Confidential

basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P2

MAY/JUNE 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 14 pages, a formula sheet and a 12-page answer book.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	VAT and Creditors' Reconciliation	30	25
2	Cost Accounting	40	30
3	Stock Valuation	40	30
4	Budgeting	40	35
TOTAL		**150**	**120**

QUESTION 1: VAT AND CREDITORS' RECONCILIATION (30 marks, 25 minutes)

1.1 **VALUE-ADDED TAX (VAT)**

REQUIRED:

The information relates to Comfort Traders for the VAT period ended 31 January 2025. The VAT rate is 15%. The business is owned by Karen Botha. The sales of the business average R150 000 per month.

REQUIRED:

1.1.1 Calculate the VAT amounts in the table provided in the ANSWER BOOK. Indicate the effect of EACH item on the amount payable to SARS. Show an increase with a **'+'** and a decrease with a **'–'**. An example has been completed. (10)

1.1.2 Karen wants to deregister her business as a VAT vendor as she is unable to meet VAT deadlines for submissions.

What advice would you give to Karen? State ONE point. (2)

INFORMATION:

A. Amount owed to SARS on 1 January 2025, R51 500.

B. Transactions for January 2025:

NO.	DETAILS	EXCLUDING VAT (R)	INCLUDING VAT (R)	VAT AMOUNT (R)
Example	**Drawings of stock**	**6 000**	**6 900**	**900**
(i)	Merchandise purchased		221 720	**?**
(ii)	Credit notes issued to customers	12 000		**?**
(iii)	Total sales		*187 795	**?**
(iv)	Bad debts written off			765

*Certain goods, with a total selling price of R21 275 (including VAT), should have been recorded as zero-rated items.

1.2 **CREDITORS' RECONCILIATION**

Epson Traders received a statement of account from a creditor, Canon Suppliers. The balance on the statement did not agree with that on the account of Canon Suppliers in the Creditors' Ledger of Epson Traders.

REQUIRED:

1.2.1 **Refer to Information A, B and C.**
Use the table provided to indicate changes to the:

- Creditors' Ledger Account in the books of Epson Traders
- Statement of account received from Canon Suppliers

Write the amount and indicate increase (+) or decrease (-) with each amount. (14)

1.2.2 **Refer to Information D.**

It was discovered that the purchasing manager, Senzo, had signed a fictitious invoice received from Prime Suppliers. The banking details of his son appeared on this invoice. The relevant payment was processed by the financial department.

Other than dismissing Senzo, provide:

- ONE action to be taken against him
- ONE suggestion on how to prevent this problem in future (4)

INFORMATION:

A. Creditors' Ledger of Epson Traders:

CANON SUPPLIERS (CL9)					
DATE		**DETAILS**	**DEBIT**	**CREDIT**	**BALANCE**
2025 March	1	Account rendered			69 800
	6	Invoice 519		26 300	96 100
	8	Debit Note 104	1 600		94 500
	14	EFT 310	45 500		49 000
		Discount	7 000		42 000
	15	Invoice 202		13 800	55 800
	24	Invoice 567		20 000	75 800
	25	Invoice 594		17 100	92 900
	31	Invoice 610		9 000	101 900

B. Statement of account received from Canon Suppliers:

CANON SUPPLIERS
Epson Traders
95 Barberton Road — **Dated: 25 March 2025**

DATE		**DETAILS**	**DEBIT**	**CREDIT**	**BALANCE**
2025 March	1	Balance			69 800
	4	Interest	400		70 200
	6	Invoice 519	23 600		93 800
	8	Credit Note 164	1 600		95 400
	14	Receipt 7710		45 500	49 900
	24	Invoice 567	20 000		69 900
	25	Invoice 594	19 000		88 900

C. Differences noted:

(i) Canon Suppliers correctly levied interest of R400 on the account of Epson Traders on 4 March 2025.

(ii) Invoice 519 on 6 March 2025 was correct according to the statement received from Canon Suppliers.

(iii) Canon Suppliers made an error in recording the return of goods on 8 March 2025.

(iv) Epson Traders qualified for an early settlement discount with the payment on 14 March 2025. Canon Suppliers granted only R5 000 as discount. They promised to show this on their statement next month.

(v) Invoice 202 for R13 800 was recorded incorrectly in the Creditors' Ledger Account of Canon Suppliers on 15 March 2025. The invoice was received from another creditor, Baron Suppliers.

(vi) A trade discount of 10% was deducted on invoice 594. Canon Suppliers will correct this error next month.

(vii) Invoice 610 did not appear on the statement received from Canon Suppliers as this transaction took place after their statement date.

D. Creditors' Ledger of Epson Traders

PRIME SUPPLIERS (CL24)					
DATE		**DETAILS**	**DEBIT**	**CREDIT**	**BALANCE**
2025 March	23	Invoice 481		18 000	18 000
	28	EFT 336	18 000		0

30

QUESTION 2: COST ACCOUNTING **(40 marks; 30 minutes)**

2.1 Choose the correct word from those given in brackets. Write only the word next to the question numbers (2.1.1 to 2.1.3) in the ANSWER BOOK.

