education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P2
JUNE 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 11 pages, a formula sheet and a 11-page answer book.

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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	Reconciliations and internal controls	50	40
2	Cost Accounting	60	45
3	Inventory Valuation	40	35
TOTAL		**150**	**120**

QUESTION 1: BANK-, CREDITORS'- AND DEBTORS' RECONCILIATION (50 marks; 40 minutes)

1.1 BANK RECONCILIATION THEORY

Indicate whether the following statements are TRUE or FALSE. Write only "true" or "false" next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK.

1.1.1 A favourable balance on the Bank statement is indicated as a debit.

1.1.2 Credit card sales are recorded in the Debtor's journal.

1.1.3 Interest that is debited on the Bank statement, is recorded in the cash receipts journal.

1.1.4 Bank charges are automatically indicated on the credit side of the bank statement.

1.1.5 Bank reconciliation is part of the internal control system of your business. (5)

1.2 BANK RECONCILIATION

The information relates to Calamata Traders on 30 June 2025. The business sells goods for cash and on credit.

REQUIRED:

1.2.1 Calculate the correct balance of the Bank account in the General Ledger on 30 June 2025. Indicate whether this balance is favourable or unfavourable. (15)

1.2.2 Compile the Bank reconciliation statement on 30 June 2025. (6)

1.2.3 Assume that the charge on credit card sales is a 4% charge. Calculate the total credit card sales for the month. (2)

1.2.4 **Refer to Information F.**
Explain TWO internal control measures that the business should implement to ensure that this does not happen in the future. (2)

INFORMATION:

A. Extract from the Bank Reconciliation Statement on 30 May 2025.

	Debit	Credit
Balance according to Bank Statement	8 520	
Outstanding deposits not yet recorded:		
12 May 2025		24 000
31 May 2025		12 760
Outstanding EFTs:		
No. 71, 28 May 2025	7 880	
No. 73, 15 May 2025	15 400	
Balance according to Bank account	4 960	
	36 760	36 760

B. The provisional totals in the cash journals before being compared with the Bank Statement: CRJ R325 000 and CPJ R290 000.

C. Items included in the June 2025 bank statement, but not in the journals:

- Outstanding deposit, R12 760.
- EFT 71 for R7 880.
- Sales to customers who paid by credit card, R15 300.
- Service fees, R230.
- Credit card charges, R1 050.
- Interest on overdraft, R130.
- Direct deposit by a tenant for rent, R5 900.
- Cash withdrawal by debit card, R3 600.
- Interest on savings account, R430. (not capitalised)
- A direct payment made by Calamata Traders, R4 140 to a creditor.
- A direct payment in favour of Calamata Traders from a debtor, R12 000.
- Debit orders to service providers, R17 200.

D. Items that appeared **only** in the cash journals:

- Deposit dated 30 June 2025 R30 400.
- EFT 121 dated 29 June 2025 R19 200.
- EFT 122 dated 30 June 2024 R4 700.

E. The following differences were noted:

- EFT 73 dated 15 May 2025 for R51 400 appeared on the bank statement, but the CPJ incorrectly reflects this as R15 400.
- The bank informed Calamata Traders that there had been a transfer of R19 740 to them in error.

F. The outstanding deposit of R24 000 on 12 May 2025 still does not appear on the June Bank Statement. An investigation revealed that this money was never deposited. The cashier disappeared. This outstanding amount must be written off.

G. The closing Bank Statement balance on 30 June 2025 was favourable, R 480.

1.3 **CREDITORS RECONCILIATION**

The information relates to Smith Traders for June 2025.

REQUIRED:

1.3.1 Give TWO reasons why it is important for the business to prepare the Creditors Reconciliation Statement every month. (2)

1.3.2 Calculate the correct Creditors Control Account balance after taking into account the errors and omissions. (6)

1.3.3 Calculate the correct balances for creditors Hunt Wholesalers and Tiger Wholesalers, taking the errors and omissions into account. (10)

INFORMATION:

A. Balances and totals on 30 June 2025:

Creditors Control Account in the General Ledger	R32 640
List of Creditors:	
Hunt Wholesalers	R16 580
Tiger Wholesalers	R24 620
Blackwood Manufacturers	0

B. ERRORS AND OMISSIONS

(i) The Creditors control column in the Creditors journal was understated by R5 020.

