



DEPARTMENT OF EDUCATION
DEPARTEMENT VAN ONDERWYS
LEFAPHA LA THUTO
ISEBE LEZEMFUNDO

PROVINCIAL PREPARATORY EXAMINATION

GRADE 12

Stanmorephysics.com

ACCOUNTING

PAPER 2

Stanmorephysics.com
SEPTEMBER 2025

MARKS: 150

TIME: 2 hours

**This question paper consists of 13 pages,
a formula sheet and a 9-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 ink to answer the questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

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

QUESTION 1: CREDITORS'RECONCILIATION, INTERNAL CONTROL AND VAT
(35 marks; 25 minutes)

1.1 VATI SUPERSTORE

Vati Superstore is owned by Vatiswa McKloen. The business buys goods on credit from Bigshow Wholesalers. The statement of account from Bigshow Wholesalers is received on the 25th of every month.

REQUIRED:

1.1.1 Calculate the correct balance as per Creditors' Ledger in the Creditors' Reconciliation Statement on 31 August 2025. (7)

1.1.2 Correct the Creditors' Ledger Account. Write the corrected amounts in the appropriate column.

NOTE:

Do not total the Creditors' Ledger Account. (4)

1.1.3 **Refer to information C.**

Explain whether you agree with the internal auditor or not. Mention the appropriate GAAP principle to support your answer. (4)

1.1.4 **Refer to information D.**

The internal auditor is of the opinion that the bookkeeper is not efficient in performing his duties.

- Provide TWO points of evidence to support the opinion of the internal auditor. Quote relevant figures. (4)
- Explain ONE internal control measure that can be implemented to avoid this problem in future. (2)

INFORMATION:

A. Balances on 31 August 2025 before the errors and omissions were taken into account:

	Amount (R)
Creditors' Ledger of Vati Superstore	75 190 (Credit)
Statement received from Bigshow Wholesalers	83 800 (Debit)

B. Errors and omissions:

- (i) Vati Superstore was granted a debtors' allowance of R1 800 for inferior goods. The transaction was not recorded by either Vati Superstore or Bigshow Wholesalers.
- (ii) R5 250 interest charged on the overdue account is correctly stated on the statement of account, but not recorded by Vati Superstore.
- (iii) Returns for R2 180 was incorrectly posted by Bigshow Wholesalers as an invoice.
- (iv) An invoice for R30 350 for goods received from Bigshow Wholesalers is recorded by Vati Superstore as R3 350. The statement reflects the amount as R35 350.
- (v) Goods for R45 000 which were bought on 31 August 2025, was recorded by Vati Superstore. The statement of account is dated 25 August 2025.

C. The owner, Vatiswa McKloen, bought goods for R45 000 on 31 August 2025 on the account of Vati Superstore for her husband's funeral parlour. The internal auditor mentioned to Vatiswa that he did not agree with this practice.

D. Extract from the statement of account received from Bigshow Wholesalers:

Credit limit:	R65 000
Account balance:	R83 800
Credit terms:	30 days 12,5% discount allowed on payments received before the 20 th of each month 15% penalty for late payment is applied on overdue accounts
Age analysis:	
90+ days	60 days
R19 200	R15 800
30 days	Current
R25 000	R23 800

1.2 VALUE-ADDED TAX

The following information relates to the financial records of Kalahari Ltd for the VAT period ended 30 June 2025. 15% VAT is applicable.

REQUIRED:

Calculate the VAT amount. Use the table provided in the ANSWER BOOK. Indicate the effect (increase or decrease) of each transaction on the amount payable to SARS.

(14)

INFORMATION:

- A.** Stationery to the value of R46 000 (VAT inclusive) and R40 000 (VAT exclusive) was bought for office use.
- B.** Sales of R184 400 (VAT inclusive) has not been recorded. This includes zero-rated items to the value of R28 000.
- C.** The owner took the following for personal use:
Stock of R10 000 at cost price (VAT exclusive)
Cash of R8 500
- D.** An old computer with a carrying value of R3 800 was sold on credit to an employee at a profit of R2 500 (VAT exclusive).

QUESTION 2: COST ACCOUNTING**(40 marks; 35 minutes)****2.1 NEW EYEWEAR MANUFACTURERS**

This business manufactures high precision spectacle frames from recycled materials. The financial year ended on 31 July 2025.