2.1.1 Consumable items used in the factory are regarded as (direct/indirect) material.

2.1.2 Depreciation on factory machines is classified as a (variable/fixed) cost.

2.1.3 Wages paid to office cleaners is regarded as a/an (selling and distribution/administration) cost. (3 x 1) (3)

2.2 **WOLLIES' WINTER GLOVES**

The business manufactures winter gloves. The financial year ended on 28 February 2025. The business is owned by Jerry Classon.

The business does not carry any work-in-progress stock and all items produced are sold.

REQUIRED:

2.2.1 **Refer to Information A.**

Calculate the direct material cost for the year ended 28 February 2025. (4)

2.2.2 **Refer to Information B.**

Calculate the correct factory overhead cost for the year ended 28 February 2025. (9)

2.2.3 Calculate the gross profit earned for the year ended 28 February 2025. (5)

2.2.4 Jerry was satisfied with the performance during the current year and plans to increase production by 30% in the next financial year. He is confident that the demand will increase due to changing weather patterns.

- Comment on the level of production and the break-even points comparing the results for the current financial year with his plan for the next financial year. Provide TWO points, with figures. (4)
- Calculate the **increase** in profits Jerry expects to earn from the year ended 28 February 2025 to the next financial year. (5)

2.2.5 Give TWO possible reasons for the proposed increase in direct labour cost in the next financial year. Quote figures. (4)

2.2.6 Jerry has projected an increase of R304 000 for the total fixed costs.

- Provide TWO possible expense items he may have considered when making his projections. Give a different reason for each item identified. (4)
- Explain why Jerry should not be concerned about this proposed increase in the total fixed costs. Provide ONE point with figures. (2)

INFORMATION:

A. Direct material cost:

	METRES	COST PER METRE (R)	TOTAL AMOUNT (R)
Opening stock	6 000	55	330 000
Purchases during the year	24 000	60	1 440 000
Total available for use	30 000	**?**	1 770 000
Closing stock	4 000	**?**	**?**
Direct materials issued for production	26 000	**?**	**?**

- Material is transferred to the factory using the weighted-average method.
- Due to good internal controls there were no missing or stolen material.

B. Factory overhead cost:

The bookkeeper calculated the factory overheads as R966 360. However, he made the following errors which must be corrected:

(i) The entire telephone expense of R36 000 was used instead of 25% being allocated to the factory.

(ii) The closing stock of factory indirect material was understated by R2 800.

(iii) The bookkeeper correctly allocated the portion of the cleaner's wages to factory overheads. However, he neglected to take into account the increase of 6% p.a. effective from 1 January 2025 on the cleaner's wages. The cleaner earns R48 000 p.a. and spends half his time in the factory.

(iv) Water and electricity of R25 600 was allocated to the factory using the ratio 4 **:** 3 **:** 2 for factory, sales and office respectively. This should have been shared in the ratio 5 **:** 3 **:** 2.

C. Actual and projected costs:

	28 FEBRUARY 2025		PLAN FOR NEXT FINANCIAL YEAR	
	TOTAL AMOUNT (R)	UNIT COST PER PAIR (R)	TOTAL AMOUNT (R)	UNIT COST PER PAIR (R)
Direct material cost	?	?	1 560 000	30,00
Direct labour cost	876 000	21,90	1 300 000	25,00
Selling and distribution costs			650 000	12,50
Total variable costs		75,00		67,50
Total fixed costs		38,00		35,10

D. Other information:

	28 FEBRUARY 2025	PLAN FOR NEXT FINANCIAL YEAR
Units produced and sold	40 000 pairs	52 000 pairs
Break-even point	38 000 pairs	38 400 pairs
Selling price per pair	R115,00	R115,00
Sales	R4 600 000	R5 980 000

40

QUESTION 3: STOCK VALUATION (40 marks; 30 minutes)

HELEN'S ELECTRONICS

Helen Woods owns an electronics shop that sells a variety of electronic products. The financial year ended on 28 February 2025. Records for headphones, television sets, vacuum cleaners and pressure cleaners are provided.

HEADPHONES

The first-in first-out (FIFO) stock valuation method is applicable.

REQUIRED:

3.1 Calculate the value of the closing stock on 28 February 2025, using the FIFO method. (5)

3.2 Helen decided to change suppliers in September 2024 after receiving advice from her sister, the store manager.

- Provide TWO points that show her customers are unhappy with the quality of the headphones purchased from the new suppliers. Quote figures. (4)
- What advice would you give to Helen about changing the supplier in the future? Provide ONE point. (2)

INFORMATION:

A. Stock balances of headphones:

	UNITS	UNIT PRICE (including carriage) (R)	TOTAL (R)
1 March 2024	170	145	24 650
28 February 2025	350	?	?

B. Purchases of headphones during the financial year:

	UNITS	UNIT PRICE (R)	TOTAL (R)
April 2024	250	165	41 250
June 2024	300	180	54 000
September 2024	380	135	51 300
December 2024	320	140	44 800
Total purchases	**1 250**		**191 350**

C. Carriage on purchases:

Headphones are delivered to the store by Jiffy Transport at a non-refundable rate of R20 per unit. The carriage on purchases is not included in **Information B**.