(ii) A credit invoice for trading inventory on 28 June 2025 for R12 800 purchased from Hunt Wholesalers was not recorded.

(iii) A payment of R3 150 to Tiger Wholesalers was posted as an invoice in the Creditors ledger. The CPJ was correct.

(iv) A debit note of R1 280 for goods returned to Hunt Wholesalers was wrongly recorded in the Creditors Journal, and posted accordingly to the General Ledger. Posting from the document to the Creditors ledger was done correctly.

(v) VAT of R1 720 was omitted on an invoice received from Hunt Wholesalers.

(vi) Equipment purchased on credit from Blackwood Manufacturers, R4 900, was mistakenly transferred to the account of Tiger Wholesalers.

(vii) An invoice for R3 575 from Hunt Wholesalers was wrongly transferred as R3 375 to their account in the Creditors ledger.

1.4 **DEBTORS- AGE ANALYSIS**

Explain in detail the purpose of preparing a debtor's age analysis. State TWO points. (2)

QUESTION 2: PRODUCTION COST STATEMENT, GROSS PROFIT AND UNIT COSTS (60 marks, 45 minutes)

Current Ltd builds inverters to sell to households and small businesses throughout Africa. The financial year ends on 30 June 2025.

REQUIRED:

2.1 Calculate the cost of the imported raw materials. (adjustment 5) (3)

2.2 Prepare the following:

2.2.1 Production cost statement for the year ending 30 June 2025.

2.2.2 Notes:

- Direct material costs (10)
- Factory overhead cost (11)
- Cost of finished goods sold. (4)

2.3 Calculate the gross profit for the year ending 30 June 2025. (3)

2.4 Calculate the following:

2.4.1 The unit cost of each inverter; rounded to the nearest rand. (3)

2.4.2 The selling price of each inverter. (3)

2.4.3 Calculate the break-even point and comment on it. (7)

2.5 Give TWO reasons why you would advise Current Ltd to support local suppliers. (2)

2.6 The owner of Current Ltd. is not satisfied with the profit he is making. Currently there is an enormous demand for inverters in the country which the industry cannot supply.

The owner found an alternative supplier of raw materials for the manufacturing of the inverters. This supplier is much cheaper, but they are not approved by the Electricity Board as the safety of the material cannot be guaranteed. The owner calculated that he would be able to cut his direct material costs by around 40% by using the alternative material. Since the demand is so high and people will buy whatever they can find, he decided to take this option. Do you agree with him? Explain the possible implications of his decision on his business. (2)

INFORMATION:

Stock on 1 July 2024:	Raw material inventory	R120 000
	Work-in-Process inventory	240 000
	Finished goods inventory	616 080
	Consumables on hand	15 000
Transactions during the year:		
Consumables purchased for cash		70 000
Raw materials purchased		420 000
Carriage paid on raw materials		39 000
Raw materials issued during the year		492 000
Factory wage		396 000
Factory manager salary		120 000
Electricity: factory		18 000
Maintenance on factory equipment paid		48 000
Medical fund contributions for factory workers		78 000
Rental expense		120 000
Depreciation on factory equipment		70 200
Administration costs		82 170
Selling and distribution costs		452 640
Sales		3 600 600

ADJUSTMENTS:

