education

Department:
Education
PROVINCE OF KWAZULU-NATAL

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

PREPARATORY EXAMINATION

SEPTEMBER 2025

MARKS: 150

TIME: 2 HOURS

This question paper consists of 12 pages including a formula sheet and an Answer Book of 10 pages.

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. Show workings in order to achieve part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer the questions.
6. Where applicable, show all calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information and table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	VAT and Creditors Reconciliation	35	25
2	Stock Valuation and Internal Control	35	25
3	Cost Accounting	40	35
4	Cash Budget and Projected Statement of Comprehensive income	40	35
TOTAL		**150**	**120**

QUESTION 1 VAT AND CREDITORS RECONCILIATION (35 marks, 25 minutes)

1.1 Zolly Traders is registered for VAT. The standard VAT rate is 15%

REQUIRED:

1.1.1 Calculate the figures indicated by (a) to (d) in the table below (11)

1.1.2 You are an internal auditor. The owner Zolly used business funds to buy a new car valued at R1 136 200 for her husband for private use. Zolly says the vehicle must be recorded as a business asset and VAT of R148 200 must be recorded as a VAT input in the business books.

Explain what you would say to Zolly. Provide TWO points. (4)

INFORMATION:

	EXCLUDING VAT	INCLUDING VAT	VAT AMOUNT
Cash sales		R644 000*	(a)
Sales return	R7 200	(b)	
Purchases of stock	(c)		R180 000
Discount received	(d)	R5 520	

*This includes Zero-rated goods that should have been sold for R15 000

1.2 CREDITORS RECONCILIATION

The Creditors' Control account and Creditors' List of Newcastle Traders were prepared by an inexperienced bookkeeper. He identified the following figures at the end of the month:

- Creditors' control balance, R74 715
- Creditors list total, R32 595

REQUIRED:

1.2.1 Briefly explain how the preparation of a creditors' reconciliation as an internal control measure can assist the business in managing their creditors effectively. Provide TWO points. (4)

1.2.2 Use the table provided to indicate the changes that must be made in the Creditors' Control account and Creditors' List to take into account the errors and omissions noted. Indicate the increase or decrease with a (+) or (-) with each amount. (10)

1.2.3 Refer to information B.
An investigation into the transaction relating to the credit purchase from Estcourt Ltd revealed that Erling Haaland (purchasing manager) ordered goods for himself. These goods were not taken into stock.

State THREE internal control measures that the business can use to prevent similar incidents from happening in future. (6)

INFORMATION:

Errors and omissions noted:

A. The total of the Creditors' List was undercast by R900.

B. A credit purchase from Estcourt Ltd for R3 720 was not recorded in the books of the business.

C. Trading stock returned to Dalton Ltd, R720, was entered correctly in the Creditors Allowances Journal (CAJ), but was posted as R270 to the Creditors' account of Dalton Ltd.

D. The Creditors Control total in the Cash Payments Journal is R16 400. The bookkeeper credited this to the Creditors Control account by mistake.

E. An invoice for R8 870 for stock purchased from Bergville Market on account has been correctly recorded in the Creditors Journal, but has not been posted to their account in the Creditors ledger.

35

QUESTION 2 INVENTORY VALUATION (35 marks, 25 minutes)

2.1 STOCK VALUATION

You are provided with information relating to Ingwavuma Stores. The business sells one type of leather jackets. The financial year ended on 28 February 2025. The business uses the weighted-average method for stock valuation and the periodic stock system.

REQUIRED:

2.1.1 Calculate the value of the closing stock on 28 February 2025 using the weighted-average method. (9)

2.1.2 Calculate the average stock-holding period (in days) on 28 February 2025. (6)

2.1.3 Comment on the stock-holding period and explain how this would affect the business. Stock-holding period for 2024 was 100 days. (4)

2.1.4 Calculate the value of the closing stock using the FIFO method. (7)

INFORMATION:

A. Stock balances:

Date	Jackets	Total value (including carriage)
1 March 2024	610	R312 900
28 February 2025	420	?

