education

Department of Education
FREE STATE PROVINCE

GRADE 12

JUNE EXAMINATION

PAPER 2

ACCOUNTING

JUNE 2025

EXAMINER: Mr. K.B. Mokoatsi
MODERATOR: Mr. P.J. Fouché

MARKS: 150
TIME: 2 hours

This question paper consists of 13 pages,
a formula sheet included and an 11-page answer book.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL workings to earn 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. Write neatly and legibly.
8. If you choose to do so, you may use the financial indicator formula sheet which is attached at the end of this question paper. Use of this formula sheet is not compulsory.
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	Reconciliations and age analysis	50	40
2	Manufacturing	55	45
3	Inventory	45	35
TOTAL		150	120

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QUESTION 1: RECONCILIATIONS AND AGE ANALYSIS (50 marks; 40 minutes)

1.1 BANK RECONCILIATION

The information relates to Sharky Suppliers. The business is owned by Billy Bilton.

They update their records after receiving the Bank Statement on the 25th of each month.

REQUIRED:

1.1.1 Show the entries that must be recorded in the Cash Journals for May 2025 by completing the table provided in the ANSWER BOOK. (9)

1.1.2 Calculate the correct bank balance in the ledger account on 31 May 2025. (5)

1.1.3 Prepare the Bank Reconciliation Statement on 31 May 2025. (11)

1.1.4 Explain ONE concern the owner should mention to the bookkeeper relating to the internal control procedures related to the control of cash. Quote relevant figures. Explain a strategy to prevent such a problem in future. (4)

INFORMATION:

A. Bank Reconciliation Statement on 30 April 2025:

Favourable balance as per Bank Statement		R29 115
Outstanding deposits:	Dated 23 April 2025	17 200
	Dated 25 April 2025	13 500
Outstanding EFT's:	No. 722	14 300
	No. 714 (dated 29 April 2025)	26 950
Balance as per Bank Account in the Ledger		?

NOTE:
On comparing the May 2025 Bank Statement, received from TLB Bank, with the Bank Reconciliation Statement of April 2025, the following were noted:

- The outstanding deposit of R17 200 did not appear on the May Bank Statement. An investigation revealed that this money was never deposited. The cashier cannot account for the cash.
- EFT no. 722 was correctly reflected as R13 400 on the May Bank Statement.
- The outstanding deposit of R13 500 and EFT 714 from the previous month appeared on the May Bank Statement.

B. The provisional totals in the Cash Journals, before receiving the May 2025 Bank Statement reflected:

Cash Receipts Journal	Cash Payments Journal
R545 600	R499 550

C. The following items on the May 2025 Bank Statement must still be recorded:

(i) Bank charges, R1 148

(ii) Interest on favourable bank balance, R212.

(iii) A direct deposit of R8 455 from a tenant.

(iv) A debit order of R2 250 for the monthly insurance appeared twice on the Bank Statement. The bank will rectify the error next month.

(v) A debit card transaction on 28 May 2025 for R4 350 to draw cash to pay wages. The owner Billy, forgot to submit the transaction slip to the bookkeeper.

(vi) A deposit of R7 900 appeared in the bank statement, but the bank has informed Sharky Stores that this is an error as the amount was incorrectly transferred. The bank will rectify this entry on 1 June 2025.

D. The following entries appeared in the Cash Journals after 25 May 2025:

- A deposit of R29 600 on 28 May 2025
- EFT no. 852, R14 455

E. Bank Statement balance on 31 May 2025: R?

1.2 CREDITORS' RECONCILIATION

Willy Stores purchased goods on credit from Parys Traders.

REQUIRED:

1.2.1 Why is it necessary to prepare a Creditors' Reconciliation Statement? State TWO points. (2)

1.2.2 Use the table in the ANSWER BOOK to indicate how the relevant balances will change when preparing the creditors' reconciliation. Indicate the figures as well as a **+** for increase and a **–** for decrease. (12)

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INFORMATION:

The following balances were provided:

Creditors' Ledger of Willy Stores on 30 April 2025:	R85 818
Statement received from Parys Traders on 25 April 2025	R105 650

The following errors and omissions were discovered during an investigation:

A. A payment by Willy Stores of R7 250 was omitted from the Creditors' Ledger and the statement.

B. An invoice for goods bought for R39 700 was reflected on the statement from Parys Traders but was not recorded by Willy Stores.

C. An invoice for R43 400 received from Parys Traders was recorded correctly by Willy Stores. The statement of account reflects it as R34 300.

D. Willy Stores correctly recorded a discount of R1 555 for early payment of their account. This has not been reflected on the statement from Parys Traders.

E. The statement reflects interest of R995 on the overdue account. Parys Traders acknowledged that an error had been made and promised to reverse the entry in the May 2025 statement.

F. A debit note for R5 432 issued to Donkey Stores was incorrectly recorded in the account of Parys Traders by Willy Stores.

G. A credit note for R4 900 received from Parys Traders for goods returned was incorrectly recorded as an invoice by Willy Stores.

