



Province of the
EASTERN CAPE
EDUCATION



NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2025

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ACCOUNTING P2

MARKS: 150

TIME: 2 hours



This question paper consists of 16 pages including 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 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	Internal Control and Reconciliations	40	30
2	Cost Accounting	35	30
3	Inventory	35	30
4	Budgeting and VAT	40	30
TOTAL		150	120

QUESTION 1: INTERNAL CONTROL AND RECONCILIATIONS (40 marks; 30 minutes)**1.1 INTERNAL CONTROL**

The owner of Dlamini Traders is very pleased that all payments are now made exclusively via EFT. He is considering running his business entirely cashless.

REQUIRED:

- 1.1.1 The bookkeeper, Pearly, is responsible for processing and controlling all EFT transactions. The internal auditor is concerned that there is no division of duties.
Explain ONE reason why the internal auditor may be concerned about the lack of division of duties. (2)

- 1.1.2 Many customers prefer paying with cash, but Dlamini wants to run his business completely cashless.

- Identify ONE potential challenge the business may face due to this decision.
- Except for being fast and time-saving; identify ONE advantage of using EFTs. (4)

1.2 BANK RECONCILIATION

The information relates to Koen Traders for August 2025.

- 1.2.1 Show the entries to be recorded in the Cash Journals. (10)
- 1.2.2 Calculate the Bank account balance in the ledger on 31 August 2025. (4)
- 1.2.3 Prepare the Bank Reconciliation Statement on 31 August 2025. (6)

INFORMATION:

Information from the Bank Reconciliation Statement prepared on 31 July 2025:		R
Unfavourable balance as per Bank Statement		39 000
EFTs entered in CPJ	315	45 000
	390	23 700
Deposit in the CRJ, but not on July 2025 Bank Statement		107 000
Unfavourable balance on the Bank Account in the Ledger		700

NOTE:

- EFT 315 and 390 was reflected on the Bank Statement on 1 August 2025. EFT 390 was reflected as R25 700. The Bank Statement was correct.
- The deposit appeared on the bank statement on 2 August 2025.

B. Provisional Cash Journal totals on 31 August 2025 before receiving the August Bank Statement via email from the bank:

- Cash Receipts Journal (CRJ): R90 850
- Cash Payments Journal (CPJ): R85 750

C. Information on August 2025 Bank Statement not recorded in the August Cash Journals:

	DEBIT	CREDIT
Interest		R450
EFT (Nazo – cleaning of office's carpets)	R3 500	
EFT (Jacobs – tenant)		R28 500
Debit order (PGS Insurers)	R10 780	
Internet banking fees	R980	
Internet banking fees	R980	

NOTE: The bank duplicated the internet banking fees in error. It will be corrected in September 2025.

D. Entries in the August CPJ that did not appear in the August Bank Statement:

- EFT 401 (J Koen – owner, for private use) on 28 August 2025, R16 500
- EFT 419 (MVI Suppliers) 30 August 2025, R8 600

E. Deposit entries in the August CRJ that did not correspond with the August Bank Statement:

- R31 450 on 30 August 2025
- R44 500 on 31 August 2025. The Bank Statement reflected this as R34 500. An investigation revealed that the cash slips added to R44 500, but only R34 500 was deposited. The shortfall cannot be traced and must be written off.

F. Balance as per Bank Statement on 31 August 2025 is the balancing figure.

1.3 CREDITORS' RECONCILIATION

The following information relates to Kapp Traders. The balance of Dordrecht Suppliers in the Creditors Ledger does not match the closing balance shown on the statement received from them on 27 July 2025.

REQUIRED:

Determine the correct balances by adjusting the given errors and omissions in the Creditors Ledger and the statement from Dordrecht Suppliers. Use the table in the ANSWER BOOK and show a figure with "+", "-" or "no entry" for each error or omission discovered.

(14)

BALANCES ON 31 JULY 2025

Dordrecht Suppliers' account in Creditors Ledger of Kapp Traders	R25 670 (credit)
Monthly statement received from Dordrecht Suppliers	R28 155 (debit)

Errors and omissions identified after comparisons have been made.