D. Returns:

80 headphones that were purchased in December 2024 were returned to the suppliers, R11 200.

E. Sales:

	UNITS	SELLING PRICE PER UNIT (R)	TOTAL (R)
1 March 2024 to 31 August 2024	680	220	149 600
1 September 2024 to 28 February 2025	310	220	68 200
	990		217 800

TELEVISION SETS

The stock of television sets is valued using the specific identification stock valuation method. The business sold two models (Quantum and Crystal) from 1 March 2024, the beginning of the financial year. A new TV model, Limpid, was introduced on 1 December 2024 to replace the Quantum TV model.

REQUIRED:

3.3 Calculate the closing stock of the television sets on 28 February 2025. (9)

3.4 Helen was not satisfied that she was selling an average of 19 Crystal TVs per month. However, she is happy that the new Limpid TVs, despite its higher selling price per unit, is selling at a quicker rate than Crystal TVs.

- Calculate the cost of sales of the Limpid TVs. (3)
- Calculate how long (in days) it will take Helen to sell the closing stock of the Limpid TVs. (4)
- Helen feels that she has made a wise decision by replacing the Quantum TVs with the Limpid TVs. Give ONE possible reason (with figures) to substantiate her opinion. (2)

3.5 **Refer to information D.**

Explain how this will have a positive effect on her business. Provide ONE point. (2)

INFORMATION:

A. Opening stock:

DATE	TV MODEL	UNITS	COST PRICE PER UNIT (R)	TOTAL (R)
1 March 2024	Quantum	123	R4 800	590 400
	Crystal	72	R6 500	468 000

B. Purchases:

DATE	TV MODEL	UNITS	COST PRICE PER UNIT (R)	TOTAL (R)
1 July 2024	Crystal	186	R6 500	1 209 000
1 Dec. 2024	Limpid	115	R7 200	828 000

C. Sales for the financial year ended 28 February 2025:

TV MODEL	UNITS	SELLING PRICE PER UNIT (R)	TOTAL (R)
Quantum	105	5 950	624 750
Crystal	225	9 750	2 193 750
Limpid	94	10 500	987 000
Total sales	**424**		**3 805 500**

D. Donation of television sets to local schools:

Helen donated the unsold Quantum TVs to local high schools.

VACUUM AND PRESSURE CLEANERS

REQUIRED:

3.6 **Vacuum cleaners:**

- Identify ONE problem with vacuum cleaners. Quote figures.
- What advice would you give? State ONE point. (3)

3.7 **Pressure cleaners:**

- Explain TWO good decisions that Helen took in respect of pressure cleaners. Quote figures.
- Explain how each decision improved the results on 28 February 2025. Provide ONE different point for EACH decision. (6)

INFORMATION:

	VACUUM CLEANERS		PRESSURE CLEANERS	
	28 FEB. 2025	**29 FEB. 2024**	**28 FEB. 2025**	**29 FEB. 2024**
Gross units sold	532	565	704	584
Number of units sold for cash	280	360	398	302
Trade discount on cash sales	5%	5%	10%	5%
Number of units sold on credit	230	190	270	240
Payment policy on credit sales	90 days	90 days	120 days	150 days
Interest rate on credit sales	18%	18%	15%	18%
Returns by customers (faulty units)	22	15	36	42
Mark-up %	50%	60%	40%	60%

40

QUESTION 4: BUDGETING **(40 marks; 35 minutes)**

Daisy MacDonald owns Canary Stores that sells school bags. The information relates to the budget period ending 31 July 2025.

NOTE:	Where comments or explanations are required, you should: • Quote trends with figures

REQUIRED:

4.1 Explain how the preparation of a Cash Budget serves as a management tool in assisting the business to manage its cash resources. State ONE point. (2)

4.2 Identify TWO items in the payment section of this Cash Budget which will not appear in the Projected Statement of Comprehensive Income. (2)

4.3 Complete the Creditors' Payment Schedule. (9)

4.4 Calculate the missing figures **(i)** to **(iv)** in the Cash Budget. (14)

4.5 **Refer to Information F.**
Calculate the reduction in the floor space (in m^2) being rented during July 2025. (5)

4.6 **Refer to Information H.**
A new competitor moved into the area during April 2025. Daisy was not aware of the competitor and did not take any action during April 2025.

4.6.1 Explain the effect of the new competitor on any TWO items in the budgeted and actual information for April 2025. Quote figures. (4)

4.6.2 Identify TWO changes Daisy implemented in May 2025 in response to the new competitor. Quote figures. (4)

INFORMATION:

A. Sales, purchases of stock and cost of sales:

- **Total sales:**

April 2025	R180 000
May 2025	R202 500
June 2025	**?**
July 2025	R270 000

- 40% of sales are cash; the rest is on credit.
- The mark-up is 50% on cost.
- Stock is replaced on a monthly basis.
- 20% of purchases are cash; the rest is on credit.

B. Creditors' payment:
It is expected that creditors will be paid as follows:
- 75% are paid in the month of purchases to receive a 5% discount.
- 15% are paid in the month after purchases.
- 10% are paid in the second month after purchases.

C. Salaries of sales assistants:

The sales assistants all earn the same monthly salary. They will get a 5% increase from 1 July 2025. The business had two assistants in June and will hire an additional assistant from 1 July at the same monthly salary as the other two assistants after the increase.

