



GAUTENG PROVINCE

EDUCATION

REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION GRADE 12

2025

Stanmorephysics.com

ACCOUNTING (PAPER 2)

ACCOUNTING P2



10712E

TIME: 2 hours

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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 ($\frac{1}{4}$) 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: <ul style="list-style-type: none"> 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.



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**

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

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

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.



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ACCOUNTING

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(PAPER 2)

ANSWER BOOK

NAME AND SURNAME:	
NAME OF SCHOOL:	

QUESTION	TOTAL MARKS	MARKS OBTAINED	MODERATED MARK
1	56		
2	48		
3	34		
4	12		
TOTAL	150		

11 pages

QUESTION 1: COST ACCOUNTING

(56 marks; 45 minutes)

1.1 CONCEPTS

1.1.1		
1.1.2		
1.1.3		

3

1.2 EASY DRINK MANUFACTURERS

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

Opening Stock		
Closing stock		
Direct material issued		

13

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

WORKINGS	ANSWER

8

1.2.3

Complete the Factory Overhead Cost Note for the year ended 30 April 2025.

17

1.3

SEGAL MANUFACTURERS

1.3.1

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

COSTS	TOTAL	UNIT COST 2025	UNIT COST 2024
Direct materials	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

4

1.3.2

Calculate the unit cost of production for 2025.

WORKINGS	ANSWER

2

1.3.3

Calculate the break-even point for 2025.

WORKINGS	ANSWER

5

1.3.4

Comment on the level of production and break-even point of the company in 2025.



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4

56

QUESTION 2: INVENTORIES

(48 marks; 38 minutes)

2.1

2.1.1		
2.1.2		
2.1.3		

3

2.2 MB SPORT SHOP

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

WORKINGS	ANSWER
	

7

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

WORKINGS	ANSWER
	

3

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

WORKINGS	ANSWER
	

3

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

WORKINGS	ANSWER

3

2.2.5 Calculate the closing stock value using the first-in first-out method.

WORKINGS	ANSWER

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.

WORKINGS	ANSWER

3

2.2.8

(i) Provide a calculation to support Mango Brand's concern about the control of cricket bats.

WORKINGS	ANSWER

6

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

Debit:

Credit:

Explanation:

3

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

--

6

QUESTION 3: MANAGEMENT OF FIXED ASSETS

(34 marks; 27 minutes)

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.

A	
B	
C	
D	
E	
F	
G	
H	

14

3.4

Calculate the profit or loss on the disposal of vehicle. Give advice on what should be taken into account when deciding to sell an asset.

Calculation:

Advice:

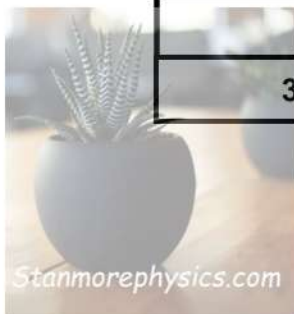
4

3.5

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



34



QUESTION 4: PROBLEM-SOLVING

(12 marks; 10 minutes)

	PROBLEMS FOR 2025 (with figures)	ADVICE
Golf T-Shirts	PROBLEM 1	ADVICE 1
	PROBLEM 2  Stanmorephysics.com	ADVICE 2

Shirts	PROBLEM 1 	ADVICE 1
	PROBLEM 2  Stanmorephysics.com	ADVICE 2



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2025

MARKING GUIDELINES

ACCOUNTING

(PAPER 2)

12 pages

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for correct answers. If an answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in the marking guidelines for components of workings, these do not carry the method mark for final the answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max. –2 per Q).
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, –, x, ÷, or per marking guidelines.
11. In calculations, do not award marks for workings if the numerator & denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation; s = superfluous item

QUESTION 1: COST ACCOUNTING

(56 marks; 45 minutes)

1.1 CONCEPTS

1.1.1	False ✓	
1.1.2	True ✓	
1.1.3	False ✓	

3

(Accept abbreviations T or F.)

1.2 EASY DRINK MANUFACTURERS

1.2.1

Calculate the direct material issued for the year ended 30 April 2025.