B. Purchases:

Date	Number of jackets	Cost price per jacket	Total purchases	Carriage per jacket	Total cost (including carriage)
15/03/2024	500	R450	R225 000	R20	R235 000
20/08/2024	800	R480	R384 000	R25	R404 000
28/11/2024	700	R620	R434 000	R20	R448 000
05/02/2025	400	R650	R260 000	R25	R270 000
TOTAL	2 400		R1 303 000		R1 375 000

C. Returns:

Twenty (20) jackets from the purchases on 5 February 2025 were returned to the supplier. The supplier agreed to refund the business the full amount for the cost including the carriage per jacket.

D. Sales for the financial year ended:

28 February2025	29 February 2024
R3 100 000	R1 800 000

2.2 INTERNAL CONTROL

KZN Computers sells one brand of computer. The owner, Tazmin Brits has three branches in different shopping centres.

Athough the business is making a profit, Tazmin is concerned about the profitability of each branch. She investigated and presented the information below, for August 2025 (one month).

REQUIRED:

Identify ONE different problem in relation to each branch. Quote relevant figures to support your answer. In each case, offer Tazmin advice on how to solve the problem. (9)

INFORMATION:

- The shops are open 7 days a week.
- Normal time is from 8:30 to 16:30, Mondays to Fridays (160 hours per month).
- Overtime is from 16:30 to 18:30 Mondays to Fridays and 9:30 to 12:30 on weekends (56 hours per month)
- Overtime salary rate is 1,5 times the normal rate.

INFORMATION	GATEWAY MALL	BOARDWALK MALL	SCOTTBURGH MALL
Salesperson (age)	Jan (42 years)	Den (27 years)	Han (62 years)
Stock on hand – 1 Aug 2025	50 units	50 units	50 units
Selling price per computer.	R4 200	R4 200	R4 200
Computers sold (before returns)	42	36	22
Returns by customers	5	12	1
Credit sales	R54 600	R88 200	R21 000
Deposits from cash sales	R79 800	R12 600	R67 200
Hours worked (normal time)	154 hours	117 hours	102 hours
Overtime hours	20 hours	52 hours	2 hours
Rent expense (per month)	R6 000	R8 000	R5 500

35

QUESTION 3 COST ACCOUNTING (40 marks; 35 minutes)

3.1 NONGOMA MANUFACTURERS

Nongoma Manufacturers is a manufacturing business that produces one style of jersey. The financial year ended on 30 June 2025.

REQUIRED:

3.1.1 Calculate the following:

- Direct material cost (4)
- Direct labour cost (5)
- Factory overhead cost (**using information D**.) (4)

3.1.2 Prepare the Production Cost Statement for the year ended 30 June 2025. (9)

3.1.3 The accountant is of the opinion that the workers are not properly supervised.

- Identify TWO separate problems relating to the supervision of workers. Quote figures to support your answer.
- In EACH case, provide a solution. (6)

INFORMATION:

A. Stock balances:

	30 JUNE 2025	1 JULY 2024
Raw material stock	R 314 550	R 115 200
Work-in-process stock	**?**	R22 108
Finished goods	R15 000	R23 208

B. Raw materials are purchased only on credit. Invoices totalling R723 600 were received for the financial year.

C. The business employs FIVE factory workers, with the following conditions:

- they must work 8 hours normal time per day for 5 days a week,
- 48 weeks a year, and
- they must produce two jerseys an hour during normal and overtime.

Details relating to total number of hours worked by workers and remuneration rates for the financial year ended 30 June 2025:

	HOURS PER WORKER	RATE PER HOUR	NUMBER OF WORKERS	TOTAL
Normal time	1 680	R47	5	?
Overtime	1 152	R94	5	R 541 440
	2 832			**?**
NOTE: Employers' contribution: 11,5% of normal wage.				

D. The bookkeeper calculated the factory overhead cost as R610 000.

However, he made the following errors, which must still be adjusted:

- He included the entire insurance expenses of R40 000 to the factory overhead cost, instead of 70% of this expenses.
- He allocated R80 000 to factory water and electricity using the ratio 4 : 3 : 2 for factory, sales and office respectively. The expense should have been split in the ratio 3 : 1 : 1
- The telephone account of R30 000 was posted in error to the factory overhead cost. This expense relates to the office.

