



**PROVINCIAL STANDARDISED
ASSESSMENT**

GRADE 12

ACCOUNTING P2

JUNE 2026

MARKS: 150

TIME: 2 HOURS

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

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

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

QUESTION	TOPIC	MARKS	MINUTES
1	Bank Reconciliation	15	10
2	Stock Valuation and Problem solving.	40	35
3	Cost Accounting	55	45
4	Debtors' and Creditors reconciliation	40	30
TOTAL		150	120



QUESTION 1: BANK RECONCILIATION**(15 marks: 10 minutes)**

The following information relates to Slindo Traders for February 2026.

REQUIRED:

- 1.1 Calculate the correct Bank Account balance on 28 February 2026. Show figures and indicate "+" or "-" for each amount identified to effect the balance in the bank account. (5)
- 1.2 Prepare the Bank Reconciliation Statement on 28 February 2026. (6)
- 1.3 Refer to information C(iii).
State TWO internal control measures that the business can use to ensure that this will not happen in future. (4)

INFORMATION:

- A. Before the bank statement was received, the Bank Account showed a favourable balance of R19 400 on 28 February 2026.
- B. Extract from the Bank Reconciliation Statement on 31 January 2026

Outstanding deposit (Dated 23 January 2026)	R31 560
Outstanding EFT:	
654 (Dated 20 January 2026)	R2 350
810 (Dated 27 January 2026)	R9 450

NOTE:

- (i) Outstanding deposit and EFT 654 appear correctly in the February 2026 Bank Statement.
- (ii) EFT 810 appeared as R11 450 in the February 2026 Bank Statement, the Bank Statement is correct.
- C. The following items must also be taken into account:
- (i) Items appearing in the February 2026 Bank Statement but not in the Cash Journals:
- Bank Charges, R1 060
 - A deposit of R4 500 made by another business. The bank will correct this error in March 2026.
 - Interest on Favourable balance, R313
- (ii) Items appearing in the journals but not in the February 2026 Bank Statement:
- A deposit of R21 343 made on 27 February 2026
 - EFT 905 (dated 28 February 2026), R14 350
- (iii) A deposit appeared in the Bank Statement as R4 500. The CRJ shows this as R5 600, Bank Statement is correct, the cashier cannot account for the missing amount.

QUESTION 2**INVENTORY VALUATION****(40 marks: 35 Minutes)****2.1 CONCEPTS**

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

- 2.1.1 The most recent purchases will be considered as closing stock in the (FIFO/weighted-average) stock valuation method.
- 2.1.2 Merchandise purchased is recorded in a Trading Stock Account in the (perpetual/periodic) inventory system.
- 2.1.3 Carriage on purchases is recorded as an (asset/expense) in the periodic Inventory system. (3 x 1) (3)

2.2 RAMSGATE TRADERS

The information relates to Ramsgate Traders for the financial year ended 28 February 2026. The business is owned by O' Reilly and sells two models of cameras (Smart and Magic) and lens for magic model 200mm

- The stock of cameras (Smart and Magic) is valued using the specific identification method.
- Lens for magic 200mm are valued using the weighted average method.

REQUIRED :

- 2.2.1 Calculate the value of closing stock of cameras on 28 February 2026 (9)
- 2.2.2 Calculate the value of closing stock of Lens's for magic 200mm (8)
- 2.2.3 The owner suspects that Lens's for magic model 200mm are being stolen. Provide a calculation to confirm his suspicions. (5)
- 2.2.4 O'Reilly is thinking of employing an assistant at a wage of R10 000 per month to control the stock of Lens's for magic 200mm. Explain why this is NOT a good idea. Provide Two points with figures/calculations. (6)



INFORMATION:

The following information is in respect of the year ended 28 February 2026:

A. CAMERAS: STOCK, BOUGHT AND SOLD

SMART MODEL	BOUGHT			UNITS SOLD
	UNITS	UNIT COST	TOTAL	
Opening stock	20	R5 500	R110 000	14
Purchases	240	R5 750	R1 380 000	170
MAGIC MODEL				
Net purchases:	270		R1 104 000	235
April 2025	180	R4 000	R720 000	140
Returns	(30)	R4 000	(R120 000)	
December 2025	120	R4 200	R504 000	95

B. LENS FOR MAGIC MODEL 200MM

	UNITS	TOTAL AMOUNTS
Opening stock	60	R36 000
Purchases	720	R648 000
Returns	30	R27 000
Closing stock	80	?
Sales	657	

2.3 MANAGEMENT OF INVENTORIES

The information relates to Louwsburg Furnishers for the financial year ended 28 February 2026. The business sells cupboards, tables and chairs. No stock went missing during the year.

REQUIRED:

Provide ONE different problem (with figures) relating to EACH product and ONE solution to EACH problem

(9)

INFORMATION:

	CUPBOARDS	TABLES	CHAIRS
Opening stock (units)	200	140	1 300
Purchases (units)	2 500	3 050	6 000
Selling price per unit	R1 750	R850	R350
Credit sales (units)	800	2 400	2 100
Returns by customers (units)	(500)	(10)	0
Cash sales (units)	1 000	600	2 250
Closing stock (units)	1 400	200	2 950
Cash received from cash sales	R1 750 000	R470 000	R787 500

QUESTION 3: MANUFACTURING

(55 marks; 45 minutes)

3.1 KZN BAGS

The following information relates to the financial year ended 28 February 2026. The business manufactures one type of school bags.

REQUIRED:

- 3.1.1 Calculate the factory overhead cost for the financial year end. Use the table provided in the Answer Book. (9)
- 3.1.2 Complete the Production Cost Statement on 28 February 2026. (13)
- 3.1.3 Complete the Abridged Statement of Comprehensive Income for the year ended 28 February 2026. (9)

INFORMATION:

A. Stock balances:

	28 Feb 2026	28 Feb 2025
Work in progress stock	?	R 35 100
Factory consumable stores	R 3 900	0
Finished goods	R1 220 000	R900 000

B. Extract of transactions for year ended 28 February 2026 (before adjustments in Information C)

Raw material issued to the factory for production	R?
Consumable stores purchased for the factory	29 800
Production wages	525 000
Employer's contributions for workers in production	44 900
Rent expense for the office section	12 200
Water and electricity	54 400
Salaries: Factory foreman (including benefits)	102 400
Salaries: Sales staff (including benefits)	60 300
Insurance	33 500
Sundry expenses: Factory	47 040
Sales department	10 200

C. Additional information and adjustments:

- The following production wages were omitted from the Wages Journal for the last week of February 2026:

Net wage due to employee	R11 315
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Total deductions for this employee amounts to 27% of his gross wage. The employer pays 11% of the gross wages to the Pension Fund and 1% to the UIF.

- Rent is shared between the factory, sales, and administration in the ratio 6:3:2 respectively. Only the administration portion was recorded.
- The February 2026 water and electricity account of R5 600 must still be paid. Note that 75% of this expense relates to the factory the remaining balance is shared equally between Administration and Selling and distribution
- Insurance includes an additional premium of R5 700 paid for the period 1 January 2026 to 30 June 2026. This expense is allocated between the factory and sales department in the ratio 4: 1.

D. The following cost items were correctly calculated after information C was considered.

- | | |
|----------------------------------|----------|
| • Selling and distribution costs | R470 000 |
| • Administration costs | R380 000 |

E. Prime cost for the year after adjustments amounted to R1 380 000.

F. Total sales for the year amounted to R 3 346 000.

G. The business produced 2 500 bags at a cost of R620 each.



3.2 STYLE MANUFACTURERS

Style Manufacturers is owned by John Stones. The information relates to **Phone cases** and **Pencil cases** for the year ended 28 February 2026 with comparison figures for 28 February 2025.

