GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2025

MARKING GUIDELINES

ACCOUNTING PAPER 2 (10712)

13 pages

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced items). 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. Award full marks for a correct answer. If an 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 workings 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 the 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. **Note**: Check operation must be +, -, x, ÷, or per marking guideline.
9. One part correct means ‘operation and one part correct’. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as ‘one part correct’.
10. In calculations, do not award marks for workings if the numerator and denominator are swapped – this also applies to ratios.
11. 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 ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guidelines. Note that one comment could contain different aspects.
13. Codes: f = foreign item; p = placement/presentation; s = superfluous item

QUESTION 1

1.1.1 BANK RECONCILIATION

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL	
Amount	Amount	
R102 675	R86 150	
1 890 ✓✓	6 000 ✓	
3 160 ✓	2 800 ✓	
6 400 ✓	320 ✓✓	
	830 ✓	
	365 ✓	
114 125	96 465	10

-1 (max -1) foreign (only if marks are scored elsewhere for the same figure)
-1 (max -1) superfluous items; ensure that the candidate do not get full marks for including any incorrect figure/s.

1.1.2 Bank Account balance in the General Ledger on 31 May 2025

WORKINGS			ANSWER	
see CRJ see CPJ – 15 550 ✓ + 114 125 ☑ – 96 465 ☑ **OR** 17 660 two m marks	114 125	15 550	2 110 ☑ one part correct	4
		96 465		
		c/d 2 110		
Do not award marks if signs are reversed				

1.1.3 Choose only ONE template below to answer this question.

TWO-COLUMN METHOD

BANK RECONCILIATION STATEMENT ON 31 May 2025					
	ONE-COLUMN METHOD	ONE-COLUMN METHOD	DEBIT	CREDIT	
Balance as per bank statement	18 830	(18 830)	18 830 ☑ Could be Cr	DR and CR totals must be the same	
Credit outstanding deposit Do not accept 6 000/15 000	(31 250)	31 250		31 250 ✓	
Outstanding EFT	320	(320)	see CPJ 320 ☑		
	9 650	(9 650)	9 650 ✓		
	5 440	(5 440)	5 440 ✓		
Credit amount incorrectly debited	(5 100)	5 100		5 100 ✓	
Balance as per bank account Do not accept 15 550	(2 110)	2 110	2 110 ☑ see 1.1.1 Could be Cr	Check if favourable or unfavourable	
			36 350	36 350	7

-1 for poor presentation/incorrect details
If candidate presents one-column & two-column reconciliation, mark version that benefits candidate.
For the 2-Column method, candidates must place figures in the correct column to earn marks.
For the 1-Column method, candidates must present the appropriate sign i.e. positive or negative.

1.1.4 **Khaya has noticed that a long serving cashier has recently been experiencing cash shortages. Suggest TWO possible reasons for these shortages and provide a solution for each reason given.**

Reason ✓ ✓	**Solution** ✓ ✓ Solution based on reason
• Miscounting of cash	• Continuous training of cashiers on cash handling procedures • Regular cash reconciliation/ Balancing of cash against register roll.
• Supervisor not monitoring cashiers	• Emphasise regular supervision by senior managers.
• Possibility of theft / rolling of cash	• Install CCTV cameras overlooking cashier areas. • Regular surprise checks of cash.
• Lack of concentration	• Review working hours and offer regular breaks.
• Distractions/multitasking at till points	• Enforce focus during transactions/Encourage workers to minimise non-working related distractions.

4

1.1.5 **Provide TWO reasons why Khaya authorises all EFT payments of his business.**

Any TWO valid points ✓ ✓

- This prevents unauthorised payments/Reduce the risk of fraud or suspicious transactions.
- He has to verify if the transaction is legitimate/It helps to track where money is going.
- Verifies transactions to prevent errors/ Verifies if funds are paid to the correct account.
- Ensures outgoing payments match available funds.
- Tracks and approve the business expense.
- Checks if the businesses funds are used appropriately.
- He ensures spending stays within budget and matches financial plans

2

1.2 CREDITORS' RECONCILIATION

1.2.1 **Use the table provided to indicate corrections that must be made to the Creditors' Control account and the Creditors' List.**

Indicate changes with '+' for an increase, '–' for a decrease or '0' for no change.