E. Additional information

- Total sales amounted to R 2 622 635
- Mark-up of 25% on cost was maintained.
- 22 400 jerseys were produced during the year.

3.2 MELON HANDBAGS

This business produces and sells handbags. The owner is Muffin Zwide. The financial year ended on 31 August 2025.

REQUIRED:

3.2.1 Comment on the level of production and break-even point on 31 August 2025. (4)

3.2.2 Identify the production cost that should be of serious conern. Provide TWO valid solutions to this problem. (4)

3.2.3 Muffin wants to improve his profit by R214 800 during the next financial year, while maintaining costs. Calculate the additional units that must be produced to achieve this target. (3)

INFORMATION:

	31 August 2025		31 August 2024	
	Total	**Per unit**	**Total**	**Per unit**
FIXED COST	R1 104 000	R46.00	R1 069 600	R56.00
Factory overheads cost	R792 000	R33.00	R754 450	R39.50
Administration cost	R312 000	R13.00	R315 150	R16.50
VARIABLE COST	R2 064 000	R86.00	R1 212 850	R63.50
Direct material cost	R1 156 800	R48.20	R800 290	R41.90
Direct labour cost	R528 000	R22.00	R221 560	R11.60
Selling and distribution cost	R379 200	R15.80	R191 000	R10.00
Selling price per unit	R146.00		R118.50	
Number of units produced and sold	24 000		19 100	
Break-even point (units)	18 400		19 448	

40

QUESTION 4: BUDGETING (40 marks; 35 minutes)

You are provided with information relating to Ramsgate (Pty) Ltd.

REQUIRED:

4.1 **Refer to Information G.**

4.1.1 Identify TWO items that the bookkeeper recorded incorrectly in the Cash Budget. (2)

4.1.2 Identify TWO items in the Cash Budget that would NOT appear in a Projected Income Statement. (2)

4.2 Complete the Debtors' Collection Schedule for August 2025. (9)

4.3 Calculate the missing amounts indicated by **(a)** to **(d)** in the Cash Budget. (18)

4.4 The directors compared the budgeted figures to the actual figures for July 2025.

	BUDGETED	ACTUAL
Sales	R288 000	R489 600
Salaries: Salespersons	R40 000	R12 000
Commission: Salespersons	R0	R66 150
Packing material	R14 400	R17 280

4.4.1 The directors changed the method of payment to the salespersons. Explain how this has benefitted the salespersons and the business. Quote figures. (4)

4.4.2 The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations. (5)

INFORMATION:

A. Projected Statement of Comprehensive Income:
Information extracted for the three months ended 31 August 2025:

	JUNE	JULY	AUGUST
	R	R	R
Sales	252 000	288 000	?
Cost of sales	?	(160 000)	?
Rent income	?	?	12 960
Discount received	3 600	4 000	?
Depreciation	5 400	5 400	5 400
Bad debts	2 800	3 350	?
Interest on loan	6 875	6 875	?

B. Sales:

- Sales are expected to increase by 15% in August 2025.
- Credit sales comprise 60% of total sales.
- The mark-up percentage is 80% on cost.

C. Debtors' collection:

- 50% is collected in the month of sale.
- 40% is collected in the month following the month of sale.
- 7% is collected two months after the sale.
- 3% is written off as irrecoverable.

D. Purchases:

- All purchases of stock are on credit.
- Stock is replaced in the month of sale. A base stock is maintained.
- Creditors are paid two months after purchase, subject to a 4% discount.

E. Directors' fees:

- The business had three directors earning the same monthly fee.
- On 30 July 2025 one of the directors resigned.
- The remaining directors will receive an increase of 35% in their monthly fee from 1 August 2025.

F. Loan:

- The loan was reduced by R52 800 on 30 July 2025.
- Interest at 12,5% p.a. is payable every month and is not capitalised.