REQUIRED:

2.1.1 Calculate the value of the direct labour cost for the year ended 31 July 2025. (5)

2.1.2 Calculate the correct amount for factory overhead cost. (6)

2.1.3 Complete the Production Cost Statement for the year ended 31 July 2025. (6)

2.1.4 Complete the Abridged Statement of Comprehensive Income.

NOTE: The shaded areas are not required. (8)

INFORMATION:**A. Stock records on 31 July:**

	2025	2024
Raw materials	310 000	415 000
Work-in-progress	350 500	180 300
Finished goods	258 400	118 800

B. Extract of pre-adjustment amounts on 31 July 2025:

	R
Cost price of production plant	15 000 000
Accumulated depreciation on production plant	14 911 599
Factory overhead cost	584 350
Administration department	117 100
Sales and distribution department	182 500

C. Direct material cost for the financial year:

	R
Cash purchases	800 000
Credit purchases	320 000
Returns to suppliers	?
Direct material issued to the factory	690 000

D. Salaries and Wages:

The company employs the following individuals:

Details	Number of employees	Total basic cost of employment (including benefits)	Overtime	
			Hours per employee	Rate per hour
Employees in production process	5	R90 000 per employee per annum	250	R120
Senior supervisor	1	R175 000 (Normal working hours = 2 120 per annum)		

NOTE:

One employee in the production process joined the company in the fourth quarter of the financial year and must be remunerated accordingly.

E. Errors and omissions:

- (i) Rent expense of R8 500 for the factory is due for the month of July 2025.
- (ii) Depreciation of the production plant is to be calculated at 10% per annum on cost.
- (iii) The annual insurance for the factory machinery of R45 000 was paid and recorded on 1 March 2025.
- (iv) The full salary of the senior supervisor was recorded against factory overheads. The senior supervisor spent 60% of his time in the factory; the remaining 848 hours will be spent in the selling and distribution department.
- (v) The Water and Electricity Account is divided according to the floor area utilised by each department.

Factory	Selling and Distribution	Administration
900 m ²	120 m ²	180 m ²

The amount of R15 000 for the selling and distribution department was correctly recorded.

The bookkeeper incorrectly calculated and recorded the amount for the administration department at R23 500.

F. The business uses a profit mark-up of 75% on cost.

2.2 ZUZU MANUFACTURERS

The business manufactures water storage tanks as a backup system for municipal water and is owned and managed by Zuzu Malgas. The financial year ended on 31 August 2025.

REQUIRED:

2.2.1 Calculate the break-even point for the year ended 31 August 2025. (4)

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

2.2.3 Zuzu is worried about the drastic increase in the total variable costs for the 2025 financial year.

Explain to Zuzu why there is nothing to be worried about. Quote TWO points with figures. (4)

2.2.4 Zuzu wants to increase his profit by R1 000 000, while maintaining the cost structure.

Calculate how many extra units the business needs to manufacture to achieve this goal. (3)

INFORMATION:

	2025 R	2024 R
Total sales	R13 200 000	R8 000 000
Total fixed cost	R4 665 500	R4 500 000
Factory overhead cost	R3 156 500	R3 000 000
Administration cost	R1 500 000	R1 500 000
Total variable cost	R4 922 500	R3 440 000
	Cost per unit	Cost per unit
Variable cost	R895	R860
Direct material cost	R580	R580
Direct labour cost	R210	R200
Selling and distribution cost	R105	R80
	Units	Units
Number of units produced and sold	5 500	4 000
Break-even point	?	3 948
Selling price per unit	R2 400	R2 000

QUESTION 3: BUDGETING**(35 marks; 25 minutes)**

3.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (3.1.1 to 3.1.2) in the ANSWER BOOK.

3.1.1 A Projected Statement of Comprehensive Income would reflect the expected income and expenses for the projected period.

3.1.2 A Cash Budget is prepared to determine the expected bank balance at the end of a specific period. (2 x 1) (2)

3.2 Indicate the amounts for the transactions below in the appropriate columns for the Cash Budget and the Projected Statement of Comprehensive Income for October 2025 in the ANSWER BOOK.