- A.** An invoice for R8 820 was correctly entered in the Creditors Ledger, but the statement of account from Dordrecht Suppliers recorded it as R9 300. The creditors clerk contacted Dordrecht Suppliers, and they confirmed that they would correct the error.
- B.** EFT 3092 for R9 500, issued to Dordrecht Suppliers, was incorrectly recorded in the Cash Payments Journal (CPJ) as R5 900 and posted as such.
- C.** Kapp Traders incorrectly credited a debit note of R620 to the Creditors Ledger account of Dordrecht Suppliers on 3 July 2025.
- D.** An EFT payment of R5 500 was recorded in the Creditors Ledger but did not appear on the statement of account. Upon investigation, it was found that this payment was actually made by Kapp Traders to Indwe Distributors.
- E.** The bookkeeper failed to record invoice 958 (R6 870) received from Dordrecht Suppliers on 22 July 2025.
- F.** The statement of account received from Dordrecht Suppliers reflects interest of R255, charged on an overdue balance. This interest must be recorded and posted to the Creditors Ledger.
- G.** Transactions after the statement date of 27 July 2025:
- Invoice no. 1654 for goods purchased, R8 700
 - Goods returned to Dordrecht Suppliers, R2 920



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QUESTION 2: COST ACCOUNTING**(35 marks; 30 minutes)****2.1 FRESH SIP SOFT DRINK MANUFACTURERS**

Fresh Sip is a South African manufacturing company that manufactures soft drinks. You are provided with information relating to Fresh Sip for the year ended 31 August 2025.

The factory occupies 800 m², the administration offices 300 m² and two national sales offices 100 m² each.

REQUIRED:

2.1.1 Calculate the:

- Direct labour cost (4)
- Selling and distribution cost (12)

2.1.2 Prepare the Production Cost Statement. (5)

2.1.3 Calculate the cost of sales for the year ended 31 August 2025. (4)

INFORMATION:**A. INVENTORIES**

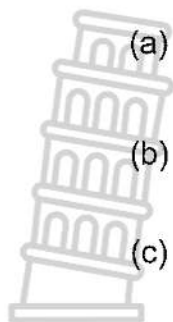
The following balances were extracted from the financial statements:

	2025	2024
Indirect materials	R85 400	R73 800
Work-in-Progress	R3 650 000	R3 740 500
Finished Goods	R5 430 000	R4 600 400

B. LABOUR COSTS

The factory workers received a total payment of R604 800 after a 28% deduction for PAYE, pension fund, and UIF. The company contributes an additional 8% of their gross earnings.

SALES OFFICES	
2 workers per office	R84 000 per worker per year (bonuses, overtime and contributions included)

C. OTHER EXPENSES

- (a) Indirect materials purchased during the year totalled R240 000. 20% of all indirect materials are used in the sales offices.
- (b) The total rent amounted to R117 000 per year. Rent is divided according to floor space.
- (c) Carriages for the year:
On raw material purchased: R40 000
On finished goods sold: R75 000
- (d) Fresh Sip sells on credit to approved clients. One debtor, who relocated overseas, must be written off as bad debts of R8 000.
- (e) Amount from the Pre-adjustment Trial Balance on 31 August 2025:

Insurance R115 375

It was discovered that the insurance premium for September 2025 has been paid. The premiums have remained unchanged. The insurance premium is divided in the ratio 3 : 1 : 1 between the factory, sales and administration.

2.2 KAMP MANUFACTURERS

Information is provided for the financial year ended 30 June 2025. The business manufactures leather couches according to orders received.

REQUIRED:

- 2.2.1 Calculate the selling price of each product on 30 June 2025. (4)
- 2.2.2 The business switched to solar energy, reducing electricity expenses and total fixed costs. However, the fixed cost per unit increased. Explain how this situation illustrates diseconomies of scale. Quote figures. (4)
- 2.2.3 The owner is concerned about the increasing direct labour cost per unit. Suggest ONE possible reason for this increase, excluding normal inflation. (2)

INFORMATION:

	2025	2024
Number of couches produced and sold	3 900	4 700
Break-even point	3 200	3 525
Fixed cost per unit	R3 200	R3 000
Total fixed cost	R12 480 000	R14 100 000
Variable cost per unit	R1 600	R1 400

QUESTION 3: INVENTORY

(35 marks; 30 minutes)

3.1 CONCEPTS

Choose the correct term from those given in brackets. Write only the term next to the question numbers (3.1.1–3.1.3) in the ANSWER BOOK.