Opening Stock	38 000 ✓
Net purchases (2 300 x 2,60) (280 000 ✓ – 5 400 ✓ – 2 600 ✓ + 5 980 ✓✓)	277 980 ✓*
Carriage on purchases (5 600 – 52) or (280 000 – 2600 x 2/100)	5 548 ✓ ✓*
Custom duties (5 980 ✓ check purchases x 30%)	1 794 ✓
Closing stock	(24 222) ✓
Raw material issued check operation	299 100 ✓*
*one part correct	

13

1.2.2

Calculate the direct labour cost for the year ended 30 April 2025.

WORKINGS	ANSWER
200 x R38 x 45	342 000 ✓ ✓ Must be basic wage x 1% 3 420 ✓
342 000 x 1% (38 x 1.25) Or (38 x 5/4) 284 x [38 + 9,50] or 284 ✓ x 47,50 ✓✓ Or 284 x [38 + (38 x ¼)] Or 284 x [38 + (38 x 0.25)]	13 490 ✓
If learners only used ¼ instead of 1¼: 284 ✓ x 9,50 ✓✓ = 2 698 ✓ Or 284 x [38 x ¼] Or 284 x [38 x 0.25]	
Total	358 910 ✓
Total if only used ¼ instead of 1¼ = 348 118 ✓	

8

1.2.3

Complete the Factory Overhead Cost Note for the year ended 30 April 2025.

Indirect materials $[7\,400 \checkmark + 36\,550 \checkmark - 8\,150 \checkmark] \times 35\%$	12 530 <input checked="" type="checkbox"/> *
Indirect labour $(13\,000 \times 13)$ or $156\,000 + 13\,000$	169 000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Water and electricity $(18\,954 \times 7/2)$	66 339 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Rent expense $(66\,800 - 5\,600) \checkmark \times 610/1\,000 \checkmark$	37 332 <input checked="" type="checkbox"/> *
Depreciation for factory equipment	28 690 <input checked="" type="checkbox"/>
Insurance $(15\,000 \times 5/6)$ or $15\,000 \times 5/3 \times 3/6$	12 500 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Telephone $(10\,000 + 1\,825)$	11 825 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
	338 216 <input checked="" type="checkbox"/> *
*one part correct -1F if depreciation of delivery vehicles added	

17

1.3 SEGAL MANUFACTURERS

1.3.1

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

Costs	Total	Unit Cost 2025	Unit Cost 2024
Direct materials	R250 000	*R10 <input checked="" type="checkbox"/>	R12
Direct labour	*R375 000 <input checked="" type="checkbox"/>	*R15 <input checked="" type="checkbox"/>	R11
Direct costs	*R625 000 <input checked="" type="checkbox"/>	R25	R23
Factory overheads	R200 000	R8	R10
Administration costs	R75 000	R3	R3
Selling and distribution	R100 000	R4	R2

Calculations just for clarity, not for marking $*250\,000 / 25\,000 = 10$ $*25 - 10 = 15$
 $*15 \times 25\,000 = 375\,000$ $*250\,000 + 375\,000 = 625\,000$

4

1.3.2

Calculate the unit cost of production for 2025.

WORKINGS	ANSWER
$[625\,000 + 200\,000]$ $825\,000/25\,000$ OR $25 + 8$	R33 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

2

1.3.3

Calculate the break-even point for 2025.

WORKINGS	ANSWER
275 000 ✓✓ [200 000 + 75 000] 60 ✓ – (25+4) ✓ 29 one mark 31 two marks	8 871 units ✓ Accept 8870.97 or 8870.9

5

1.3.4

Comment on the level of production and break-even point of the company in 2025.

Comparison production with break-even (Two marks)
 Figures. (Two marks)
 Mark according to learners break-even calculations in 1.3.3.

Possible answers for four marks:

(Mark only one of the following answers for four marks)

- In 2025 production of 25 000 units was more than the break-even point of 8871 units / by 16 129 units / made profit on 16 129 units / made a profit of $16\,129 \times 31 = R499\,999$ (check learner calculation)
- In 2025 they earned profit on 16 129 units or $(25\,000 - 8\,871)$, which is more than the profit earned in 2024 of 5 440 units $(18\,000 - 12\,560)$ / Making profit on 10 689 units more than in 2024.

