION COST STATEMENT FOR YEAR ENDED 30 APRIL 2025

Prime costs	
PRODUCTION COST OF FINISHED GOODS	

6



2.1.4 Calculate the selling and distribution costs.

WORKINGS	ANSWER

3

2.1.5 Magic Wood donated window frames to a community school. The window frames were produced using offcuts that would otherwise have been wasted. Calculate the amount lost in terms of sales as a result of the wastage of the wood.

WORKINGS	ANSWER

4

2.2 KICK-IT-UP MANUFACTURERS

2.2.1 Explain why it is important to calculate the expected break-even point for a business before the start of a financial year.

[illegible]

2





- 2.2.2 Nono was not anticipating an increase in profits. Explain to her how this happened. Provide TWO points. Quote figures.

4

- 2.2.3 Explain why total fixed cost increased but fixed cost per unit decreased. Quote figures.

2

- 2.2.4 Identify TWO costs (with figures) that have been well-controlled. For each cost, provide a possible action that Kick-it-up Manufacturers may have taken to keep these costs under control.

COST (WITH FIGURES)	ACTION/SOLUTION

4

TOTAL MARKS

40

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3.2.1 Calculate the value of the closing stock on 28 February 2025. Use the specific identification method.

WORKINGS	ANSWER

5

3.2.2 Saika watches

Provide a calculation to confirm that the closing stock of Saika watches is expected to be sold in 8,9 days.

WORKINGS	ANSWER

3


3.2.3 Dempo watches

Aya is confident that the Dempo model should NOT be out of stock. Provide a calculation to support his assumption.

WORKINGS	ANSWER

2

3.2.4 Aya has expressed his concern about customers trying on watches without staff supervision. Identify TWO potential problems that could arise from this practice and suggest a solution for each.

PROBLEMS	SOLUTIONS
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4





3.3.1 **Comment on the stock holding period of winter jackets. Quote figures**

--

2

What effect does this stock holding period have on Staysmart Fashions?

--

2

3.3.2 **Nandi is concerned that the current pricing policy may lead to a future decline in customers. Calculate the percentage change and explain why Nandi should not be concerned.**

--

3

3.3.3 **Nandi is pleased with zero stock loss. Explain TWO security measures she may have implemented to help achieve this result.**

--

2

TOTAL MARKS
35



**QUESTION 4****4.1 Calculate the total sales for June 2025.**

WORKINGS	ANSWER

2

4.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	JULY	AUGUST
MAY	320 000	48 000	
JUNE	345 000	207 000	51 750
JULY	298 000	57 812	
AUGUST			

7





- 4.3 Calculate the missing figures (i) – (iv) in the Cash Budget for the period ending 31 August 2025.**

(i) Loan amount acquired in August 2025	
WORKINGS	ANSWER

(ii) Cash purchases of stock for August 2025	
WORKINGS	ANSWER

(iii) Payments to creditors for July 2025	
WORKINGS	ANSWER

(iv) Salaries and wages for August 2025	
WORKINGS	ANSWER





4.4

Explain why these items may cause a challenge for the business. Provide ONE reason for each case.

	REASON
Payments to creditors	
Insurance	

4

There is a concern about the high advertising costs associated with printing pamphlets by the business, especially given the low sales return. Suggest and explain TWO modern and more cost-effective advertising methods that Edward could consider.

PROPOSED METHOD	EXPLANATION

4

4.5

Comment on the cash flow situation during May 2025. Make ONE suggestion to improve Ekasi Traders' cash problems.

PROBLEM	SOLUTION

2

Edward is considering opening a new branch in another province. Identify TWO challenges that may impact the business's cash budget.

--

2

TOTAL MARKS

35

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END



TOTAL: 150