3.1.1 Inventory valuation methods affect the (cost of sales / bad debts) in the Statement of Comprehensive Income.

3.1.2 A higher cost of sales leads to a (higher / lower) gross profit.

3.1.3 A higher closing stock will be found in the (FIFO / weighted-average) method during periods of rising prices. (3)

3.2 INVENTORY VALUATION

The information relates to Amuse Photo Booths for the financial year ended 30 June 2025. The business is owned by Mr Amuse and sells two models of photo/video booths, (a selfie photo booth and a 360 video booth), and small selfie printers. Amuse started to sell 360 video booths on 1 April 2025, three months before the end of the financial year.

- The photo/video booths are valued using the specific identification method.
- Printers are valued using the First-in-First-out (FIFO) method.

REQUIRED:

3.2.1 Calculate the total value of closing stock of the photo/video booths on 30 June 2025. (8)

3.2.2 Calculate the value of the closing stock of printers on 30 June 2025. (4)

3.2.3 Calculate the cost of sales of the printers for the year ended 30 June 2025. (4)

3.2.4 Printers are sold at a selling price of R3 000. Calculate the gross profit made on the printers. (4)

3.2.5 The bookkeeper calculated the number of days of 360 video booths left at year-end. The owner disagrees with the formula used.

Explain to the owner why the bookkeeper is correct in using the following calculation: $\frac{\text{closing stock}}{\text{cost of sales}} \times \frac{90}{1}$ instead of $\frac{\text{closing stock}}{\text{cost of sales}} \times \frac{365}{1}$. Quote figures, using number of days/months. (3)

INFORMATION:

The following information is an extract from the year ended 30 June 2025.

A. PHOTO AND VIDEO BOOTHS:

		BOUGHT		SOLD
	UNITS	UNIT COST	TOTAL	UNITS
Selfie photo booth				
January 2025	15	R17 600	R264 000	10
Returns:				
January 2025	(2)	R17 600	(R35 200)	
May 2025	20	R18 000	R360 000	15
360 Video booths				
April 2025	9	R19 500	R175 500	6
Carriages of R200 per unit is not included in the unit price of 360 video booths. Carriages are included in the unit price of selfie photo booths.				

B. PRINTERS:

		UNITS	AMOUNTS
Opening stock		450	R675 000
Purchases:	Aug 2024	120 @ R1 500	R720 000
	Dec 2024	160 @ R1 875	
	May 2025	120 @ R2 000	
Returns:	Dec 2024	(10 @ R1 875)	(R18 750)
Closing stock		160	?
Sales		680	

3.3 CONTROL OF INVENTORIES

Information provided relates to Willowmore Electronics for the financial year ending 31 July 2025. The business sells cell phones, smart watches, and tablets, with no stock losses reported during the year.

REQUIRED:

Identify ONE different problem (including figures) for each product and provide a corresponding solution.

(9)

INFORMATION:

	CELL PHONES	SMART WATCHES	TABLETS
Opening stock (units)	280	2 000	200
Purchases (units)	6 100	7 000	3 000
Closing stock (units)	400	3 500	800
Selling price per unit	R3 500	R5 000	R8 500
Credit sales (units)	4 800	2 500	1 600
Cash sales (units)	1 200	3 000	1 800
Returns by debtors (units)	(20)	0	(1 000)
Cash received from cash sales	R4 130 000	R15 000 000	R15 300 000

35



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QUESTION 4: BUDGETING AND VAT**(40 marks; 30 minutes)****4.1 FADA'S SUIT AND TIE SHOP**

You are provided with information relating to the cash budget of Fada's Suit and Tie Shop.

REQUIRED:**4.1.1 REFER TO INFORMATION A.**

Fada is concerned about the collection of debtors. She does not grant discount for early payments.