Max two marks for the following answers:

(Mark only one of the following answers for two marks)

- In 2025 the production of 25 000 units was more than the production of 18 000 units in 2024/ by 7 000 units.
- In 2025 the break-even point of 8871 units was less than the break-even point of 12 560 units in 2024 / by 3 689.

4

56

QUESTION 2: INVENTORIES

(48 marks ; 38 minutes)

2.1	2.1.1	C SIM/Specific identification ✓	
	2.1.2	A FIFO/First-In First-out ✓	
	2.1.3	B WAM / Weighted-average ✓	

3

Accept letter or name of stock valuation method or abbreviation.

2.2 MB SPORT SHOP

2.2.1 Calculate the value of the closing stock on 28 February 2025, using the weighted average method.

WORKINGS	ANSWER
$\frac{[R420\ 850 + R4\ 302\ 500] + R110\ 250 - R31\ 200}{[350 + 3\ 150 - 20]} \times \frac{465}{1}$ <p style="text-align: center;">3 480 (two marks)</p> <p>or</p> $\frac{4\ 802\ 400}{3\ 480} \times 465$ <p style="text-align: center;">(four marks) (two marks)</p> <p>or</p> <p style="text-align: center;">(six marks)</p> $1\ 380 \times 465$	<p>Must be x 465</p> <p>R 641 700 ✓</p>

7

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

WORKINGS	ANSWER
$4\ 802\ 400 \checkmark \text{ see 2.2.1} - 641\ 700 \checkmark \text{ see 2.2.1}$	<p>R4 160 700 ✓</p>

3

2.2.3

Calculate the gross profit for the year ended 28 February 2025

WORKINGS	ANSWER
$5\ 400\ 000 \checkmark - 4\ 160\ 700 \checkmark$	<p>R1 239 300 ✓</p>

3

2.2.4

Calculate the percentage mark-up achieved for the year ended 28 February 2025.	
WORKINGS	ANSWER
$\frac{R\ 1\ 239\ 300 \checkmark \text{ see 2.2.3}}{R\ 4\ 160\ 700 \checkmark \text{ see 2.2.2}} \times \frac{100}{1}$	29,8% <input checked="" type="checkbox"/> = accept 29,79% Must x 100 Do not accept 0,298 Ignore %

3

2.2.5

The owner of the business asked you to calculate the closing stock value using the first-in first-out method.	
WORKINGS	ANSWER
465 units $(1\ 525 + 35) \times 1\ 560 \checkmark \checkmark = 670\ 800 \text{ (Three marks)}$ $(465 - 430) \ 35 \checkmark \times 1\ 510 \checkmark = 52\ 850 \text{ (Two marks)}$ *Or $(450 - 20) \ 430 \checkmark \checkmark \times 1\ 525 = 655\ 750 \text{ (Two marks)}$ $(465 - 430) \ 35 \checkmark \times 1\ 475 = 51\ 625 \text{ (One mark)}$ $465 \times 35 \checkmark \checkmark = 16\ 275 \text{ (Two marks)}$ * Mark one of the two options.	R723 650 <input checked="" type="checkbox"/>

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.

The closing stock value is higher ✓ when using the FIFO method, therefore cost of sales will be less ✓ and gross profit will be higher ✓ as with the weighted-average method.

or

With the weighted-average method the closing stock will be less, cost of sales higher and the profit less than with FIFO.

or

Gross profit will be higher if using the FIFO method and gross profit will be less when using the weighted-average method. ✓✓✓

If only mentioned one valuation method 2 marks. Must mention both methods for this alternative for three marks.

(if just refer to profit, accept that they had to have stock and cost of sales correct to know the correct trend of profit)

or

With FIFO stock valuation is done at the last purchases prices✓, where weighted average stock valuation is done at an weighted average price✓ which can still include old/cheaper purchases prices✓.

3

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

Any one valid reason ✓✓

- He should not do it to manipulate figures/financial information.
- He should get permission from SARS before he changes the stock valuation method.
- Will not be able to compare different years if change methods.
- If valuation method changes, it must be mentioned as a note to the financial statements.