	CREDITORS' CONTROL ACCOUNT	CREDITORS' LIST
BALANCE	**64 800**	**79 300**
B	– 1 000 ✓	
C		– 900 ✓
D	+ 5 600 ✓✓	
E	+ 4 400 ✓	
F		one mark (– 2 300 – one mark 2 300) ✓✓ – 4 600
Corrected Balance	73 800 ☑*	73 800 ☑*

9

*one part correct must include opening balances
Accept brackets for '–'sign; if no sign assume positive
-1 for foreign items per line; provided a mark is scored on that line; (i.e. max could be -5).
accept fully correct answers on wrong lines

1.2.2 **PP Distributors is happy with the way Soweto Traders manages its account and is willing to increase its credit terms.**

Explain TWO actions taken by Soweto Traders that helped them to maintain a good relationship with the creditor.

Any TWO valid explanation ✓✓ ✓✓

- They have been paying their accounts within credit terms of the creditor.
- They have demonstrated loyalty and commitment by placing regular orders.
- They had clear communication which strengthened their business relationship.
- Shared financial updates to assure the supplier of their creditworthiness.

4

TOTAL MARKS
40

QUESTION 2

2.1 MAGIC WOOD MANUFACTURERS

2.1.1

Calculate direct/raw material cost.	
WORKINGS	**ANSWER**
[8 000 x 420] [7 050 x 505] 608 000 ✓ + 3 360 000 ✓✓ + 3 560 250 ✓✓ **OR** [400 x 420] [750 x 505] 608 000 + 7 467 000 – 168 000 – 378 750 one mark one mark one mark two marks	7 528 250 ☑ one part correct

6

2.1.2

Calculate factory overhead costs for the year.		
Incorrect total	**3 670 860**	
Factory insurance	2 040	✓✓
Factory depreciation on equipment [242 000 x 15/100] (36 300 ✓✓ – 42 000)	(5 700)	☑*#
Factory rent [200 x R350 x 9] **OR** [168 000/3 x 200/160 x 9] (630 000 ✓✓ + 168 000]	798 000	☑*#
Correct total for factory overhead costs R3 670 860 must be included	4 465 200	☑*

9

*one part correct
#ignore sign, if sign incorrect, lose mark on final total

2.1.3

PRODUCTION COST STATEMENT FOR YEAR ENDED 30 APRIL 2025			
Direct material costs	see 2.1.1	7 528 250	☑
Direct labour costs		4 558 200	✓✓
Prime costs	DMC + DLC	12 086 450	☑
Factory overhead costs	see 2.1.2	4 465 200	☑
PRODUCTION COST OF FINISHED GOODS	PC + FOHC	16 551 650	☑

6

2.1.4 **Calculate the selling and distribution cost**

WORKINGS	ANSWER
see PC 2.1.3 14 380 800 ✓ – 12 086 450 ☑ OR [1 530 X 420] 9 822 600 – 7 528 250 one mark one m mark	2 294 350 ☑ one part correct

3

2.1.5 **Magic Wood donated window frames to a community school. The window frames were produced using offcuts that would otherwise have been wasted. Calculate the amount lost in terms of sales as a result of the wastage of the wood.**

WORKINGS	ANSWER
[16 570 /2,5] (6 628 ✓✓ – 6 420 ✓) x 780 208 three marks OR [16 570 – 16 050] two marks $\frac{520}{2,5}$ x 780 one mark	162 240 ☑ If x R780

4

2.2 **KICK-IT-UP MANUFACTURERS**

2.2.1 **Explain why it is important to calculate the expected break-even point for a business before the start of a financial year.**

Any ONE valid explanation ✓✓

- To determine the minimum number of units to produce to prevent losses.
- To estimate the minimum income required to cover all fixed and variable costs.
- It helps with decisions like increasing prices or cutting unnecessary expenses.
- To avoid running into cash flow problems.
- It helps in making strategic decisions before money is spent.

2

2.2.2 **Nono was not anticipating an increase in profits. Explain to her how this happened. Provide TWO points. Quote figures.**

Any TWO valid points ✓ ✓ figures (with trends) ✓ ✓

- Units produced and sold increased (from 40 500) to 42 000/ by 1 500 units/ by 3,7%.
- Break-even point decreased (from 51 545) to 31 200/ by 20 345 units / by 39,5%.

FOR FOUR MARKS:
- Produced 10 800 units more than BEP (current financial year) and produced 11 045 units less than BEP (previous financial year).

4

2.2.3 **Explain why total fixed cost increased but fixed cost per unit decreased. Quote figures.**

- Economies of scale was achieved due to increased production (from 40 500 units) to 42 000 units/by 1 500 units.✓✓

OR

- An increase in production (from 40 500 units) to 42 000 units/by 1 500 units enabled the business to reduce cost per unit by sharing fixed cost over more units.