Calculate the % of debtors:

- (i) Who will settle their accounts in the second month after the month of the credit sales transaction. (3)
- (ii) Written off as bad debts at the end of the third month after the month of the credit sales transaction. (3)

4.1.2 REFER TO INFORMATION B.

Identify TWO items that were recorded incorrectly in the Cash Budget. Give ONE reason why these items are not recorded in a Cash Budget. (3)

4.1.3 REFER TO INFORMATION B TO G.

Calculate the missing amounts indicated by (i) to (iv) in the Cash Budget. (14)

INFORMATION:**A. DEBTORS' COLLECTION SCHEDULE:**

Month of Sales	CREDIT SALES	SEPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025
July	135 000	101 250	29 700	0

B. Extract from the Cash Budget:

	SEPTEMBER 2025	OCTOBER 2025
RECEIPTS	R	R
Receipts from debtors		
Cash Sales	(i)	
Discount received	4 500	5 600
Fixed Deposit	40 000	
Interest on Fixed deposit	900	(ii)
PAYMENTS		
Payments to creditors		(iii)
Directors' fees	216 000	(iv)
Depreciation	30 000	30 000
Audit fees	0	42 000

C. Sales:

- Credit sales comprise 40% of total sales.
- The mark-up percentage is 50% on cost.

D. Extract from the Projected Statement of Comprehensive Income:

	AUGUST 2025	SEPTEMBER 2025	OCTOBER 2025
	R	R	R
Sales	330 000	450 000	?
Cost of Sales	?	(300 000)	?

E. Purchases:

- All purchases of stock are on credit
- Stock is replaced in the month of sales. A base stock is maintained.
- Creditors are paid two months after purchase, subject to a 5% discount.

F. Directors' fees:

- The business had three directors earning the same monthly fee.
- On 30 September 2025 one of the directors resigned and a new one is appointed from 1 October 2025.
- The two remaining directors will receive an increase of 15% on their monthly fee from 1 October 2025. The new director will not be considered for an increase.

G. Fixed deposit:

- R40 000 of the fixed deposit matured on 30 September 2025.
- Interest of 9% p.a. is receivable at the end of each month and is not capitalised.

4.2 MARIKE'S HEALTH SHOP

Marike's Health Shop sells health products to young and fit people.

4.2.1 Marike compared the budgeted figures to the actual figures for September 2025.

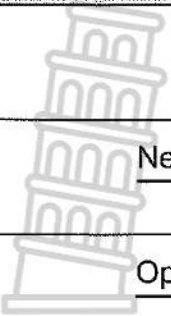
	BUDGETED (R)	ACTUAL (R)	VARIANCE (R)
Total Sales	510 000	816 000	+306 000
Salaries: Salespersons	80 000	22 000	-58 000
Commission: Salespersons	0	95 200	+95 200
Maintenance of equipment	4 000	2 500	-1 500
Advertising	36 000	54 000	+18 000
Delivery expenses	0	23 000	+23 000
Packing materials	29 532	36 915	+7 383

REQUIRED:

- Marike implemented a new payment method for the salespersons. Explain how this change has benefited both the business and the salespersons. Quote figures. (4)
- Identify TWO strategies Marike used to improve sales targets for September 2025, excluding the payment of salespersons. Quote figures. (4)
- Despite the overspending on packing material, Marike is not concerned. Explain the reason for this. Quote relevant percentages. (4)
- Comment on the control over the maintenance of equipment for September 2025. No figures required. (2)
- The actual amount spent on packing material includes VAT at 15%. Calculate the VAT amount. (3)

40

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)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net profit after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	
NOTE: - Trading stock at the end of a financial year may be used if required in a question. 365 days is applicable only if relevant to the whole year. - Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant). - 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.	



NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2025

ACCOUNTING P2 MARKING GUIDELINE (Refined)

MARKS: 150

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 answer. If answer is incorrect, mark the workings provided.
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 marking guidelines for component of workings, these do not carry the method mark for final 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, ÷ as per candidate's calculation (if valid) or per marking guidelines.
11. In calculations, do not award marks for workings if numerator and 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

This marking guideline consists of 11 pages.

QUESTION 1

1.1 INTERNAL CONTROL

1.1.1 The bookkeeper, Pearly, is responsible for processing and controlling all EFT transactions. The internal auditor is concerned that there is no division of duties.