G. Extract from the Cash Budget prepared by the bookkeeper:

	JULY 2025	AUGUST 2025
	R	R
RECEIPTS		
Cash sales	**(a)**	132 480
Cash from debtors	155 280	**?**
Rent income	12 000	12 960
Discount received	3 600	5 600
Fixed deposit	56 000	0
PAYMENTS		
Payments to creditors	156 000	**(b)**
Directors' fees	216 000	**(c)**
Salaries of salespersons	40 000	40 000
Repayment of loan	52 800	0
Interest on loan	6 875	**(d)**
Delivery expenses	27 500	27 500
Audit fees	60 000	0
Bad debts	3 200	3 600
Depreciation	17 400	17 400

40

TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (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 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.

KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

ACCOUNTING

ANSWER BOOK

SEPTEMBER 2025

P2

NATIONAL SENIOR CERTIFICATE

GRADE 12

NAME:	
GRADE:	

QUESTION	MARKS	MOD BY THE SCHOOL	MOD BY THE CLUSTER	MOD BY THE PROVINCE
1				
2				
3				
4				
TOTAL				

This answer book consists of 9 pages.

QUESTION 1

1.1.1 **Calculate the figures indicated by (a) to (d) in the table below**

NO.	CALCULATION	ANSWER
(a)		
(b)		
(c)		
(d)		

11

1.1.2 **Explain what you would say to Zolly. Provide TWO points.**

4

1.2 CREDITORS RECONCILIATION

1.2.1 **Briefly explain how the preparation of a creditors' reconciliation as an internal control measure can assist the business in managing their creditors effectively. Provide TWO points.**

4

1.2.2 **Use the table provided to indicate the changes that must be made in the Creditors' Control account and Creditors' List in the books of Newcastle Traders to take into account the errors and omissions noted. Indicate the increase or decrease with a (+) or (-) with each amount.**

	Creditors' Control	Creditors' List
Provisional balance/total	R 74 715	R32 595
A		
B		
C		
D		
E		

10

1.2.3 **State THREE internal control measures that the business can use to prevent similar incidents from happening in future.**

6

TOTAL MARKS
35

QUESTION 2

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

9

2.1.2 Calculate the average stock-holding period (in days) on 28 February 2025.

6

2.1.3 Comment on the stock-holding period and explain how this would affect the business.

Comment

How this would affect the business.

4

2.1.4 Calculate the value of the closing stock by using the FIFO method.

7

2.2 **Identify ONE different problem in relation to each branch. Quote relevant figures to support your answer. In each case, offer Tazmin advice on how to solve the problem.**

BRANCH	Problem with / and figures	Advice
GATEWAY MALL		
BOARDWALK MALL		
SCOTTBURGH MALL		

9

TOTAL MARKS
35

QUESTION 3

3.1.1 DIRECT MATERIAL COST

4

DIRECT LABOUR COST

5

FACTORY OVERHEAD COST

TOTAL	**R 610 000**

5

3.1.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

Prime cost	
Total manufacturing cost	
Work-in-process (1 July 2024)	**22 108**
Total cost of production of finished goods	

9

3.1.3

The accountant is of the opinion that workers are not properly supervised.		
	Identify separate problems	**Solution**
Problem 1		
Problem 2		

6

3.2.1

Comment on the level of production and break-even point on 31 August 2025.

4

3.2.2

Identify the production cost that should be of serious conern. Provide TWO valid solutions to this problem.

4

3.2.3

Muffin wants to improve his profit by R214 800 during the next financial year, while maintaining costs. Calculate the additional units that must be produced to achieve this target.	
CALCULATION	**ANSWER**

3

TOTAL MARKS
40

QUESTION 4

4.1.1

TWO items recorded incorrectly in the Cash Budget:

2

4.1.2

TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income:

2

4.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	JULY	AUGUST
May	120 000	8 400	
June	151 200	60 480	
July	172 800	86 400	
August			

9

4.3 AMOUNTS FOR THE CASH BUDGET

	WORKINGS	AMOUNT
(a)	Cash sales for July	
(b)	Payments to creditors for August	
(c)	Directors' fees for August	
(d)	Interest on loan for August	

18

4.4.1 **The directors changed the method of payment to the salespersons.**

Explain how this has benefited the salespersons. Quote figures.

Explain how this has benefited the business. Quote figures.