Example: The Water and Electricity Account of R3 200 is paid for the month of October 2025.

3.2.1 Expected credit sales for the week will amount to R6 000. Cost of sales will be R3 400. (2)

3.2.2 Received R1 700 from a debtor, which is equal to 40c to the rand. The rest of the debt will be written off as bad debts during October 2025. (3)

3.2.3 A total repayment of R25 000 on the loan still needs to be recorded. R15 000 of the payment was towards the capital balance of the loan. Interest on the loan is not capitalised. (3)

3.3 **CASH KONTANT LTD**

The information relates to the budget period ended 31 October 2025. The business has two streams of income, namely selling motorcar parts and servicing vehicles. ALL services of vehicles are paid in cash.

REQUIRED:

3.3.1 Complete the Debtors' Collection Schedule for the budget period ended 31 October 2025. (5)

3.3.2 **Calculate the following amounts:**

(a) Cash sales for September 2025 (2)

(b) Rent expense for September 2025 (2)

(c) Creditors' payment for October 2025 (4)

(d) Increase of loan on 1 October 2025 (5)

3.3.3 Income policy: Refer to Information H.

Thembi Nuwegeld effected changes to the income policy from October 2025.

- Explain the change in the income policy implemented with effect from October 2025. Provide ONE point with figures. (3)
- Comment on the control over bad debts and consumable stores for October 2025. Quote figures. (4)

INFORMATION:

A. Extract from the Cash Budget for the period ended 31 October 2025:

	Sept. 2025 (R)	Oct. 2025 (R)
RECEIPTS		
Cash sales	(a)	180 000
Service Income	300 000	400 000
Collection from debtors		
Additional loan	0	(d)
PAYMENTS		
Cash purchases	102 857	137 143
Payment to creditors		(c)
Instalment on production plant	2 500	0
Balloon payment on production plant (residual value)	?	0
Rent expense	(b)	8 400
Interest on loan	1 125	1 875

B. Sales:

	August	September	October
Total sales	420 000	450 000	600 000

- 70% of total sales is credit sales.
- Goods are sold at a mark-up of 75% on cost.

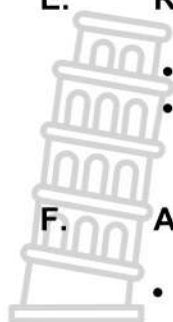
C. Debtors' collection:

Debtors pay their accounts as follows:

- 55% in the month of sales, to qualify for a 5% discount
- 35% in the month thereafter
- 10% after 60 days

D. Stock purchases:

- Trading stock on hand is maintained through monthly purchases (fixed-base stock level).
- 60% of all purchases are on credit.
- Creditors are paid in the second month (60 days) after purchases.

E. Rent expense:

- The rental agreement is renewed in October each year.
- The agreement states that the rent will each year increase by inflation plus 5%. The inflation rate is 7%.

F. Additional loan:

- The business decided to take out an additional loan on 1 October 2025.
- 50% of the loan will be used to pay 25% balloon payment on the newly constructed production plant.

G. New production plant:

- Construction will be completed on 30 September 2025 and the plant will be operational from 1 October 2025.
- The plant was paid over 18 months; the last payment will be made on 30 September 2025.
- The balloon payment of 25% is due on 1 October 2025.

H. Figures for September 2025 (budgeted) and October 2025 (budgeted and actual):

	SEPTEMBER 2025	OCTOBER 2025	
	BUDGETED	BUDGETED	ACTUAL
Sales	450 000	600 000	450 000
Service charge income	300 000	400 000	675 000
Bad debts	36 000	48 000	18 000
Consumable stores	37 500	50 000	135 000

QUESTION 4: STOCK VALUATION**(40 marks; 35 minutes)****GEN ALPHA SOLAR**

Mr Alpha is the owner of Gen Alpha Solar, selling solar inverters to households and small businesses. The financial year ended on 31 July 2025.

The company sells three types of inverters and uses the periodic inventory system.