D. Loan:

Part of the loan will be repaid on 1 July 2025. Interest of 15% p.a. is paid at the end of each month and is not capitalised.

E. Vehicle and delivery expenses:

- Canary Stores have been outsourcing delivery services for the past two years at a percentage of sales.
- The owner plans to purchase a delivery vehicle on 31 July 2025. The business will pay a deposit of 10% on this date, and the balance will be paid over a period of 36 months at R6 875 per month starting 31 August 2025.

F. Rent expense:

The business rents 180 m^2 of the premises at a fixed rate per m^2. The rental agency informed the business of a planned increase in rent per m^2 as from 1 August 2025. In order to save on rent, the owner decided to reduce the m^2 that is being rented with effect from 1 July 2025.

G. Extract from Cash Budget for June and July 2025:

RECEIPTS	JUNE 2025 (R)	JULY 2025 (R)
Cash sales		**(i)**
Collections from debtors	117 450	134 325
Interest on fixed deposit	250	250
Fixed deposit maturing		30 000
PAYMENTS		
Cash purchase of stock		36 000
Payments to creditors	111 300	
Salaries and wages	**(ii)**	35 280
Loan repayment		**(iii)**
Interest on loan	3 150	2 250
Delivery expenses		13 500
Rent expense	59 940	47 952
Deposit for vehicle		**(iv)**
Advertising		24 300
Sundry expenses	4 950	5 100

H. Budgeted and actual information for April and May 2025:

	APRIL 2025		MAY 2025	
	BUDGETED	**ACTUAL**	**BUDGETED**	**ACTUAL**
Units to sell/sold	720	540	900	765
Selling price per unit	R250	R250	R225	R225
Total sales	R180 000	R135 000	R202 500	R172 125
Total purchases	R120 000	R90 000	R135 000	R114 750
Gross profit	R60 000	R45 000	R67 500	R57 375
Advertising	R9 000	R4 500	R18 225	R15 400
Commission	0	0	R4 050	R3 443
Delivery expenses	R7 200	R6 750	R10 125	R8 600

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. 365 days is applicable only if relevant to the whole year.
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.

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STICKER

CENTRE NUMBER

EXAMINATION NUMBER

SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P2

GRADE 12

MAY/JUNE 2025

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 12 pages.

QUESTION 1

1.1 VAT

1.1.1

NO.	WORKINGS	EFFECT
	Opening balance	51 500
Example	6 900 – 6 000	+ 900
(i)	221 720	
(ii)	12 000	
(iii)		
(iv)		
	VAT PAYABLE	

10

1.1.2 **Karen wants to deregister her business as a VAT vendor as she is unable to meet VAT deadlines for submissions.**

What advice would you give to Karen? State ONE point.

2

1.2 CREDITORS' RECONCILIATION

1.2.1

	CREDITORS' LEDGER ACCOUNT OF EPSON TRADERS	STATEMENT OF ACCOUNT FROM CANON SUPPLIERS
BALANCES	101 900	88 900
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		
(vii)		
BALANCES		

14

1.2.2

It was discovered that the purchasing manager, Senzo, had signed a fictitious invoice received from Prime Suppliers. The banking details of his son appeared on this invoice. The relevant payment was processed by the financial department.

Other than dismissing Senzo, provide:

ONE action to be taken against him	
ONE suggestion on how to prevent this problem in future	

4

TOTAL MARKS
30

QUESTION 2

2.1

2.1.1	
2.1.2	
2.1.3	

3

2.2 WOLLIES' WINTER GLOVES

2.2.1

Calculate the direct material cost for the year ended 28 February 2025.	
WORKINGS	**ANSWER**

4

2.2.2

Calculate the correct factory overhead cost for the year ended 28 February 2025.	
Incorrect total	**966 360**

9

2.2.3

Calculate the gross profit earned for the year ended 28 February 2025.	
WORKINGS	**ANSWER**

5

2.2.4 **Jerry was satisfied with the performance during the current year and plans to increase production by 30% in the next financial year. He is confident that the demand will increase due to changing weather patterns.**

Comment on the level of production and the break-even points comparing the results for the current financial year with his plan for the next financial year. Provide TWO points, with figures.

4

Calculate the increase in profits Jerry expects to earn from the year ended 28 February 2025 to the next financial year.

WORKINGS	ANSWER

5

2.2.5 **Give TWO possible reasons for the proposed increase in direct labour cost in the next financial year. Quote figures.**

4

2.2.6 **Jerry has projected an increase of R304 000 for the total fixed costs.**

Provide TWO possible expense items he may have considered when making his projections. Give a different reason for each item identified.

	EXPENSE ITEM	**REASON**
ITEM 1		
ITEM 2		

4

Explain why Jerry should not be concerned about this proposed increase in the total fixed costs. Provide ONE point with figures.

2

TOTAL MARKS
40

QUESTION 3

HEADPHONES

3.1 **Calculate the value of the closing stock on 28 February 2025, using the FIFO method.**

WORKINGS	ANSWER

5

3.2 **Helen decided to change suppliers in September 2024 after receiving advice from her sister, the store manager.**

Provide TWO points that show her customers are unhappy with the quality of the headphones purchased from the new suppliers. Quote figures.