2

2.2.4 **Identify TWO costs (with figures) that have been well-controlled. For each cost, provide a possible action that Kick-it-up Manufacturers may have taken to keep these costs under control.**

COST (WITH FIGURES) ✓ ✓	ACTION/SOLUTION ✓ ✓
Direct material cost decreased (fromR36) to R34/by R2/ by 5,6%	• Bought in bulk to take advantage of discount. • Well trained/supervised workers resulting in minimum wastage. • Bought from local suppliers/Buy from a cheaper supplier not comprising quality. • Invested in automation to enhance process efficiency.
Selling and distribution decreased (from R20) to R19,30/by R0,70/ by 3,5%	• Improved advertising/increased use of digital marketing. • Paid less commission. • Negotiated lower rates with courier companies. • They have improved in route planning.

4

TOTAL MARKS
40

QUESTION 3

3.1.1 **Calculate the value of the closing stock on 28 February 2025. Use the weighted-average method.**

WORKINGS	ANSWER
[710 + 2 370 – 2 508] 572 ✓☑ x 3 420	1 956 240 ☑ If x R3 420

3

Calculate the gross profit on 28 February 2025.

WORKINGS	ANSWER
[2 508 x R4 550] [2 508 x R3 420] 11 411 400 ✓✓ – 8 577 360 ✓✓	2 834 040 ☑ one part correct

5

3.1.2 **Magesh has decided to evaluate his pricing policy. Advise him on ONE point he should consider when reviewing his pricing strategy.**

Any ONE valid point ✓✓

- Revise the selling price to match the cost price/rising inflation rate can increase production costs and prices will need to be adjusted.
- Consider how much are competitors charging for the same bag.
- Adjust price based on customer satisfaction/consider how the customers perceive the value of his bags.
- Assess the demand of travel bags and align his price with broader goals.
- Rising inflation rate will lead to increased prices to maintain profit margins.

2

3.1.3 **Magesh is concerned about a decrease in profits. Give TWO potential factors that may lead to a reduction in profits.**

Any TWO valid points ✓ ✓

- Increased operating expenses.
- Change in consumer preference.
- Increased prices by the suppliers.
- Increase in inflation rate.
- Decreased price by competitors.
- Decline in number of units sold/ Less travel leads to reduced sales.
- High rate of product returns.
- Stock losses or damaged stock can reduce profits.
- Decreased price by competitors.

2

3.2.1 **Calculate the value of the closing stock on 28 February 2025. Use the specific identification method.**

WORKINGS	ANSWER
[29 + 96 + 44 – 123] (46 ✓ x R8 700 ✓) 400 200 two marks [116 + 61 – 161] (16 ✓ x R5 550✓) 88 800 two marks	R489 000 ☑ one part correct Both must be added

5

3.2.2 **Saika watches**

Provide a calculation to confirm that the closing stock of Saika watches is expected to be sold in 8,9 days.

WORKINGS	ANSWER
see 3.2.1 88 800 ☑ / 893 550 ✓ x 90 ✓ / 1 **OR** see 3.2.1 16 one m mark / 161 one mark x 90 one mark / 1	8,9 days

3

3.2.3 **Dempo watches**

Aya is confident that the Dempo model should NOT be out of stock. Provide a calculation to support his assumption.

WORKINGS	ANSWER
[46 + 85] 131 – 125 **OR** [131 x 7 220] [125 x 7 220] 945 820 – 902 500	6 ✓☑ one part correct **OR** 43 320 one mark one m mark

2

3.2.4 **Aya has expressed his concern about customers trying on watches without staff supervision. Identify TWO potential problems that could arise from this practice and suggest a solution for each.**

PROBLEMS Any TWO valid problems ✓ ✓	SOLUTIONS Any TWO valid solutions ✓ ✓
Possibility of theft	Lock watch cabinet /increase security system
Incorrect handling by customers	Staff guidance when clients try on watches
Customers may damage the watch	Display only demonstration models

4

3.3.1 **Comment on the stock holding period of winter jackets. Qoute figures**

Stock holding period has increased (from 156 days) to 224 days / by 68 days. ✓✓

2

What effect does this stock holding period have on Staysmart Fashions?

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

- Cash tied up in stock which could lead to cash flow problems.
- Risk of stock being out of fashion due to change of season.
- Possibility of having low profits because business would need to sell stock at a reduced price.