- 1) SUNLIGHT 800 W inverter – The generic brand used to charge small household appliances
- 2) ECONOMIC Pure Sine 5 kW inverter – Installed for a small household of four people
- 3) XZI HYBRID 12 kW inverter – The deluxe brand; medium-sized households of four to eight people

REQUIRED:**4.1 SUNLIGHT INVERTERS**

- 4.1.1 Calculate the number of units on hand at the end of the financial year. (5)
- 4.1.2 Calculate the value of the closing stock using the first-in-first-out (FIFO) stock valuation method. (8)
- 4.1.3 Calculate the gross profit earned on the SUNLIGHT inverters for the year ended 31 July 2025. (4)
- 4.1.4 The owner considers changing the stock valuation method of the SUNLIGHT inverters from the FIFO method to the weighted-average method. The value of the closing stock for the weighted average will be R93 173.

Calculate the change and identify the effect on the gross profit if the owner decides to change to the weighted-average method. (3)

4.2 ECONOMIC PURE SINE AND XZI HYBRID INVERTERS

- 4.2.1 Calculate the value of the closing stock of the ECONOMIC Pure Sine inverter using the specific identification method. (4)
- 4.2.2 Calculate the mark-up percentage for the XZI HYBRID inverter. (4)
- 4.2.3 Calculate how long (in days) it will take the business to sell the closing stock of the ECONOMIC Pure Sine inverters. (3)

4.3 PROBLEM-SOLVING

Identify ONE problem and a possible solution for each brand. Quote figures to support your answer.

(9)

INFORMATION:

A. SUNLIGHT INVERTERS

	Units	Cost per Unit	Total Cost
Opening stock	20	R1 120	R22 400 (including carriage)
Purchases during the year:	134		R161 620
September	40	R1 200	R48 000
December	25	R1 150	R28 750
April	69	R1 230	R84 870
Returns:	11		
September	2		
December	5		
April	4		
Stock available for sale:			R170 950
Carriage on purchases		R50	R6 700
Closing stock	?		?
Sales	68	R1 845	R125 460
Gross profit			?
Mark-up %			?

B. ECONOMIC PURE SINE AND XZI HYBRID INVERTERS

	ECONOMIC Pure Sine Inverter			XZI HYBRID Inverter		
	Units	Unit Price	Total Cost	Units	Unit Price	Total Cost
Opening stock	34	R3 600	R122 400	55	R16 900	R929 500
Purchases	255	R3 600	R918 000	395	R16 900	R6 675 500
Returns	55			2		
Available for sale	234			448		
Closing stock	?	R3 600	?	12	R16 900	R202 800
Sales for the year	199	R4 500	R895 500	436	R29 575	R12 894 700
Mark-up %	25%			?		
Gross profit	R179 000			R5 526 300		

C. No carriage on purchases is repayable for goods returned.

40

TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Bedryfsuitgawes}}{\text{Verkope}} \times \frac{100}{1}$	$\frac{\text{Bedryfswins}}{\text{Verkope}} \times \frac{100}{1}$
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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
Totale vaste koste Verkoopprys per eenheid – Veranderlike koste per eenheid	
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.	



Northern Cape
Department of Education

Preparatory Examination/
Voorbereidende Eksamen
September 2025
Answer Book/Antwoordeboek

SCHOOL
SKOOL

CENTRE NUMBER
SENTRUMNOMMER

Learner's Class
Leerder se Klas

LEARNER'S NAME
LEERDER SE NAAM

LEARNER'S SURNAME
LEERDER SE VAN

DATE
DATUM

23 September 2025

BOOK NUMBER
BOEKNOMMER

OF
VAN

BOOKS
BOEKE

SUBJECT CODE
VAKKODE

A C C N

PAPER NUMBER
VRAESTELNOMMER

2

SUBJECT NAME
VAKNAAM

ACCOUNTING

Question
Vraag

MARKS OBTAINED/PUNTE BEHAAL

Teacher
Onderwyser

Moderator – School
Moderator – Skool

Moderator – District
Moderator – Distrik

Moderator – Province
Moderator – Provinsie

Moderator – National
Moderator – Nasionaal

TOTAL
TOTAAL

Percentage
Persentasie

Level
Vlak

Signature
Handtekening

Date
Datum

READ THE INSTRUCTIONS ON THE NEXT PAGE./LEES DIE INSTRUKSIES OP DIE VOLGENDE BLADSY.

This answer book consists of 9 pages./Hierdie antwoordeboek bestaan uit 9 bladsye.