4

4.4.2 **The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations.**

5

TOTAL MARKS
40

TOTAL: 150

KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING

MARKING GUIDELINES

SEPTEMBER 2025

PAPER 2

MARKS: 150

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that 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. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as the final figure, award one mark. Not the method mark for the answer. Note: if figures are stipulated in memo for components of workings, these do not carry the method for final answer.
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. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in a certain question.
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 before awarding the mark.
10. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +,-,x,÷, or per candidates operation.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate
    with a ☒. Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f=foreign item; p=placement.

This marking guideline consists of 10 pages.

QUESTION 1

1.1.1

Calculate the figures indicated by (a) to (d) in the table below		
NO.	**CALCULATION**	**ANSWER**
(a)	644 000 ✓– 17 250✓ = 626 750✓ x 15/115✓ **Or** **644 000 one mark x 100/115=560 000 one mark– 15 000 one mark =545 000 x15/100 one mark** **Or** **644 000 x 15/115 two marks = 84 000 – 2250 two marks**	81 750☑
(b)	7 200 x 115/100	8 280✓✓
(c)	180 000 x 100/15	1 200 000✓✓
(d)	5 520 x 100/115	4 800✓✓

11

1.1.2

Explain what you would say to Zolly. Provide TWO points.

Two valid points ✓✓ ✓✓ part marks for partial / incomplete answer
Figures not required
Expected responses for two marks:
Be aware of two points within one explanation

- This is tax evasion / he is attempting to reduce the amount due to SARS for VAT
- He will be increasing input VAT fraudulently and effectively reducing the amount due to SARS.
- He could be fined or imprisoned because it is a criminal offence.
- Personal transaction and business transactions should kept separate.
- The car is not used for business purposes, the full amount of R 1 136 200 should be treated as drawings

4

1.2 CREDITORS RECONCILIATION

1.2.1 Briefly explain how the preparation of a creditors' reconciliation as an internal control measure can assist the business in managing their creditors effectively. Provide TWO points.

Any TWO relevant control measures (no part marks) ✓✓ ✓✓

- Errors and omissions can be detected and corrected.
- Fraud can be detected and minimised.
- The correct payment can be made to creditors.

4

1.2.2 Use the table provided to indicate the changes that must be made in the Creditors' Control account and Creditors' List in the books of Newcastle Traders to take into account the errors and omissions noted. Indicate the increase or decrease with a (+) or (-) with each amount.

	Creditors' Control	Creditors' List
Provisional balance/total	**R 74 715**	**R32 595**
A		+ 900 ✓
B	+ 3 720 ✓	+ 3 720 ✓
C		- 450 ✓✓
D	✓ ✓ -16 400 –16 400 or- 32 800 two marks	
E		+ 8 870 ✓
Operation one part correct	45 635 ☑	45 635 ☑

10

1.2.3 State THREE internal control measures that the business can use to prevent similar incidents from happening in future.

Any THREE separate, relevant control measures ✓✓ ✓✓ ✓✓

- Division of duties – Erling must not be the only person responsible for ordering and recording goods.
- Rotate duties so that employees do not have permanent control over an aspect of the business.
- Have special order forms to be signed by two people.
- Check documents regularly against deliveries.
- Do regular/random stock counts to verify stock records.
- Physical security – only one mark

6

TOTAL MARKS
35

QUESTION 2

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

R312 900✓ + R1 375 000✓ – R13 500✓✓
610✓ + 2 400 ✓ - 20 ✓

1 674 400 (4 marks)
2 990 (3 marks)
(7 marks)

R560 X 420✓ = R235 200☑ closing stock Operation one part correct

9

2.1.2 Calculate the average stock-holding period (in days) on 28 February 2025.

See 2.1.1

½ ✓ (312 900✓ + 235 200☑) x 365
1 439 200✓ ☑ 1

See 2.1.1 (1 674 400 – 235 200) or (2 570 x 560)

274 050 (3 marks) x 365
1 439 200 1

accept ½ (610 + 420) x 365 (one mark one mark one mark)
2 570 two marks

69,5 days☑ accept 70 days
Operation one part correct

73.1 days one mark

6

2.1.3 Comment on the stock-holding period and explain how this would affect the business.

Comment

Any relevant answer ✓✓

Improved from 100 days (2024) to 69.5 days. Jackets are seasonal wear and 69.5 days is a relatively good period.