2

2.2.7

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

WORKINGS	ANSWER
<p>See 2.2.1</p> $\begin{array}{r} 641\,700 \checkmark \\ 4\,160\,700 \checkmark \end{array} \times \frac{365}{1}$ <p>See 2.2.2</p> <p>or: IF UNITS ARE USED</p> $465 \checkmark / 3\,000 \checkmark \times 365$ <p>If using FIFO instead of weighted average:</p> <p>See 2.2.5</p> $\begin{array}{r} 723\,650 \checkmark \\ 4\,078\,750 \checkmark \end{array} \times \frac{365}{1}$ <p>[4 802 400 - 723 650] See 2.2.1 See 2.2.5</p>	<p>Method mark Only If x 365</p> <p>56.3 days <input checked="" type="checkbox"/> Accept 56.29</p> <p>or</p> <p>56.6 days <input checked="" type="checkbox"/> Accept 56.58</p> <p>64.8 days <input checked="" type="checkbox"/> Accept 64.76</p>

3

2.2.8

(i)

Provide a calculation to support Mango Brand's concern about the control of cricket bats.

WORKINGS	ANSWER
$350 \checkmark + 3\,150 \checkmark - 20 \checkmark - 3\,000 \checkmark - 465 \checkmark$ <p>Or</p> $420\,850 \checkmark + [4\,302\,500 + 110\,250] \checkmark - 31\,200 \checkmark - 4\,140\,000 \checkmark = 662\,400 - 641\,700 \checkmark$ <p>(3 000 x 1 380) (see 2.2.1)</p> <p>Or</p> <p>If used FIFO:</p> $420\,850 \checkmark + [4\,302\,500 + 110\,250] \checkmark - 31\,200 \checkmark - 4\,056\,100 \checkmark = 746\,300 - 723\,650 \checkmark$ <p>(Cost of sales) (see 2.2.5)</p> <p>FIFO cost of sales if calculated without missing stock 420 850 + 1 413 500 + 1 315 750 + 906 000</p>	<p>15 units missing <input checked="" type="checkbox"/></p> <p>R20 700 <input checked="" type="checkbox"/></p> <p>R22 650</p>

6

- (ii) **What entry would you make in the books to record this problem? Explain.**

Debit: Trading stock deficit **or** loss due to theft. ✓

Credit: Trading stock. ✓ or Purchases

One mark for valid explanation ✓

Missing stock will be a loss to the business / will be an expense making the profit less. / Trading stock account will decrease due to theft/

Prudence principle followed not to overstate the profit.

3

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

Expected responses for two marks each. ✓✓ ✓✓ ✓✓

- Count stock regularly/randomly and check against stock records.
- Order smaller quantities, but more frequently.
- Improve physical security e.g. controls at the entrance/security cameras/ security codes on items
- Restrict access to the storeroom
- Segregation of duties ordering and receiving not the same person.
- Rotation of duties.
- Searching of employees when entering and leaving storeroom.....
- Special cabinets to lock items in.

Expected responses for one mark :

Stock count/Cameras

6

48

QUESTION 3: MANAGEMENT OF FIXED ASSETS

(34 marks; 27 minutes)

3.1

Calculate the TOTAL depreciation on vehicles for the year ended 28 February 2025.

$$216\,000 \times 20\% \times 8/12$$

$$28\,800 \checkmark \checkmark$$

80 640 one mark

$$[140\,000 - 59\,360] \checkmark \times 20\% \times 4/12 \checkmark$$

$$5\,376 \checkmark$$

449 360 two marks

$$530\,000 \checkmark - 80\,640 \checkmark \times 20\%$$

$$89\,872 \checkmark$$

or

$$710\,000$$

$$260\,640$$

$$(850\,000 - 140\,000) \checkmark - (320\,000 - 59\,360) \checkmark \times 20\%$$

$$124\,048$$

8

3.2

Calculate the rate of depreciation used by Bellairs Ltd to depreciate their equipment.

$$[11\,250 \times 12/6]$$

$$22\,500 \checkmark \checkmark$$

$$150\,000 \checkmark \times 100 = 15\% \checkmark$$

$$\text{Or } [11\,250 \times 100/1 \times 12/6] \checkmark \checkmark \times 1/150\,000 \checkmark = 15\%$$

Mark one line/option

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.