Explain ONE reason why the internal auditor is concerned about the lack of division of duties.

Any ONE ✓✓ 2 or 0 No part-marks

- Errors/incorrect transactions may go unnoticed without a second person verifying the transactions. / Having a single person for both processing and controlling transactions creates a risk of errors, fraud or delays if the bookkeeper is absent or on leave.
- Risk of fraudulent transactions.
- Without division of duties abuse of power may take place.

2

1.1.2 Many customers prefer paying with cash, but Dlamini wants to run his business completely cashless.

- Identify ONE potential challenge.
- Identify ONE advantage of using EFT's (except being fast and time-saving).

CHALLENGE

Any ONE ✓✓ 2 or 0 No part-marks

- Current customers, who are illiterate / lack computer skills / used to paying with cash, may be reluctant to switch – may lose customers.
- Exclusion of certain customers – Some customers may not have bank accounts / bank cards / online banking.
- Increased banking costs – EFT transactions may come with bank fees.
- Technical failures – If the EFT system goes down, the business may struggle to process payments.
- May be vulnerable to hacking or fraud.

ADVANTAGE

Any ONE ✓✓ 2 or 0 No part-marks

- Reduces the risk of theft and fraud.
- Eliminates need for cash handling and storage.
- Electronic record of transactions for easy tracking and reconciliation.
- Less administrative costs (no need for cash counting, safes, or cash transport services).
- Payment/receipts are instant / account is updated immediately
- Cheaper bank charges.
- Convenient to users (transfers may be made from anywhere, e.g. from home).

4

1.2 BANK RECONCILIATION

1.2.1

CASH RECEIPTS JOURNAL
R90 850
450 ✓
28 500 ✓
119 800

✓* Both totals

CASH PAYMENTS JOURNAL
R85 750
(25 700 – 23 700)
2 000 ✓✓
3 500 ✓
10 780 ✓
980 ✓
10 000 ✓✓
113 010

10

-1 (max. -1) foreign / superfluous items (only if mark/s, are earned elsewhere for the same figure)
In awarding the method mark for totals, ensure that the candidate do not get full marks for including any incorrect figure(s). Indicate with a ☒ (Principle 12).

1.2.2 Calculate the Bank account balance in the ledger on 31 August 2025.

-700 ✓ +119 800 ✓* – 113 010 ✓* = 6 090 ✓ (one part correct)

*See 1.2.1

4

1.2.3 BANK RECONCILIATION STATEMENT

	DEBIT	CREDIT
Balance according to bank statement (balancing figure)	1 240 ✓*	
Outstanding deposit		31 450 ✓
Outstanding EFT: No. 401	16 500 ✓	
No. 419	8 600 ✓	
Correction: Banking fees		980 ✓
Balance according to bank account	6 090 ✓	
-1 Presentation (inappropriate / no details provided)	32 430	32 430

6

*Operation, one part correct. Both totals must be the same to earn a mark on the balancing figure.

-1 (max. -1) foreign / superfluous items (only if mark(s) are earned elsewhere for the same figure.

OR

1 column method –

Mark one option only; inspect option that benefits the candidate.

	Option 1	Option 2
Balance according to bank account	6 090 ✓	(6 090) ✓
Outstanding EFT: No. 401	16 500 ✓	(16 500) ✓
No. 419	8 600 ✓	(8 600) ✓
Outstanding deposit	(31 450) ✓	31 450 ✓
Correction: Banking fees	(980) ✓	980 ✓
Balance according to bank statement	1 240 ✓*	(1 240) ✓*

*Operation, one part correct

6

1.3 CREDITORS' RECONCILIATION

Number	CREDITORS LEDGER	CREDITORS RECONCILIATION STATEMENT
Opening Balances	25 670 ✓	28 155 ✓
A		- 480 ✓✓
B	(-9 500 + 5 900) (2 or 0) -3 600 ✓✓	
C	(-620 - 620) one mark each -1 240 ✓✓	
D	+5 500 ✓	
E	+6 870 ✓	
F	+255 ✓	
G		one mark each if signs are correct (+8 700 - 2 920) +5 780 ✓✓
Closing Balances	33 455 ☒ *	33 455