H. Goods purchased from Parys Traders on 30 April 2025 for R8 950 were recorded by Willy Stores. The statement from Parys Traders was closed off on 25 April 2025.

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1.3 **LA HENN HARDWARE STORE**

The information below relates to La Henn Hardware Store.

REQUIRED:

1.3.1 Calculate the percentage of debtors who do not comply with the credit terms. (3)

1.3.2 Explain TWO different problems revealed by the Debtors' Age Analysis. Provide relevant evidence to support your answer. (4)

Debtors' Age Analysis on 30 April 2025						
DEBTORS	**CREDIT LIMIT**	**OUTSTAN-DING BALANCE**	**CURRENT MONTH**	**30 DAYS**	**60 DAYS**	**90 DAYS**
	R	**R**	**R**	**R**	**R**	**R**
Z. Chick	11 000	15 000	5 600	2 900		6 500
M. Mokoena	4 800	7 000	6 600	400		
G. Maree	5 000	4 100	4 100			
B. Mpho	5 500	8 900	3 900	1 700	3 300	
K. Kampher	1 700	5 000				5 000
		40 000	20 200	5 000	3 300	11 500
		100%				

- Debtors' Age Analysis on 30 April 2025.
- Debtors are given 30 days after statement date to settle their debts.

50

QUESTION 2: MANUFACTURING (55 marks; 45 minutes)

2.1 CONCEPTS

Choose ONE cost account for each of the following descriptions. Write only the cost account next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

	Cost item	Description	
2.1.1	Administration	A	Salary of the factory foreman
2.1.2	Factory overheads	B	Depreciation on office equipment
2.1.3	Selling and distribution	C	Pension fund contributions paid on behalf of the workers in the production process
2.1.4	Direct labour	D	Bad debts written off during the financial year.

(4)

2.2 DADAS MANUFACTURERS

This information relates to the financial year ended 28 February 2025. The business manufactures golf shirts.

REQUIRED:

2.2.1 Calculate the direct labour cost on 28 February 2025. (4)

2.2.2 Prepare the Factory Overhead Cost Note on 28 February 2025. (13)

2.2.3 Complete the Production Cost Statement on 28 February 2025. (7)

2.2.4 Abridged Statement of Comprehensive Income (Income Statement) on 28 February 2025 (11)

INFORMATION:

A. Stock balances

	February 2025	February 2024
Indirect material	7 490	5 790
Work-in-progress	?	194 700
Finishing goods	150 000	137 500

B. Direct labour cost

	WORKERS	HOURS PER WORKER	RATE	TOTAL
Basic wages (normal time)	8	1 250	R60	?
Total overtime worked	8	220	R90	?
Employer's contributions	9% to medical aid and 1% to UIF of the basic wages.			

D. Extract from the records for the year ended 28 February 2025.

	R
Direct material cost	975 900
Direct labour cost	?
Provisional administration costs	275 550
Provisional selling and distribution costs	112 475
Provisional factory expenses (excluding other factory related expenses below)	413 528
Sundry expenses	75 000
Indirect material purchased	23 740
Salary of factory foreman	97 150
Factory insurance	78 827

The following errors were noticed:

- Water and electricity were incorrectly recorded as R80 040 this is included in the provisional total. 60% of the water and electricity account was allocated to the factory and 20% each to the administration and selling and distribution departments. It should have been 80% to the factory and 10% each the other two departments. Rectify the error.
- The amount for rent expense amounted to R125 000. Rent should be divided between the three sections: factory, administration and selling and distribution, according to floor space. Factory 1 000 m^2 : administration 200 m^2 and selling and distribution 400 m^2.
- The factory foreman was on paid leave in February 2025. His salary for February 2025 was not recorded. The factory foreman received a R900 monthly increase in his salary with effect from 1 January 2025.

E. 27 500 golf shirts were produced at R95 each.

F. Sales amounted to R4 160 000.

2.3 MAMA MIA MANUFACTURERS

Mama Mia Manufacturers is owned by Palesa Sello. The information relates to handbags and purses manufactured during the year ended 28 February 2025 with comparative figures for 2024.

REQUIRED:

2.3.1 Provide a calculation to confirm the break-even point of 3 250 **handbags** for the year ended 28 February 2025. (3)

2.3.2 Name ONE variable cost for **each item** that would be a concern to Palesa. Quote figures. Provide ONE possible reason for the problem in each case. (6)

2.3.3 Comment on whether Palesa should be satisfied with the break-even point and level of production of **purses** for 2025. Quote figures. (4)

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2.3.4 Palesa plans to increase the production of the **purses** by 500 units over the next financial year. Assuming no change to the current cost structure, calculate the additional net profit that she could expect to earn in the next year. (3)

INFORMATION ON HANDBAGS AND PURSES FOR THE FINANCIAL YEAR ENDED:

	HANDBAGS		PURSES	
	2025	2024	2025	2024
	Unit Cost R	Unit Cost R	Unit Cost R	Unit Cost R
Variable Cost per unit	**540**	**440**	**338**	**280**
Direct material cost	322	230	149	147
Direct labour cost	168	160	165	110
Selling and distribution	50	50	24	23
Fixed Cost per unit	**300**	**290**	**160**	**130**
Factory Overhead Cost	170	165	98	80
Administration Cost	130	125	62	50
Total Fixed Cost	1 560 000	1 392 000	288 000	273 000
Selling price per unit	1 020	980	490	R480
Number of units produced and sold	5 200	4 800	1 800	2 100
Break-even point	3 250	2 578	1 895	1 365

55

QUESTION 3: INVENTORY VALUATION (45 marks; 35 minutes)

3.1 CONCEPTS

Give ONE term for each of the following descriptions by choosing a term from the list below. Write only the term next to the question number (3.1.1 – 3.1.4) in the ANSWER BOOK.

first in first out (FIFO), weighted-average method; specific identification method; periodic inventory system; perpetual inventory system;

3.1.1 Cost of sales is recorded after every sales transaction.

3.1.2 This method of stock valuation assigns a unique or individual value to each stock item.

3.1.3 The stock valuation method is best suited for smaller items purchased in large quantities where prices remain fairly constant for items purchased.

3.1.4 This method assumes that stock is valuated at the latest price. (4)

3.2 RORISANG SPORT SHOP

Rorisang Sport Shop sell sport equipment. The owner, Penelope, has provided the information relating to certain products for the year ended 28 February 2025.

REQUIRED:

CRICKET BATS:
Calculate the following for cricket bats:

3.2.1 Value of closing stock of the cricket bats on 28 February 2025, using the FIFO method (3)

3.2.2 Calculate cost of sales on 28 February 2025. (4)

3.2.3 Ten cricket bats got stolen during the year. Penelope already installed cameras and implemented division of duties. Provide TWO other specific control measures she could introduce to ensure better control over stock. (2)

HOCKEY BALLS:
Calculate the following for the hockey balls:

3.2.4 Value of the closing stock on 28 February 2025, using the weighted-average method. (5)

3.2.5 The Stock turnover rate for 2025. (5)
Comment on whether the stock turnover rate is acceptable for this business or not. (2)

3.2.6 Explain why the weighted-average method is best suited for this product. (2)

3.2.7 Penelope found out that the shop manager, Pietie, changed the supplier of hockey balls in February 2025 without informing her. He imported hockey balls from Japan and paid import duties on purchases. Penelope is not happy about Pietie's decision. State TWO points and provide figures to support Penelope's opinion. (4)

INFORMATION

A. Stock:

	CRICKET BATS			HOCKEY BALLS		
Date	**No. of units**	**Per unit R**	**Total value R**	**No. of units**	**Per unit R**	**Total value R**
Opening stock: 1/03/2024	220	1 450	319 000	640		39 180
Purchases:	895	?	1 689 750	1 850		174 300
Apr 2024	160	1 650	264 000	440	75	33 000
Jul 2024	210	1 700	357 000	360	80	28 800
Nov 2024	325	1 950	633 750	450	90	40 500
Feb 2025	200	2 175	435 000	600	120	72 000
Returns (Feb)				(300)	120	(36 000)
Stock available				**2 190**		**177 480**
Closing stock:						
28/02/2025	235	?	?	440	?	?
Sales:	870	875	2 088 000	1 750	?	?

B. Import duties on purchases of hockey balls during February 2025 amounted to R24 000. Import duties is not included in the purchase price.

3.3 KOETLE CAMPING STORE

You are provided with information from the books of Koetle Camping Store for the year ended 28 February 2025. The business sells tents, chairs and tables.

Koetle took certain decisions at the beginning of the 2025 financial year.

REQUIRED:

Provide relevant figures for ALL the questions below.

3.3.1 Tents:

- What decision did Koetle take regarding the selling price of the tents? Provide figures. (2)
- How has this decision affected the business? State TWO points. (4)

3.3.2 Chairs:

- Why was it not a good idea for Koetle to change to a cheaper supplier of chairs? Explain TWO points and provide figures. (4)

3.3.3 Tables:

- Koetle reduced the selling price of tables in the 2025 financial year in response to a new competitor who sells the same brand of tables at R1 150. Based on the information below, provide TWO separate suggestions with figures to Koetle on how to improve the profit on tables in 2026. (4)

INFORMATION:

	TENTS		CHAIRS		TABLES	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Orders received from customers	280	353	1 180	1 200	975	650
Units sold	280	350	1 100	1 200	755	650
Returns by customers	0	3	80	0	15	15
Stock turnover rate	6,0	7,0	3,0	3,0	11,2	10
Selling price	R3 060	R2 400	R392	R434	R975	R1 326
Cost price	R1 700	R1 500	R280	R310	R780	R780
Gross profit	R380 800	R315 000	R123 200	R148 800	R147 225	R354 900
Mark-up %	80%	60%	40%	40%	25%	70%

45

TOTAL: 150 MARKS

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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.

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