QUESTION 1

- 1.1.1 Calculate the correct balance as per Creditors' Ledger in the Creditors' Reconciliation Statement on 31 August 2025.

83 800

7

- 1.1.2 Correct the Creditors' Ledger Account. Write the corrected amounts in the appropriate column.

	DEBIT	CREDIT
I		
II		
III		
IV		
V		

4

- 1.1.3 Explain whether you agree with the internal auditor or not. Mention the appropriate GAAP principle to support your answer.

4

- 1.1.4 Provide TWO points of evidence to support the opinion of the internal auditor. Quote relevant figures.

4

Explain ONE internal control measure that can be implemented to avoid this problem in future.

2

- 1.2 Calculate the VAT amount. Use the table to indicate the effect (increase or decrease) of each transaction on the amount payable to SARS.

No.	CALCULATIONS	VAT AMOUNT	EFFECT ON VAT PAYABLE TO SARS (Increase/Decrease)
A.			
B.			
C.			
D.			

14

TOTAL MARKS

35

QUESTION 2

2.1.1 Calculate the value of the direct labour cost for the year ended 31 July 2025.

WORKINGS	ANSWER

5

2.1.2 Calculate the correct amount for factory overhead cost.

WORKINGS	ANSWER
584 350 	

6

2.1.3 Complete the Production Cost Statement for the year ended 31 July 2025.

Prime cost	
Total production cost	
Work-in-progress at the beginning of the year	180 300
Work-in-progress at the end of the year	(250 500)

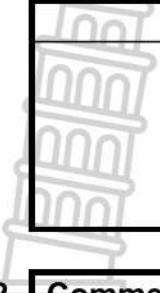
6

2.1.4 Complete the Abridged Statement of Comprehensive Income.

Sales	
Cost of sales	
Gross profit	
Operating expenses	
Administration cost (117 100)	
Selling and distribution cost (182 500)	
Net profit for the year	

8

2.2.1 Calculate the break-even point for the year ended 31 August 2025.

WORKINGS	ANSWER
	

4

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

--

4

2.2.3 Explain to Zuzu why there is nothing to be worried about. Quote TWO points with figures.



4

2.2.4 Calculate how many extra units the business needs to manufacture to achieve this goal.

WORKINGS	ANSWER

3

TOTAL MARKS
40

QUESTION 3

3.1

3.1.1	
3.1.2	

2

3.2

	CASH BUDGET		PROJECTED STATEMENT OF COMPREHENSIVE INCOME	
	RECEIPT	PAYMENT	INCOME	EXPENSE
E.g.		3 200		3 200
3.2.1				
3.2.2				
3.2.3				

8

3.3.1 Complete the Debtors' Collection Schedule for the budget period ended 31 October 2025.

	CREDIT SALES	SEPTEMBER	OCTOBER
August		147 000	
September	315 000	164 588	
October	420 000		

5

3.3.2 (a) Cash sales for September 2025

WORKINGS	ANSWER

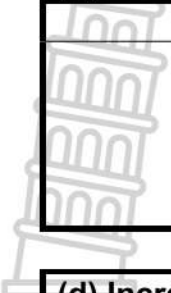
2

(b) Rent expense for September 2025

WORKINGS	ANSWER

2

(c) Creditors' payment for October 2025

WORKINGS	ANSWER
	

4

(d) Increase in loan on 1st October 2025

WORKINGS	ANSWER

5

3.3.3

Explain the change in the income policy implemented with effect from October 2025. Provide ONE point with figures.



3

Comment on the control over bad debts and consumable stores for October 2025. Quote figures.

Bad debts	
Consumable stores	

4

TOTAL MARKS

35

QUESTION 4

4.1.1 Calculate the number of units on hand at the end of the financial year.

5

4.1.2 Calculate the value of the closing stock using the first-in-first-out (FIFO) stock valuation method.

WORKINGS

ANSWER

8

4.1.3 Calculate the gross profit earned on the SUNLIGHT inverters for the year ended 31 July 2025.

4

4.1.4 Calculate the change and identify the effect on the gross profit if the owner decides to change to the weighted-average method.

Change in Gross profit

**Effect
(Increase/Decrease)**

3

4.2.1 Calculate the value of the closing stock of the ECONOMIC Pure Sine inverter using the specific identification method.