14

-1 per line foreign / superfluous items (only if mark(s) are earned elsewhere for the same figure)

* Operation, one part correct

TOTAL MARKS

40

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QUESTION 2:

2.1 FRESH SIP SOFT DRINK MANUFACTURERS

2.1.1 Calculate the direct labour cost.

CALCULATION	ANSWER
$604\,800 + 235\,200 = 840\,000$ * ✓ ☒ OR $604\,800 \times \frac{100}{72} = 840\,000$ * one mark; one m/mark $840\,000 \text{ (see above)} \times \frac{8}{100} = 67\,200$ ☒ (if $\times \frac{8}{100}$) OR $604\,800$ one mark $\times \frac{100}{72}$ one mark $\times \frac{108}{100}$ one mark	907 200 ☒ * * One part correct

4

Calculate the selling and distribution cost.

Labour (2 x 2 x R84 000)	336 000 ✓✓
Material Cost $[73\,800 + 240\,000 - 85\,400]$ $228\,400$ ✓✓ $\times 20\%$	45 680 ☒
Rent $(R117\,000 \times \frac{2}{13})$ OR $(R117\,000 \times \frac{200}{1300})$	18 000 ✓ ☒
Carriages	75 000 ✓
Bad debts	8 000 ✓
Insurance $(R115\,375 \times \frac{12}{13} \times \frac{1}{5})$ OR $(115\,375 - 8\,875) \times \frac{1}{5}$	21 300 ✓ ☒
	503 980 ☒ * * One part correct

12

2.1.2 Production Cost Statement for the year ended 31 August 2025.

Direct material cost	2 038 760
Direct labour See 2.1.1(i)	907 200 ☒
Prime cost	2 945 960
Factory overhead cost	853 540
Total manufacturing cost	3 799 500 ☒
Work-in-progress (1 September 2024)	3 740 500 ✓
	7 540 000
Work-in-progress (31 August 2025)	(3 650 000) ✓
Cost of production of finished goods	3 890 000 ☒

5

2.1.3 Calculate the cost of sales for the year ended 31 August 2025.

CALCULATIONS	ANSWER
$4\,600\,400$ ✓ + $3\,890\,000$ ☒ - $5\,430\,000$ ✓	R3 060 400 ☒ (One part correct)

4

2.2 KAMP MANUFACTURERS

2.2.1 Calculate the selling price of each product on 30 June 2025.

CALCULATION	ANSWER
$\begin{array}{r} [12\ 480\ 000/3\ 200] \\ 3\ 900 \checkmark\checkmark + 1\ 600 \checkmark \\ \text{OR} \\ 12\ 480\ 000 \text{ one mark} = 3\ 200 \text{ one mark (SP - 1\ 600) one mark} \end{array}$	R5 500 ☒ One part correct

4

2.2.2 The business switched to solar energy, reducing electricity expenses and total fixed costs. However, the fixed cost per unit increased. Explain how this situation illustrates diseconomies of scale. Quote figures.

Explanation ☒

Figures: Compare level of production 2024 vs 2025 ☒☒ Do not accept cost per unit as figures (3 000 vs 3 200) as this is a result of change in level of production.

- Decrease in production means that fixed costs are now spread over fewer units (4 700 in 2024 vs 3 900 in 2025), increasing the fixed cost per unit.
- Business loses the cost advantage of producing at a larger scale (4 700 vs 3 900), leading to higher costs per unit despite savings on electricity.

4

2.2.3 The owner is concerned about the increasing direct labour cost per unit. Suggest ONE possible reason for this increase, excluding inflation.

Any ONE ☒☒ 2 or 0 No part marks

- More overtime
- Lower productivity - more time taken per unit due to inefficiency / **due to poor supervision of workers during normal working hours.**
- Less experienced workers hired.
- Machine breakdowns - increasing labour time.
- Increase in salary without an increase in productivity (*Not only Increase in salary*).