1. The following stock was on hand on 30 June 2025:
   - Work-in-process stock 82 000
   - Finished goods inventory 120 600
   - Consumables on hand 8 000
   - Raw materials stock ?
2. The factory's wage journal for June 2025 has not yet been posted. Gross wages are R39 600, and the employers' medical aid contributions to the medical aid are R7 200.
3. An electricity amount is still outstanding, R9 000. Electricity must be divided between the factory, administration, sales and distribution, in the ratio 4 : 1 : 1.
4. All rent has been paid for the year but the factory rent of R10 000 per month has been increased by 8% p.m. from 1 January 2025. The bookkeeper forgot to process the increase for January to June.
5. A shipment of raw material imported from China was delivered on 30 June 2025. No entry was made. The cost was as follows:

The exchange rate: ¥ 1 =	R18,12
Cost of raw materials:	¥ 5 000
Freight charge on purchases:	¥ 800
Import duty:	10% of the raw material cost

6. Total units produced: 780
7. Total units sold: 850
8. The variable cost per unit R1 125

60

QUESTION 3: STOCK VALUATION **(40 marks; 35 minutes)**

3.1 **CONCEPTS**

Choose ONE term for each of the following descriptions by using the term provided in the list below. Write only the term next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

first in first out (FIFO), perpetual inventory system; periodic inventory system, weighted average method; specific identification method

3.1.1 This inventory system is more suitable for low value goods that are purchased in bulk.

3.1.2 This method of inventory valuation assigns a unique or individual value to each inventory item.

3.1.3 This method assumes that inventory is sold in order of purchase date. (3)

3.2 **MY VELLIES**

The information relates to My Vellies. The business sells one type of ostrich leather vellies. The financial year ends on 28 February 2025.The company uses the weighted-average method for inventory valuation and the periodic inventory system.

REQUIRED:

Calculate the following for the year ending 28 February 2025:

3.2.1 The value of the closing inventory using the weighted average method. (7)

3.2.2 Number of units of missing inventory. (4)

3.2.3 The average inventory holding period (in days). (5)

3.2.4 The value of the closing inventory using the FIFO method. (5)

3.2.5 The owner feels that it is better for the business to use the periodic inventory system rather than the perpetual inventory system. Briefly explain the difference between the two systems. (4)

INFORMATION:

A. Stock:

Date	Pairs of vellies	Total value (including carriage)
1 March 2024	**520**	**R320 770**
28 February 2025	**325**	**?**

B Purchases:

Date	Pairs of vellies	Cost price per pair	Total purchases	Carriage on purchases per pair	Total cost (including carriage)
		R	R	R	R
31/05/2024	460	650	299 000	18	307 280
01/08/2024	700	680	476 000	18	488 600
15/10/2024	500	710	355 000	30	370 000
01/02/2025	300	725	217 500	30	226 500
TOTAL	**1960**		**1 347 500**		**1 392 380**

C. Returns

Thirty pairs of vellies from the purchases on 1 February 2025 were not of high quality. It was returned to the supplier. The business account was credited with R22 650 (including carriage on purchases, according to the agreement).

D. Sales

2 115 pairs of vellies were sold during the financial year for R2 961 000. The selling price was kept constant at R1 400 per pair.

3.3 **QUICK FRY**

Julia Mthembu invested in the latest "smart" air fryers and has opened three shops in shopping malls over the North West province to sell these air fryers. The three shops are managed by Miyaz Moola, Daleen Coetzee and Themba Ndaba. Julia has obtained the annual figures from the three shops for the financial period ending 28 February 2025.

REQUIRED:

Identify ONE problem in relation to each shop and a solution to solve the problem. Quote figures to substantiate your point. (12)

INFORMATION:

	Klerksdorp	Potchefstroom	Vryburg
Air fryers for sale	300 units	500 units	350 units
Sales for the year	175 units	400 units	350 units
Stock 28/02/2025	225 units	75 units	Nil
Cost price per air fryer	R4 500	R4 500	R4 500
Sales price per air fryer	R6 500	R6 500	R6 500
Rent for the year	R520 000	R230 000	R180 000
Advertisements per year	R80 000	R40 000	R100 000
Salary of manager	R20 000 p.m.	R20 000 p.m.	R20 000 p.m.

40

TOTAL: 150

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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: 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 (figure 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.