WORKINGS

TOTAL

4

4.2.2 Calculate the mark-up percentage of the XZI HYBRID inverter.

4	

4.2.3 Calculate how long (in days) it will take the business to sell the closing stock of the ECONOMIC Pure Sine inverters.

3	

4.3 Identify ONE problem and a possible solution for each brand. Quote figures to support your answer.

9

TOTAL MARKS
40

TOTAL: 150



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PROVINCIAL PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING

PAPER 2

SEPTEMBER 2025

MARKING GUIDELINES

MARKS: 150

These marking guidelines consist of 10 pages.

MARKING PRINCIPLES

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the learner 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 learner is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for 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 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 learners.
7. If learners provide more than the required number of responses, inspect all responses to give benefit to the learner. Penalties may be applied for foreign entries if learners earn full marks on a question (max. -2 per question).
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method mark(s) are awarded for the operation, the marker must inspect the reasonableness of the answer before awarding the mark.
10. 'Operation' means 'check operation'. 'One part correct' means operation and one part correct.
NOTE: Check operation must be +, -, x, ÷ as per learner's calculation (if valid) or per memo.
11. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that learners do not get full marks for any item that is incorrect at least in part. Indicate with a method ☒.
13. Be aware of learners who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. **Codes:** **f** = foreign item
p = placement/presentation
s = superfluous
15. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.

QUESTION 1

1.1.1 Calculate the correct balance as per Creditors' Ledger in the Creditors' Reconciliation Statement on 31 August 2025.

~~4 360~~ two marks
83 800 – 1800 ✓ - 2 180 ✓ - 2180 ✓ - 5 000 ✓✓ + 45 000 ✓
= 117 640 ✓ one part correct; 83 800 does not count as one part correct

7

1.1.2 Correct the Creditors' Ledger Account. Write the corrected amounts under the appropriate column.

	DEBIT	CREDIT
I.	1 800 ✓	
II.		5 250 ✓
III.		
IV.		27 000 ✓✓
V.		

4

Superfluous entry; lose 1 mark per line (= Max. 2)

1.1.3 Explain whether you agree with the internal auditor or not. Mention the appropriate GAAP-principle to support your answer.

Agree ✓ Explanation ✓ Principle ✓✓

Agree

- Matters of the business and owner should be kept apart/transaction must be recorded as drawings.
- Business entity principle

4

1.1.4 Provide TWO points of evidence to support the opinion of the internal auditor. Quote relevant figures.

Explanation ✓✓ Figures ✓✓

- Not abiding to the credit terms of 30 days; owes for 90 days > R19 200, or 60 days > R15 800
- Exceeding the credit limit of R65 000, balance is R83 800
- Business is not taking advantage of 12,5% discount
- 15% penalty of R5 250 is charged for an overdue account

4

Explain ONE internal control measure that can be implemented to avoid this problem in future.

Any valid point ✓✓

- Installation of computerised system to avoid late payments/to ensure business adheres to credit terms
- Division of duties (e.g. one person is responsible for ordering and another person is assigned to keep track of payments)
- EFT-payment system/Debit orders to avoid late payments

2

1.2 Calculate the VAT amount. Use the table provided. Indicate the effect (increase or decrease) of each transaction on the amount payable to SARS

NO	CALCULATIONS	VAT AMOUNT	EFFECT OF VAT PAYABLE TO SARS (Increase/Decrease)
A.	46 000 – 40 000	6 000 ✓	Decrease ✓
B.	(184 400 – 28 000) 156 400 ✓ x 15/115 ✓	20 400 ☑	Increase ✓
C.	10 000 ✓ x 15/100 ✓	1 500 ☑	Increase ✓
D.	(3 800 + 2 500) 6 300 ✓ x 15/100 ✓	945 ✓ No method mark for R945	Increase ✓

14

TOTAL MARKS

35

QUESTION 2

Calculate:

2.1.1 The value of the direct labour cost for the year ended 31 July 2025.

WORKINGS	ANSWER
$(90\,000 \times 4) \quad (120 \times 250 \times 4) \quad (90\,000 \times \frac{1}{4}) \quad (120 \times 250 \times \frac{1}{4})$ $360\,000 \checkmark + 120\,000 \checkmark + 22\,500 \checkmark + 7\,500 \checkmark$	510 000 ☒ One part correct