2

TOTAL MARKS

35

QUESTION 3

3.1 CONCEPTS

3.1.1	Cost of Sales	✓
3.1.2	Lower	✓
3.1.3	FIFO	✓

3

3.2 INVENTORY VALUATION

3.2.1 Calculate the total value of closing stock of photo/video booths on 30 June 2025.

CALCULATION	ANSWER
Selfie Photo Booth $[15 - 2 - 10]$ $3 \checkmark \times R17\,600 = 52\,800 \checkmark$ $[20 - 15]$ $5 \checkmark \times R18\,000 = 90\,000 \checkmark$	
360 Video Booth $[9 - 6]$ one mark $[19\,500 + 200]$ one mark $3 \checkmark \times 19\,700 \checkmark = 59\,100 \checkmark$ TOTAL: 142 800 four marks + 59 100 three marks	R201 900 ✓ (one part correct)

8

3.2.2 Calculate the value of the closing stock of printers on 30 June 2025.

CALCULATION	ANSWER
$120 \times 2\,000 = 240\,000 \checkmark$ $40 \checkmark \times 1\,875 = 75\,000 \checkmark$	R315 000 ✓

4

3.2.3 Calculate the cost of sales of the printers for the year ended 30 June 2025.

CALCULATION	ANSWER
$[720\,000 - 18\,750]$ $675\,000 \checkmark + 701\,250 \checkmark - 315\,000 \checkmark$ (see 3.2.2) OR $[120 \times 1\,500]$ $[110 \times 1\,875]$ $675\,000$ one mark + $180\,000$ one mark + $206\,250$ one mark	R1 061 250 ✓

4

3.2.4 Calculate the gross profit made on the printers.

CALCULATION		ANSWER
Sales:	680 x R3 000 = R2 040 000 ✓ ✓	R978 750 ✓
Cost of Sales:	= (R1 061 250) ✓	(one part correct)

4

3.2.5 Explain to the owner why the bookkeeper is correct in using the following calculation: $\frac{\text{closing stock}}{\text{cost of sales}} \times \frac{90}{1}$ instead of $\frac{\text{closing stock}}{\text{cost of sales}} \times \frac{365}{1}$. Quote figures using number of days/months.

Any ONE comment ✓✓ Figures ✓

- The financial year is 12 months, but video booths were only sold during the last 3 months / only started to sell video booths from 1 April 2025.
- The stock holding period is calculated for the specific period of sales (90 days), not the full financial year (365 days).
- To determine the stock holding period accurately for these 3 months, you multiply by 90 (the actual number of days in the period), not 365.
- Multiplying by 365 would misrepresent the holding period for the 3 months of actual sales.

3

3.3 Identify ONE different problem (including figures) for each product and provide a solution for each problem.

	PROBLEM ✓✓✓ WITH FIGURES ✓✓✓	SOLUTION ✓✓✓
CELL PHONES	Missing money, R70 000 (4 200 000 – 4 130 000) Credit sales much higher than cash sales (liquidity issues) 4 800 credit vs 1 200 cash or 3 600 units more (75%)	Division of duties/ daily banking of money Improve physical security Promote EFT payments by providing incentives such as discount
SMART WATCHES	Slow selling item / too much stock on hand (3 500 vs 2 000 opening) Purchases much higher than sales (7 000/5 500)	Change to a different type of watch. Advertise more to increase sales Buy stock according to sales. Reduce mark-up%
TABLETS	High returns, 1 000 OR 1 000 / 3 400 (29,4%)	Possible change to new supplier Ensure high quality ordered Order as per customer specifications Check quality before accepting stock delivered

9

TOTAL MARKS

35

QUESTION 4

4.1 FADA'S SUIT AND TIE SHOP

4.1.1 CALCULATE THE % OF DEBTORS:

(i)	Who will settle their accounts in the second month after the month of the credit sales transaction.
CALCULATION	ANSWER
$\frac{101\,250 \checkmark}{135\,000 \checkmark} \times \frac{100}{1}$	75 % ☒ (One part correct; x 100 not one part correct)

3

(ii)	Written off as bad debts at the end of the third month after the month of the credit sales transaction.
CALCULATION	ANSWER
$\frac{[101\,250 + 29\,700] - [135\,000 - 130\,950]}{135\,000} \times \frac{100}{1}$ $\frac{4\,050 \checkmark \checkmark}{135\,000} \times \frac{100}{1}$ OR 100 - 75 - 22 one mark one mark	3% ☒ (One part correct; X 100 not one part correct)

3

4.1.2 Identify TWO items that were recorded incorrectly in the Cash Budget. Give ONE reason why these items are not recorded in the Cash Budget.