REQUIRED:

- 3.2.1 Calculate the break-even point for **Phone cases** for 28 February 2026. (4)
 Comment on whether John should be satisfied with the break-even points and levels of production for the past two years. Quote figures to support your opinions. (4)
- 3.2.2 Identify ONE variable cost for each product, that would be of concern to John. Quote figures. Provide ONE possible reason for the problem, in each case. Stanmorephysics.com (6)
- 3.2.3 John was concerned about the increase in the fixed cost per unit of **Pencil cases**. What would you say to him? Provide ONE point and quote figures to support your answer. (2)
- 3.2.4 John feels that she can improve the sales of **Pencil cases**. Provide TWO suggestions on how this can be achieved. Quote figures. (4)
- 3.2.5 Assume that costs and workers' efficiency will remain unchanged in 2027. If production and sales of **Pencil cases** increased by 500 units, calculate how much additional profit he can expect. (4)

INFORMATION ON BAGS FOR THE FINANCIAL YEAR END:

	PHONE CASES		PENCIL CASES	
	28 February 2026	28 February 2025	28 February 2026	28 February 2025
	UNIT COST R	UNIT COST R	UNIT COST R	UNIT COST R
Direct Material Cost	150,00	120,00	142,00	140,00
Direct Labour Cost	102,00	98,00	160,00	102,00
Selling and Distribution Cost	52,00	50,00	35,00	35,00
VARIABLE COST PER UNIT	304,00	268,00	337,00	277,00
Factory Overhead Cost	70,00	68,00	125,00	75,00
Administration Cost	30,00	30,00	50,00	45,00
FIXED COST PER UNIT	100,00	98,00	175,00	120,00
Selling price per unit	R 400,00	R 400,00	R 540,00	R 450,00
Number of units produced and sold	4 500 units	4 500 units	1 200 units	2 000 units
Break-even point	?	3 341 units	1 035 units	1 388 units

QUESTION 4 DEBTORS' AND CREDITORS RECONCILIATION (40 Marks; 30 Minutes)**4.1 DEBTORS' AGE ANALYSIS**

The information below relates to Bulwer Hardware.

REQUIRED:

- 4.1.1 Explain why the debtors' age analysis is considered to be an effective internal control measure. State ONE point. (2)
- 4.1.2 Explain TWO different problems highlighted by the debtors' age analysis. In EACH case, provide the name of a debtor and figure(s). (4)

INFORMATION:

A. Debtors are granted 30 days to settle their accounts.

B. Debtors' age analysis on 28 February 2026:

DEBTORS	CREDIT LIMIT	AMOUNT OWING	CURRENT MONTH	30 DAYS	60 DAYS	90 DAYS
N Zwane	6 000	5 000	2 100	2 900		
L Zungu	3 500	4 200	3 800	400		
F Cele	7 000	1 450	500			950
K Xulu	13 000	12 500	1 000	3 000	4 500	4 000
O Walker	3 000	3 000	1 900		1 100	
		26 150	9 300	6 300	5 600	4 950
		100%	36%	24%	21%	19%

4.2 DEBTORS' RECONCILIATION

Information from the records of Mood Traders for February 2026 is presented. Some errors and omissions were noted. See information B.

REQUIRED:

- 4.2.1 Calculate the correct Debtors' Control Balance on 28 February 2026. Show figures and indicate '+', '-' or 'No change' at EACH adjustment. (6)
- 4.2.2 Calculate the correct total of the debtors' list on 28 February 2026. (10)


INFORMATION:

A. Balances on 28 February 2026 before errors and omissions were taken into account:

- (i) Debtors' Control R25 700
- (ii) Debtors list:

	DEBIT	CREDIT
Z Botha	R5 700	
N Ndlovu	R11 100	
O Appollis		R1 900
R Mofokeng	R15 900	
	R32 700	R1 900

B. Error and omissions:

- (i) The total of the Debtors' Journal was undercast by R2 700.
- (ii) Interest of R350 must be charged on the overdue account of N Ndlovu. Stanmorephysics.com
-  (iii) An amount of R3 100 received from Z Botha was incorrectly recorded as R1 300 in the Cash Receipts Journal and posted as such to the General Ledger and the Debtors' Ledger.
- (iv) Trading stock returned by R Mofokeng was posted to the wrong side of his Debtors' Ledger Account, R1 200.
- (v) No entry was made for a credit sales invoice issued to O Appollis, R1 500.