How this would affect the business.

Any relevant answer✓✓

Increase in sales volume thereby increasing profits made by the business.

4

2.1.4 Calculate the value of the closing stock by using the FIFO method.

380✓ x R675 ✓ = R256 500✓
40✓ x R640✓ = R25 600✓
= R282 100☑
Operation one part correct

7

2.2 Identify ONE different problem in relation to each branch. Quote relevant figures to support your answer. In each case, offer Tazmin advice on how to solve the problem.

BRANCH	**Problem** ✓ ✓ ✓ **With / and Figures** ✓ ✓ ✓	**Advice must be correlated to a problem** ✓ ✓ ✓
GATEWAY MALL	Missing cash, R21 000 (24 cash sales = R100 800, but only R79 800 deposited)	Regular internal audit for sales and deposits / separation of duties
BOARDWALK MALL	Returns too high, 12 computers (33.3%) of computers sold Only worked 73% of normal time (117/160) and choose to cash in on the overtime 93% (52 hours)	Purchase quality computers / change the suppler/ make sure sales assistant knows product specifications. Time sheet for normal time Set targets/ minimise overtime.
SCOTTBURGH MALL	Very low sales volume, 42% (21/50) computers.	Provide Han with sales assistant/ set sales targets Change adverting strategy

9

TOTAL MARKS
35

QUESTION 3

3.1.1 DIRECT MATERIAL COST

Opening stock	R115 200 ✓	
Purchases	723 600 ✓	
Closing stock	(314 550) ✓	
Issued to factory — Operation one part correct	524 250 ☑	4

DIRECT LABOUR COST

Normal time (1 680 x R47 x 5)	R 394 800 ✓	
Overtime	541 440 ✓	
Employer's contribution (R394 800☑ x 11,5%)	45 402 ✓	
Operation one part correct	981 642 ☑	5

FACTORY OVERHEAD COST

TOTAL	**R 610 000**	
Insurance (40 000 x 30/100) or (- 40 000 + 28 000)	(12 000) ✓	
Water and electricity (108 000 – 80 000)	28 000 ✓✓	
Telephone	(30 000) ✓	
Operation one part correct	596 000 ☑	5

3.1.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

Direct material cost — See 3.1.1	524 250 ☑	
Direct labour cost — See 3.1.1	981 642 ☑	
Prime cost	1 505 892	
Factory overhead cost — See 3.1.1	596 000 ☑	
Total manufacturing cost — PC+FOHC	2 101 892 ☑	
Work-in-process (1 July 2024)	**22 108**	
	2 124 000	
Work-in-process (30 June 2025) — Operation	(34 100) ☑	
Total cost of production of finished goods (2 098 108✓ – 23 208✓+ 15 000✓) Operation one part correct	2 089 900 ☑	9

3.1.3 **The accountant is of the opinion that workers are not properly supervised.**

	Identify separate problems Problems ✓ ✓ Figures ✓ ✓	**Solution** ✓ ✓
Problem 1	The workers do not work the normal time hours according to the employment conditions – only 1 680 instead of 1 920. OR The workers worked too much overtime as compared to normal time – 68,6% / 1 152/1680 or 1152/2832 - 40,7%.	Workers should be monitored to ensure they work the correct number of normal hours. / Workers must first work the correct numbers of normal time before booking overtime. (Solution relates to number of hours)
Problem 2	The level of production is too low. For the 2 832 hours worked, they should have produced a total number of 28 320 (2 832 x 5 x 2) jerseys. The business only produced 22 400 jerseys.	Monitor workers to ensure they produce two jerseys per hour. / Pay workers for each jersey completed. / Complete uncompleted tasks under normal hours. (Solution relates to level of production)

6

3.2.1 **Comment on the level of production and break-even point on 31 August 2025.**

Any valid point ✓✓ **figures** ✓✓
(Comparison between units produced and sold with break-even)

Produced and sold 24 000 units above the BEP of 18 400 units, made a profit on 5 600 units.