A	216 000 ✓
B	140 000 ✓ – (59 360 + 5 376 see 3.1) ✓ 140 000 – 64 736 or 80 640 – 5 376 75 264 two marks
C	124 048 ✓ (see 3.1 total)
D	850 000 + 216 000 – 140 000 926 000 ✓✓
E	[-59 360 - 5 376] 320 000 + 124 048 – 64 736 379 312 ✓✓ one part correct
F	926 000 (see D) – 379 312 (see E) 546 688 ✓ (If D = E) or 530 000 + 216 000 - 75 264 – 124 048 = 546 688
G	11250 ✓ + (56 000 – 1) or 55 999 ✓✓ = 67 249 (three marks) Only one mark if -1 but carrying value wrong
H	(56 000 + 150 000) ✓ – 67 249 ✓ (see G) = 138 751 Two marks Or [710 000 – 504 000] ✓ – 67 249 ✓ = 138 751 Two marks Or 1 ✓ + [150 000 – 11 250] ✓ = 138 751 Two marks 138 750 Mark only one line/option

14

3.4

Calculate the profit or loss on the disposal of the vehicle. Give advice on what should be taken into account, when deciding to sell an asset.

Calculation:

$$73\,360 - 75\,264 \text{ (see 3.3 B)} = 1\,904 \text{ (Loss) } \checkmark \checkmark$$

Accept T-account

140 000	(59 360+5 376) 64 736
	73 360
	1 904

Advice: ✓✓ Any valid advice

- Carrying value must be taken into account when determining the price.
- Tender procedures must be followed.
- Cost of maintenance.
- If it still meets production requirements.

4

3.5

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.

Any valid answer ✓✓✓✓

- Access control / allocate vehicles to specific individuals
- Vehicles must be locked in garage when not in use / vehicles must be kept on premises
- Physical inspection before and after used
- Keys must be locked away and signed for
- Keep logbooks/ km readings
- Tracker installed in vehicles / dashboard camera

4

34

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

Mark relevant problem and figures if in wrong columns/award for appropriate advice, even if problem is unclear/incorrect. Be alert to additional correct options/ figures.

	PROBLEM FOR 2025 (with figures) Any TWO valid problems ✓ ✓ With figures ✓ ✓	ADVICE One per problem identified ✓ ✓ Mark advice independently Different problems required
Golf T-shirts	<ul style="list-style-type: none"> Too much stock on hand (615 units) increased by 208 units (from 407 to 615). Drop in stock turnover rate 1,9 to 0,9 / high stock not moving/higher mark-up % also contributes to this. Price too high (MU% increased from 50% to 75%/a 25% increase/price increase of R90 per unit (R630 – R540). Purchasing the same number of units (800) despite having excess stock; contributing to stockpiling. Stock items missing or stolen (42 units or 407 + 800 – 550 – 615). 	<ul style="list-style-type: none"> Increase advertising. Consider discounts. Reduce mark-up %. Order according to sales/orders received. Reduce mark-up % to increase sales. Have clearance sales. Regular stock-take to assess available stock. Replace stock according to units sold. Security tags on products. Physical inspection or regular stock count. Install cameras. Sell online.

	PROBLEM	ADVICE
	Two valid problems ✓ ✓ with figures ✓ ✓	One per problem identified ✓ ✓
Shirts	<ul style="list-style-type: none"> Decrease in units sold: 290 (2 260 – 1 970) or 302 (2 182 – 1880) OR drop in sales from 436 400 – 399 500/by 36 900/ 8,5% OR by 86 900 (436 400 – 349 500) Cash missing or stolen R50 000 (399 500 – 349 500) OR 69 125 (if returns not included). High returns from customers ; 78 (3,5 % of sale to 90 (4,6 % of sales). 	<ul style="list-style-type: none"> Increase advertising. Encourage use of EFTs. Request sms notification for deposits. Reconcile deposits with items sold/sales deposits. Online sales/card payments – less cash handling. Daily depositing/routine. Effect stricter return policy. Improve quality to reduce returns/do not buy inferior (cheaper) products. Change styles of shirt/in fashion. Train personnel to give the best possible advice to customers.

12

Total: 150