4

What advice would you give to Helen about changing the supplier in the future? Provide ONE point.

2

TELEVISION SETS

3.3 Calculate the closing stock of the television sets on 28 February 2025.

TV MODEL	WORKINGS	ANSWER
Quantum		
Crystal		
Limpid		
TOTAL		

9

3.4 Calculate the cost of sales of the Limpid TVs.

WORKINGS	ANSWER

3

Calculate how long (in days) it will take Helen to sell the closing stock of the Limpid TVs.

WORKINGS	ANSWER

4

Helen feels that she has made a wise decision by replacing the Quantum TVs with the Limpid TVs. Give ONE possible reason (with figures) to substantiate her opinion.

2

3.5 Explain how this will have a positive effect on her business. Provide ONE point.

2

VACUUM AND PRESSURE CLEANERS

3.6 VACUUM CLEANERS

Identify ONE problem with vacuum cleaners. Quote figures. What advice would you give? State ONE point.	
PROBLEM (with figures)	**ADVICE**

3

3.7 PRESSURE CLEANERS

Explain TWO good decisions that Helen took in respect of pressure cleaners. Quote figures. Explain how each decision improved the results on 28 February 2025. Provide ONE different point for EACH decision.		
DECISION (with figures)		**IMPROVEMENT IN RESULTS**
Decision 1		
Decision 2		

6

TOTAL MARKS
40

QUESTION 4

4.1 **Explain how the preparation of the Cash Budget serves as a management tool in assisting the business to manage its cash resources. State ONE point.**

2

4.2 **Identify TWO items in the payment section of this Cash Budget which will not appear in the Projected Statement of Comprehensive Income.**

2

4.3 **CREDITORS' PAYMENT SCHEDULE:**

MONTH	CREDIT PURCHASES	JUNE	JULY
APRIL	96 000	9 600	
MAY	108 000	16 200	
JUNE		85 500	
JULY	144 000		
		111 300	

9

4.4 CALCULATE:

(i)	**Cash sales for July 2025**	
	WORKINGS	**ANSWER**
(ii)	**Salaries and wages for June 2025**	
	WORKINGS	**ANSWER**
(iii)	**Repayment of loan on 1 July 2025**	
	WORKINGS	**ANSWER**
(iv)	**Deposit for vehicle on 31 July 2025**	
	WORKINGS	**ANSWER**

14

4.5 **Calculate the reduction in the floor space (in m^2) being rented during July 2025.**

WORKINGS	**ANSWER**

5

4.6 Refer to Information H.

4.6.1 Explain the effect of the new competitor on any TWO items in the budgeted and actual information for April 2025. Quote figures.

4

4.6.2 Identify TWO changes Daisy implemented in May 2025 in response to the new competitor. Quote figures.

4

TOTAL MARKS
40

TOTAL: 150

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Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P2

MAY/JUNE 2025

MARKING GUIDELINES

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 a correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark 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 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. These marking guidelines are not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for an operation, the marker must inspect reasonableness of the answer.
11. '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.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guidelines. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 12 pages.

QUESTION 1

1.1 VAT

1.1.1

NO.	WORKINGS	EFFECT
	Opening balance	**51 500**
Example	**6 900 – 6 000**	**+ 900**
(i)	**221 720** x 15/115	- 28 920 ✓✓
(ii)	**12 000** x 15/100	- 1 800 ✓✓
(iii)	(187 795 ✓ – 21 275 ✓) x [15/115]✓ 166 520 two marks **OR** (163 300 – 18 500) x [15/100] one mark one mark one mark 144 800 two marks **OR** 24 495 – 2 775 two marks one mark	+ 21 720 ☑*# #if final answer is shown with incorrect sign, award all working marks only; not final mark
(iv)		- 765 ✓
	VAT PAYABLE	41 735 ☑* Accept 42 635

10

*one part correct
Accept brackets for negative amounts.
Total must include the opening balance.

1.1.2 **Karen wants to deregister her business as a VAT vendor as she is unable to meet VAT deadlines for submissions.**

What advice would you give to Karen? State ONE point.

Any ONE valid point ✓✓ Part-marks for partial/unclear answer

- If the business's turnover exceeds R1m p.a., it is compulsory to be registered and submit VAT returns.
- If submission deadline is not met, the business will have to pay penalties to SARS.
- She will not be able to claim back the VAT paid to suppliers.
- Karen should have a tax consultant who can remind her of tax period to file on time.
- Set up automated reminders through eFiling system.

2

1.2 CREDITORS' RECONCILIATION

1.2.1

	CREDITORS LEDGER ACCOUNT OF EPSON TRADERS	STATEMENT OF ACCOUNT FROM CANON SUPPLIERS
BALANCES	101 900	88 900
(i)	+ 400 ✓	
(ii)	– 2 700 ✓✓	
(iii)		one mark (– 1 600 – one mark 1 600) – 3 200 ✓✓
(iv)	+ 2 000 ✓✓	– 5 000 ✓
(v)	– 13 800 ✓	
(vi)		– 1 900 ✓✓
(vii)		+ 9 000 ✓
BALANCES	87 800 ☑*	87 800 ☑*

14

Balances may be different; must include the opening balances.
-1 for foreign items per line provided a mark is scored on that line; (i.e. max could be -6).