2

3.3.2 **Nandi is concerned that the current pricing policy may lead to a future decline in customers. Calculate the percentage change and explain why Nandi should not be concerned.**

The mark-up percentage increased ✓ (from 40%) to 50% /by 10% points/ by 25%. ✓

Any ONE valid explanation ✓

- Customers are willing to pay more.
- The stock holding period decreased.
- Stock on hand decreased.
- units sold increased.

3

3.3.3 **Nandi is pleased with zero stock loss. Explain TWO security measures she may have implemented to help achieve this result.**

Any TWO valid points ✓ ✓

- Attached security tags to jackets to minimise fraud.
- Regular stock counts to confirm stock on hand.
- Limited access control to storerooms.
- Regular supervision by senior managers.
- Reconciliation of stock on hand against stock records.
- Improved security system within the business.

2

TOTAL MARKS
35

QUESTION 4

4.1 **Calculate the total sales for June 2025.**

WORKINGS	ANSWER
345 000 x 100/75 **OR** [289 800 x 100/96] 301 875 x 160/35	1 380 000 ✓✓

2

4.2 **DEBTORS' COLLECTION SCHEDULE**

MONTHS	CREDIT SALES	JULY	AUGUST
MAY	**320 000**	**48 000**	-1 superfluous entry; Lose method on total
JUNE	**345 000**	**207 000**	**51 750**
JULY	**298 000**	**57 812**	178 800 ✓✓
AUGUST	401 000 ✓✓	If x 20% x 97%	77 794 ☑☑ Four marks if credit sales not shown
			408 344 ☑*

7

*one part correct

If figures have been shifted up and are correct, award marks and -1 for presentation

4.3 Calculate the missing figures (i) – (iv) in the Cash Budget for the period ending 31 August 2025.

(i) Loan amount acquire in August 2025	
WORKINGS	**ANSWER**
1 170 ✓ x [(100 x 12)/13] ✓ **OR** [2 275 x (1 200/13)] – [1 105 x (1 200/13)] 210 000 – 102 000	108 000 ☑ one part correct

(ii) Cash purchases of stock for August 2025	
WORKINGS	**ANSWER**
[1 203 000 x 100/75] **OR** [401 000 x 4] 1 604 000 ✓ x [100/160 x 65/100] ✓ **OR** x 65/160	651 625 ☑ one part correct

(iii) Payments to creditors for July 2025	
WORKINGS	**ANSWER**
[1 280 000 x 100/160] 800 000 ✓ x 35/100 ✓ x 96/100 ✓	268 800 ☑ one part correct

(iv) Salaries and wage for August 2025	
WORKINGS	**ANSWER**
[14 500 x 70/100] (one mark) 29 000 ✓ + 10 150 ✓✓ **OR** 29 000 x 135/100 (two marks)	39 150☑ one part correct

14

4.4 **Explain why the items reflects a challenge for the business. Provide ONE reason for each case.**

	REASON ✓✓ ✓✓
Payments to creditors	• The business credit rating will decline. • The business failed to meet the agreed payment. • Creditors may charge interest. • Creditors may refuse to offer the business credit
Insurance	• Risk of items not being replaced in case of disaster. • The policy will lapse. • The business will have to pay from its pocket/increased financial risk. • Potential Investors may be reluctant to engage with a company that lacks adequate insurance coverage.

4

There is a concern about the high advertising costs associated with printing pamphlets by the business, especially given the low sales return. Propose and explain TWO modern and more cost-effective advertising methods that Edward could consider.

PROPOSED METHOD Any other acceptable answer ✓ ✓	EXPLANATION Any other acceptable answer ✓ ✓
Social media	Information will reach targeted customers and allow feedback
SMS/Email/Calls	Personalised messages are likely to improve customer buying items frequently.

4

4.5 **Comment on the cash flow situation during May 2025. Make ONE suggestion to improve Ekasi Traders' cash problems.**

PROBLEM ✓	SOLUTION ✓
Total receipts are insufficient to cover total payments.	• Improve collection from debtors. • Use improved strategies to increase sales.

2

Edward is considering opening a new branch in another province. Identify TWO challenges that might impact his business's cash budget.

Any TWO valid explanation ✓ ✓

- Paying rent for/or securing a new building can be expensive.
- The businesses' payroll will increase.
- Customers still need to familiarise themselves with their appliances.
- Advertising costs will increase

2

TOTAL MARKS
35

TOTAL: 150