5

2.1.2 The correct amount for Factory overhead cost.

WORKINGS	ANSWER
$584\,350 + 8\,500 \checkmark + 88\,401 \checkmark - 26\,250 \checkmark$ $- 70\,000 \checkmark + 112\,500 \checkmark$ (refer to S&D)	697 500 ☒ One part correct; 584 350 does not count as one part correct

6

Complete:

2.1.3 The Production Cost Statement for the year ended 31 July 2025

Direct material cost		690 000 ☒
Direct labour cost	see 2.1.1	510 000 ☒
Prime Cost	(DM + DL)	1 200 000 ☒
Factory overhead cost	see 2.1.2	697 500 ☒
Total production cost	(PC + Fac Overhead)	1 897 500 ☒
Work-in-progress at the beginning of the year		180 300
		2 077 800
Work-in-progress at the end of the year		(250 500)
Cost of production of finished-goods		1 827 300 ☒ (Check operation)

6

2.1.4 The Abridged Statement of Comprehensive Income

Sales		
Cost of sales	*refer to Production Cost Statement (118 800 ☒ + 1 827 300* ☒ - 258 400 ☒)	(1 687 700) ☒ Ignore brackets
Gross profit		
Operating expenses		
Administration cost (117 100 - 1 000) (-23 000 + 22 500)		116 100 ☒ ☒ (method mark if partly correct, 117 100 does not count as partly correct)
Selling and distribution cost (182 500 + 70 000)		252 500 ☒ ☒
Net profit for the year		

8

2.2.1 Calculate the break-even point for the year ended 31 August 2025.

WORKINGS	ANSWER
$ \begin{array}{r} 4\,665\,500 \checkmark \\ \hline (2\,400 \checkmark - 895 \checkmark) \\ 1\,505 \text{ two marks} \end{array} $	3 100 units ☒ One part correct

4

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

Any valid point ✓✓ Figures ✓✓

For FOUR marks:

- Produced and sold 5 500, which is more than the BEP 3 100/Profit on 2 400 units
- Profit on 2 400 units has improved compared to profit of 52 units of last year

For TWO marks (max.):

- BEP decreased by 848 units
- Units produced increased by 1 500 units

4

2.2.3 Explain to Zuzu why there is nothing to be worried about. Quote TWO points with figures.

Explanation ✓✓ Comparative figures ✓✓

- Sales increased from R8 000 000 to R13 200 000/with R5 200 000
- Units produced increased from 4 000 units to 5 500 units/with 1 500 units

4

2.2.4 Calculate how many extra units, the business needs to manufacture to achieve the goal.

WORKINGS	ANSWER
$ \begin{array}{r} 1\,000\,000 \checkmark \\ \hline 1\,505 \checkmark \end{array} $	665 units ☒* Accept 664 *One part correct

3

TOTAL MARKS

40

QUESTION 3

3.1

3.1.1	True ✓
3.1.2	True ✓

2

3.2

	CASH BUDGET		PROJECTED STATEMENT OF COMPREHENSIVE INCOME	
	RECEIPT	PAYMENT	INCOME	EXPENSE
E.g.		3 200		3 200
3.2.1			2 600 two marks OR 6 000 ✓	3 400 ✓
3.2.2	1 700 ✓			2 550 ✓✓
3.2.3		25 000 ✓		10 000 ✓✓

8

-1 for superfluous entries per line (max. -3)

3.3.1

Complete the Debtors Collection Schedule for the budget period ended 31 October 2025.