1.2.2

It was discovered that the purchasing manager, Senzo, had signed a fictitious invoice received from Prime Suppliers. The banking details of his son appeared on this invoice. The relevant payment was processed by the financial department.

Other than dismissing Senzo, provide: Do not accept division of duties

ONE action to be taken against him	*ONE valid point* ✓✓ • Conduct a disciplinary hearing / Issue a written warning. • Lay criminal charges against him. • Launch civil charges to pay back the money. • Temporary suspend him while investigating. • Liable for demotion / transfer to another department. • Conduct forensic audit to check for other possible fraud.
ONE suggestion on how to prevent this problem in future	*ONE valid suggestion* ✓✓ • Validation of the existence of suppliers. • Ensure goods received are supported by order form and a valid invoice. • Proper authorization of payments. • Financial department should verify banking details before making payment. • Regular training on ethics and consequences of misconduct. • Conduct regular surprise checks or internal audits to detect fraud early.

4

TOTAL MARKS	30

QUESTION 2

2.1

2.1.1	indirect ✓
2.1.2	fixed ✓
2.1.3	administration ✓

3

2.2 WOLLIES' WINTER GLOVES

2.2.1

Calculate the direct material cost for the year ended 28 February 2025.	
WORKINGS	**ANSWER**
two marks [1 770 000/30 000] 26 000 ✓ x R59 ✓✓ **OR** [1 440 000 + 330 000] [4 000 x 59] 1 770 000 – 236 000 one mark two marks **OR** 1 770 000 x [26 000/30 000] one mark two marks	1 534 000 ☑ one part correct

4

2.2.2

Calculate the correct factory overhead cost for the year ended 28 February 2025.	
Incorrect total	**966 360**
Telephone	- 27 000 ✓✓
Indirect materials	- 2 800 ✓✓
Cleaner's wages [48 000/2] x [6/100 x 2 /12]	+ 240 ✓☑*
Water and electricity 28 800 – 25 600 **OR** 32 000 – 28 800 **OR** 25 600 x 5/40	+ 3 200 ✓✓
	940 000 ☑*

*one part correct
Final amount must include the opening total.

9

2.2.3

Calculate the gross profit earned for the year ended 28 February 2025.	
WORKINGS	**ANSWER**
see 2.2.1 see 2.2.2 4 600 000 ✓ – 1 534 000 ☑ – 876 000 ✓ – 940 000 ☑ **OR** 4 600 000 – (1 534 000 + 876 000 + 940 000) 3 350 000 three marks Be alert to alternative workings such as ledger account or use of brackets	1 250 000 ☑ one part correct

5

2.2.4 **Jerry was satisfied with the performance during the current year and plans to increase production by 30% in the next financial year. He is confident that the demand will increase due to changing weather patterns.**

Comment on the level of production and the break-even points comparing the results for the current financial year with his plan for the next financial year. Provide TWO points, with figures.

Comparison of BEP to level of production ✓✓ comparative figures ✓✓

Expected responses for 4 marks:

- He made profit on 2 000 units (40 000 – 38 000) for the current financial year and expect more profit on 13 600 units (52 000 – 38 400) next financial year.
- He produced 2 000 units above the BEP (current financial year) and he expects to produce 13 600 units above the BEP (next financial year).
- He is anticipating an increased profit on 11 600 units, as BEP is expected to increase by 400 units (1,1%), while production is projected to increase by 12 000 units (30%).

Expected response for 2 marks: Max two marks in total **(mark one optional response only).**
Comparison of BEP to BEP and production to production

- Production will increase (from 40 000 units) to 52 000 units / by 12 000 units.
- BEP will increase (from 38 000 units) to 38 400 units / by 400 units.

4

Calculate the increase in profits Jerry expects to earn from the year ended 28 February 2025 to the next financial year.

WORKINGS	ANSWER
[13 600 x 47,5] 646 000 ✓✓ – [2 000 x 40] 80 000 ✓✓	566 000 ☑ One part correct

5

2.2.5 **Give TWO possible reasons for the proposed increase in direct labour cost in the next financial year. Quote figures.**

Any TWO valid points ✓ ✓ figures and trend ✓ ✓

- DLC will increase (from R876 000) to R1 300 000 / by R424 000 / by 48%. Provision made for overtime / Production incentive bonuses set to be implemented which may be necessary to meet targets.
- Unit costs will increase (from R21,90) to R25,00 / by R3,10 / by 14%. He has accommodated annual inflationary increases or salary increase or introduced improved fringe benefits.

4

2.2.6 **Jerry has projected an increase of R304 000 for the total fixed costs.**

Provide TWO possible expense items he may have considered when making his projections. Provide a different reason for each item identified.