Profit on 5 600 units has improved compared to 2024 loss on 348 units

For two marks (max):

- BEP decreased by 1 048 units / (from 19448) to 18400 / by 5.4%
- Units produced increased by 4 900 (from 19 100) to 24 000 by 25.7%

4

3.2.2

Identify the production cost that should be of serious conern. Provide TWO valid solutions to this problem.
Direct labour cost ✓ **DLC increased (from R11.60) to R22 by R10.40 (89.7%)✓** **Do not accept any other alternative for this question** **Any two points ✓ ✓** **Be alert to alternative valid responses** • Monitor overtime usage to identify area of concern/ control overtime. • Monitor / better supervision of work during normal time. • Have back- up plans for disruptions • Set targets to be completed at regular intervals/ performance incentives must be tied to productivity targets / pay according to units produced. • Training / cross-training of employees to perform multiple tasks. • Recruit skilld employees / adopt new technolgy

4

3.2.3

Muffin wants to improve his profit by R214 800 during the next financial year, while maintaining costs. Calculate the additional units that must be produced to achieve this target.

CALCULATION	ANSWER
214 800✓ / 60 ✓	3 580 units☑

3

TOTAL MARKS
40

QUESTION 4

4.1.1

TWO items recorded incorrectly in the Cash Budget:
Any TWO of: ✓ ✓ If more than two items given, -1 for invalid item; max -1 Discount received Depreciation Bad debts

2

4.1.2

TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income:
Any TWO of: ✓ ✓ If more than two items given, -1 for invalid item; max -1 Cash from debtors Fixed deposit matured Payments to creditors Repayment of loan

2

4.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	JULY	AUGUST
May	120 000	8 400	
June	151 200	60 480	✓✓ 10 584
July	172 800	86 400	✓✓ 69 120
August	✓✓ 198 720	50% of credit sales	☑☑ 99 360
		155 280	Operation one part correct ☑ 179 064

9

4.3 AMOUNTS FOR THE CASH BUDGET

	WORKINGS		AMOUNT
(a)	**Cash sales for July** 288 000 ✓ x 40% ✓ 172 800 one mark x 40/60 one mark	3	R115 200☑ One part correct
(b)	**Payments to creditors for August** 252 000 ✓ x $^{100}/_{180}$ ✓x $^{96}/_{100}$ ✓ 140 000 two marks – 5 600 one mark 241 920 two marks	4	R134 400☑ One part correct
(c)	**Directors' fees for August** 216 000 ✓ x $^{2}/_{3}$ ✓✓ x $^{135}/_{100}$ ✓ 144 000 three marks + 50 400 one mark 72 000 x2 = 144 000 x 135/100 (72 000 + 25 200) x 2 one mark two marks one mark	5	R194 400☑ One part correct
(d)	**Interest on loan for August** Could use solve for x method 6 875✓ – (12,5%✓ x 52 800✓ ÷ 12✓) 550 three marks 6 600 two marks 4 400 two marks one mark one mark one mark one mark (660 000 – 52 800) x 12,5% ÷ 12 607 200 two marks	6	✓☑ R6 325 One part correct

18

4.4.1

The directors changed the method of payment to the salespersons.

Explain how this has benefited the salespersons. Quote figures.

Explanation ✓ Figures ✓

Although the salaries were reduced from R40 000 to R12 000, they received a commission of R66 150 (total: R78 150) / 95,4% or R38 150 more than their previous salaries.

Explain how this has benefited the business. Quote figures.

Explanation ✓ Figures ✓

Actual sales are higher than the budgeted sales by R201 600 (489 600 – 288 000); sales are 70% higher than budget.

4

4.4.2

The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations.

Explanation ✓ Both items i.e. Sales & Packing materials must be mentioned
Figures ✓✓ ✓✓

Candidates must quote percentages – if totals are quoted, award only one mark for each item
Candidates must compare percentages of these two items to earn full marks

Sales were 70% over budget, while packing materials were only 20% over budget.

OR

Packing materials were budgeted at 5% of sales, while actual packing materials were only 3,5% of sales.

Response for one mark:
Packing materials will increase if sales increase.

5

TOTAL MARKS
40

TOTAL: 150