	CREDIT SALES	SEPTEMBER	OCTOBER
August	294 000 ✓ OR 420 000 one mark	147 000	29 400 ☑ 42 000 one mark 10% of CS
September	315 000	164 588	110 250 ✓
October	420 000		219 450 ✓✓

5

3.3.2

(i) Cash sales for September 2025

WORKINGS	ANSWER
$315\,000 \times \frac{30}{70}$	135 000 ✓✓

2

(ii) Rent expense for September 2025

WORKINGS	ANSWER
$8\,400 \times \frac{100}{112}$	7 500 ✓✓

2

(iii) Creditors' payment for October 2025	
WORKINGS	ANSWER
420 000 ✓ x 100/175 ✓ x 60/100 ✓	144 000 ✓ One part correct

3

(iv) Increase in loan on 1 October 2025	
WORKINGS	ANSWER
45 000 two marks 15 000 three marks 2 500 ✓ x 18 ✓ x 25/75 ✓ x 2 ✓	30 000 ✓ One part correct

13

3.3.3 Explain the change in the income policy implemented with effect from October 2025. Provide ONE point with figures.

Change in sales/change in service-income ✓ Correct figure ✓✓

- Sales changed from 60% to 40% of income
- Service income changed from 40% to 60% of income

3

Comment on the control over bad debts and consumable stores for October 2025. Quote figures.	
	Valid comment ✓✓ Figures ✓✓
Bad debts	Effective control over bad debts Budgeted 8% of sales. Actual is 4% of sales/Sales decreased by 25% and bad debts by 63%
Consumable stores	Ineffective control/Not well controlled Budgeted 12,5% of service income. Actual is 20%.

4

TOTAL MARKS

35

QUESTION 4

4.1.1 Calculate the number of units on hand at the end of the financial year.

$$20 \checkmark + 134 \checkmark - 11 \checkmark - 68 \checkmark = 75 \checkmark \text{ one part correct}$$

5

4.1.2 Calculate the value of the closing stock using the first-in-first-out (FIFO) method.

WORKINGS	ANSWER
$65 \checkmark \times (1230 \checkmark + 50 \checkmark) = 83\,200$ $10 \checkmark \checkmark \times (1150 \checkmark + 50 \checkmark) = 12\,000$ (75 – answer)	$95\,200 \checkmark$ (two values must be added for m.mark)

8

4.1.3 Calculate the gross profit earned for the SUNLIGHT inverters for the year ended 31 July 2025.

$$125\,460 \checkmark - [(170\,950 + 6\,700) \checkmark - 95\,200^* \checkmark] = 43\,010 \checkmark$$

*Refer to 4.1.2 for closing stock

4

4.1.4 Calculate the change and identify the effect on the gross profit, if he, the owner, decides to change to the weighted average.

Change in Gross profit	Effect (Increase/Decrease)
Refer to 4.1.2* $95\,200^* - 93\,173 = 2\,027 \checkmark \checkmark$ (R93 173 must be subtracted from closing stock for m.mark)	Decrease $\checkmark$

3

4.2.1 Calculate the value of the closing stock of the Economic Pure Sine inverters using the specific identification method.

WORKINGS	TOTAL
$(234 - 199)^* \checkmark$ $35^* \checkmark \times R3\,600 \checkmark$	$126\,000 \checkmark$

4

4.2.2 Calculate the mark-up percentage of the XZI Hybrid inverter.

WORKINGS	TOTAL
$\frac{5\,526\,300 \checkmark}{(12\,894\,700 \checkmark - 5\,526\,300 \checkmark)} \times \frac{100}{1}$ 7 368 400 two marks	75 % ☒

4

4.2.3 Calculate how long (in days) it will take the business to sell the closing stock of the ECONOMIC Pure Sine inverters.

Refer to 4.2.1 for closing stock

$$\frac{126\,000 \checkmark}{716\,400 \checkmark} \times 365 = 64,2 \text{ days } \checkmark$$

*Accept other alternatives for COS

$$35 \text{ one m. mark} / 199 \text{ one mark} \times 365 \text{ days} = 64,1 \text{ days one m mark; one part correct, x 365 is not one part correct}$$

3

4.3 Identify ONE problem and a possible solution for each brand. Quote figures to substantiate your answer.

	SUNLIGHT inverter	ECONOMIC pure sine inverter	XZI Hybrid inverter
PROBLEM Problem ✓✓✓ Figure ✓✓✓	High stock levels = 75 units Slow sales = 68 units for the year	High returns = 55 units Low mark-up % = 25%	Shortage of stock = 12 units left High cost price = R16 900
SOLUTION ✓✓✓	Discontinue the brand Sell stock to competitors	Look for alternative/better quality Increase the mark-up %	Buy in bulk Buy locally

9

TOTAL MARKS

40