EXPENSE ITEM ✓ ✓	**REASON** ✓ ✓
• Depreciation on factory machinery	• Additional machinery may be required for increased production.
• Indirect labour	• The workload of the foreman/supervisor will increase/increase minimum wage of cleaners.
• Water and electricity	• Increased usage due to overtime hours.
• Indirect materials / consumable stores	• More units must be cleaned or maintained / Increased office cleaning or packaging materials.
• Rent expenses	• More rental space to accommodate the increase in production.
• Insurance	• An increase in assets will require additional coverage.
• Repairs and maintenance	• An increased production will lead to regular repairs and maintenance.
• Security	• There will be a need of more security personnel / an improved or more advanced security system.
• Administration cost	• Need to hire more office staff / Increased office work to manage increased production
• Telephone	• Frequent communication with customers and suppliers.

4

Explain why Jerry should not be concerned about this proposed increase in the total fixed costs. Provide ONE point with figures.

Any ONE valid point ✓ figures ✓

The fixed cost per unit decreased (from R38,00) to R35,10 / by R2,90 / by 7,6% while the units produced increased.

OR

Fixed cost per unit decreased (from R38,00) to R35,10/ by R2,90 / by 7,6% and he took advantage of economies of scale.

2

TOTAL MARKS	**40**

QUESTION 3

HEADPHONES

3.1 **Calculate the value of the closing stock on 28 February 2025, using the FIFO method.**

WORKINGS	ANSWER
[320 – 80] [140 + 20] [350 – 240] [135 + 20] (240 ✓ x 160 ✓) + (110 ☑ x 155 ✓) 38 400 17 050 two marks one m mark one mark **OR** (33 600 + 4 800) + (14 850 + 2 200) one mark one mark one m mark one mark	55 450 ☑ one part correct two batches must be added

5

3.2 **Helen decided to change suppliers in September 2024 after receiving advice from her sister, the store manager.**

Provide TWO points that show her customers are unhappy with the quality of the headphones purchased from the new suppliers. Quote figures.

Any TWO relevant points ✓ ✓ Figures ✓ ✓

- 80 units were returned/R11 200 had to be refunded.
- Closing stock has increased (from 170 units) to 350 units / by 180 units / by 106%.
- 350 of the 620 (56%) units available for sale remains unsold.
- 310 new units sold (R68 200) compared to 680 old units sold (R149 600) / customers had negative reviews reflected on website or suggestion box, therefore sales decreased by 370 (R81 400).

4

What advice would you give to Helen about changing the supplier in the future? Provide ONE point.

Any ONE relevant point ✓✓

- Ensure that the quality of the headphones is not going to be compromised.
- Her decision must not be influenced by family or employees, but should be based on an informed decision by herself or her own research.
- Do background checks on new suppliers before changing.
- Compare warranty of new suppliers with that from current supplier.
- Conduct market research to ensure new headphones meets market demand.
- Evaluate product performance through customer response before buying in bulk.

2

TELEVISION SETS

3.3 Calculate the value of closing stock of the television sets on 28 February 2025.

TV MODEL	WORKINGS	ANSWER
Quantum		
Crystal	[72 + 186 – 225] 6 500 ✓ x 33 ✓✓ **OR** 1 677 000 one mark – 1 462 500 two marks [468 000 + 1 209 000] [2 193 750 x 6 500/9 750]	214 500 ☑*
Limpid	[115 – 94] 7 200 ✓ x 21 ✓✓ **OR** 828 000 – 676 800 one mark [987 000 x 7 200/10 500] two marks	151 200 ☑*
TOTAL	Award one method mark for 54 if shown as final answer.	365 700 ☑*

*one part correct
Superfluous entry; lose method on total.

9

3.4

Calculate the cost of sales of the Limpid TVs.	
WORKINGS	**ANSWER**
see 3.3 828 000 ✓ – 151 200 ☑ **OR** 94 x 7 200 **OR** 987 000 x [7 200/10 500] one mark one m-mark one mark one m-mark	676 800 ☑ One part correct

3

Calculate how long (in days) it will take Helen to sell the closing stock of the Limpid TVs.	
WORKINGS	**ANSWER**
see 3.3 $\frac{151\,200 ☑}{676\,800 ☑}$ x 90 ✓ see 3.4 **OR** $\frac{21 \text{ one m-mark}}{94 \text{ one m mark}}$ x 90 one mark	20,1 days ☑ Accept 20 days One part correct

4

Helen feels that she has made a wise decision by replacing the Quantum TVs with the Limpid TVs. Give ONE possible reason (with figures) to substantiate her opinion.

Any ONE reason ✓ Figures ✓

- Higher profit earned per unit. (Quantum: R1 150 / Limpid: R3 300)
- Higher average monthly sales. (Quantum units: 11,7 (8,8) / Limpid: 31)
- Unsold stock of Quantum (18 units) had to be donated.

2

3.5 Explain how this will have a positive effect on her business. Provide ONE point.

Any ONE relevant point ✓✓

- Corporate social responsibility / increased support from the community / increase customer loyalty / increase in sales.
- Creates a positive image as latest technology is sold/ it will enhance brand perception.
- Increase reputation as a business that cares for the community/ increase opportunity to gain positive publicity.
- Can result in tax benefits / result in lower taxable income.