TWO ITEMS
Discount received ✓
Depreciation ✓
REASON ✓
Do not involve actual cash transactions / Do not directly affect the cash flow / they are non-cash items

3

4.1.3 CALCULATE THE MISSING AMOUNTS

(i) Cash Sales	ANSWER
$450\,000 \times \frac{60}{100}$	270 000 ✓✓

2

(ii) Interest on fixed deposit	ANSWER
$\frac{900 \times 12}{9} \times \frac{100}{1} = 120\,000 \checkmark$ $[120\,000 \text{ see calc. above} - 40\,000]$ $80\,000 \checkmark \times \frac{9}{100} \checkmark \times \frac{1}{12} \checkmark$ OR $40\,000 \text{ one mark} \times \frac{9}{100} \text{ one mark} \times \frac{1}{12} \text{ one mark} = 300$ $900 \text{ one mark} - 300 \text{ (see above)}$	600 ☒

5

(iii) Payment to creditors	ANSWER
$[330\ 000 \times \frac{100}{150}] \checkmark \times \frac{95}{100} \checkmark$ OR $330\ 000$ one mark $\times \frac{95}{150}$ one mark	209 000 ☒

3

(iv) Directors' fees	ANSWER
$216\ 000 \times \frac{1}{3} = 72\ 000 \checkmark$ $82\ 800$ $(72\ 000 \times \frac{115}{100}) \times 2 = 165\ 600 \checkmark \checkmark^*$ OR $216\ 000 \times \frac{2}{3} \times \frac{115}{100} = 165\ 600$ one mark; one m/mark	237 600 ☒

4

*must multiply by something to earn the method mark

4.2.1 BUDGETED FIGURES COMPARED TO ACTUAL FIGURES

(i) Marike implemented a new payment method for the salespersons. Explain how this change has benefited both the business and the salespersons. Quote figures.
BUSINESS Explanation ☒ Figures ☒ Actual sales are higher than the budgeted sales by R306 000 (816 000 – 510 000); sales are 60% higher than budget. SALES PERSONS Explanation ☒ Figures ☒ Although the salaries were reduced from R80 000 to R22 000, they received a commission of R95 200 / R37 200 more than the original budgeted amount for salaries / 46,5% more.

4

(ii) Identify two strategies Marike used to improve sales targets for September 2025, excluding the payment of salespersons. Quote figures.
Strategies ☒ ☒ Figures ☒ ☒ More advertising / Over spent R18 000 (50%) (Budgeted R36 000 spent R54 000) Start to deliver to customers R23 000, while budgeted was R0

4

(iii) **Despite the overspending on packing material, Marike is not concerned. Explain the reason for this. Quote relevant percentages.**

Explanation of both items ✓✓ i.e. sales and packing materials must be mentioned

Candidates must quote percentages ✓✓ / must compare percentages of these two items to earn full marks / if totals are quoted, award only one mark

Sales were 60% over budget, while packing materials were only 25% over budget.

OR

Packing materials were budgeted at 5,8% of sales, while actual packing materials were only 4,5% of sales.

4

(iv) **Comment on control over the maintenance of equipment for September 2025. No figures required.**

Comment ✓✓ Any ONE answer

- Lower maintenance spending may lead to deteriorating assets, increasing future repair costs.
- Could result in higher depreciation expenses if assets wear out faster.
- May indicate cost-saving measures, but risks reduced efficiency and productivity.
- Could impact business reputation if equipment or facilities are not well-maintained.
- Potential for higher long-term expenses due to major repairs or replacements.

2

(v) **The actual amount spent on packing material includes VAT at 15%. Calculate the VAT amount.**

CALCULATION	ANSWER
$36\,915 \checkmark \times \frac{15}{115} \checkmark$	R4 815 ☒ One part correct

3

TOTAL MARKS

40

TOTAL: 150