2

VACUUM AND PRESSURE CLEANERS

3.6 VACUUM CLEANERS

Identify ONE problem with vacuum cleaners. Quote figures. What advice would you give? State ONE point.	
PROBLEM (with figures) ✓ ✓	**ADVICE** ✓
• Decrease of 80 units (22,2%) in cash sales / increase of 40 (21,1%) units in credit sales.	• Encourage more cash sales by increasing discounts on cash sales / Launch targeted in-store deals that favour cash transactions. • Reduce current payment terms / review the process to check credit records of potential debtors / revise credit limit regularly.
• Returns increased by 7 units (46,7%)	• Supply quality goods / check the product before dispatching it to customers / Offer customers store voucher rather than full refund / Upgrade to a newer and more advanced vacuum cleaner / change the supplier

3

3.7 PRESSURE CLEANERS

Explain TWO good decisions that Helen has taken in respect of pressure cleaners. Quote figures. Explain how each decision improved the results on 28 February 2025. Provide ONE different point for EACH decision.		
DECISION (with figures) ✓ ✓ ✓ ✓		**IMPROVEMENT IN RESULTS** ✓ ✓
Decision 1	Increased the trade discount on cash sales (from 5%) to 10% / 5% points.	Increase in cash sales
Decision 2	Changed the credit policy (from 150 days) to 120 days / Interest rate decreased (from 18%) to 15%	Better debtors' collection / reduce bad debts (defaulters)
Decision 3	Decrease in mark-up % (from 60%) to 40%.	Increase in total number of units sold

6

TOTAL MARKS	**40**

QUESTION 4

4.1 Explain how the preparation of the Cash Budget serves as a management tool in assisting the business to manage its cash resources. State ONE point.

Any ONE valid point ✓✓ Part-marks for partial/unclear answer

- Can be used as a control measure to see if spending and receipts are going according to plan and to make necessary changes timeously.
- Management will use it for planning cash purchases to see what they can afford and in what month to make purchases.
- It also alerts them to the need to cut down expenditure / to take out a loan / invest more capital / apply for an overdraft facility.
- Indicate fraud by comparing the actual to the budgeted amounts.

2

4.2 Identify TWO items in the payment section of this Cash Budget, which will not appear in the Projected Statement of Comprehensive Income.

Any TWO items ✓ ✓

- Loan repayment
- Deposit for vehicle
- Payment to creditors
- Cash purchase of stock

2

4.3 CREDITORS' PAYMENT SCHEDULE

MONTH	CREDIT PURCHASES	JUNE	JULY
APRIL	96 000	9 600	Superfluous entry; Lose method on total
MAY	108 000	16 200	10 800 ✓✓
JUNE	120 000 ✓✓ If not shown, award full marks to the correct answer.	85 500	18 000 ☑☑ Credit purchase x 15%
JULY	144 000		102 600 ✓✓
		111 300	131 400 ☑*

*one part correct

9

4.4 CALCULATE:

	WORKINGS	ANSWER
(i)	**Cash sales for July 2025** R270 000 x 40% **OR** 144 000 x 60/80 **OR** 270 000 – 162 000 **2**	R108 000 ✓✓
(ii)	**Salaries and wages for June 2025** [35 280/3] 11 760 ✓ x [100/105] ✓ x 2 ✓ **OR** (11 760 – 560) x 2 one mark one mark one mark **OR** 35 280 x [200/315] one mark two mark **4**	22 400 ☑ one part correct
(iii)	**Repayment of loan on 1 July 2025** [3 150 – 2 250] 900 ✓ x [100/15] ✓ x 12 ✓ 6 000 two marks **OR** 252 000 – 180 000 one mark two mark **4**	72 000 ☑ one part correct
(iv)	**Deposit for vehicle on 31 July 2025** one mark one mark (36 months x 10/90) R6 875 ✓ x 4 ✓✓ **OR** 247 500 x [100/90 x 10/100] two marks one mark **4**	R 27 500☑ one part correct

14

4.5

Calculate the reduction in the floor space (in m^2) being rented during July 2025.	
WORKINGS	**ANSWER**
[59 940 – 47 952] R11 988 ✓✓ 333 ✓✓ [59 940 / 180] **OR** [47 952 / 333] 180 m^2 – 144 m^2 one mark three marks **OR** [(11 988/59 940) x100] 180 m^2 x 20% one mark three marks	36 m^2 ☑ One part correct

5

4.6 Refer to Information H

4.6.1 Explain the effect of the new competitor on any TWO items in the budgeted and actual information for April 2025. Quote figures.

TWO valid points ✓ ✓ figures and trend ✓ ✓

- Number of units sold 540 is less than budgeted (720) / 180 (25%) below budget.
- Actual sales R135 000 is less than budgeted R180 000 / R45 000 (25%) below budget.
- Gross profit R45 000 is less than budgeted R60 000 / R15 000 (25%) below budget.

4

4.6.2 Identify TWO changes Daisy implemented in May 2025 in response to the new competitor. Quote figures.

TWO valid changes ✓ ✓ figures and trend ✓ ✓

- Advertising increased (from 5%) to 9%
- Delivery expenses increased (from 4%) to 5%.
- Introduced commission, 2% of sales (R4 050)
- Decreased the selling price by 10% / (from R250) to R225

4

TOTAL MARKS	**40**

TOTAL: 150