4.3 CREDITORS' RECONCILIATION

Twist Traders buys goods on credit from Lemon Suppliers. The business received a statement for February 2026 from the creditor.

REQUIRED:

- 4.3.1 Reconcile the Creditors Ledger account of LEMON Suppliers in the books of Twist Traders with the statement received.
Commence with the opening balances as provided in the ANSWER BOOK. (12)
- 4.3.2 State THREE consequences for the business if they do not pay the amount due to creditors on time. (6)



INFORMATION:**A. Creditors' Ledger in Twist Traders records**

LEMON SUPPLIERS (CL7)					
Date			Debit	Credit	Balance
2026	01	Account rendered			35 920
Feb	05	Invoice 346		11 808	47 728
	07	Debit note 69	816		46 912
	13	EFT 666	22 788		24 124
		Discount	3 532		20 592
	14	Invoice 135		6 929	27 521
	16	EFT- 675	1 000		26 521
	23	Invoice 378		7 188	33 709
	24	Invoice 396		8 829	42 538
	28	Invoice 407		4 526	47 064

B. Statement of account received on 28 February 2026:

LEMON SUPPLIERS					
PO Box 2245, Ekuvukeni township 2920			Tel: 034 759 9902		
Twist Traders			Date: 25 February 2026		
5 Zwane street			Credit limit :R90 000		
Ekuvukeni A section 947			Payment terms: 60 days		
DATE		DETAILS	DEBIT	CREDIT	BALANCE
2026	01	Balance			35 920
Feb	05	Invoice 346	10 296		46 216
	07	Credit Note 109	816		47 032
	13	Receipt 410		22 788	24 244
	16	Receipt 440		1 000	23 244
	23	Invoice 378	7 188		30 432
	24	Invoice 396	9 810		40 242
	25	Interest	29		40 271

C. Additional Information:

- i. Invoice 346 on 5 February 2026 was correct according to the statement.
- ii. LEMON Suppliers statement showed an error of recording of goods returned on 7 February 2026. Stanmorephysics.com
- iii. Twist Traders qualified for discount with the payment on 13 February 2026. LEMON Suppliers granted only R2 532 as discount. They will show this on their statement next month.
- iv. Invoice 135 for R6 929 was recorded incorrectly in the Creditors' Ledger Account of LEMON Suppliers. This purchase was from PP Suppliers.
- v. A trade discount of 10% was deducted on Invoice 396. LEMON Suppliers did not take this into account. This will be rectified on the next statement.
- vi. The statement shows transactions up to 25 February 2026.

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 and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average Shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE	
<ul style="list-style-type: none"> In this case, 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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**PROVINCIAL STANDARDISED
ASSESSMENT**

GRADE 12

ACCOUNTING P2

ANSWER BOOK

PROVINCIAL STANDARDISED ASSESSMENT

JUNE 2026

NAME:

GRADE:

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

This answer book consists of 10 pages.

QUESTION 1

1.1 Calculate the correct Bank Account balance on 28 February 2026.

Provisional Bank balance	19 400
Correct Bank balance	

5

1.2 Bank Reconciliation Statement on 28 February 2026

	DEBIT	CREDIT

6

Or

Bank Reconciliation Statement on 28 February 2026

1.3 State TWO internal control measures that the business can use to ensure that this will not happen in future.

4

TOTAL MARKS
15

QUESTION 2


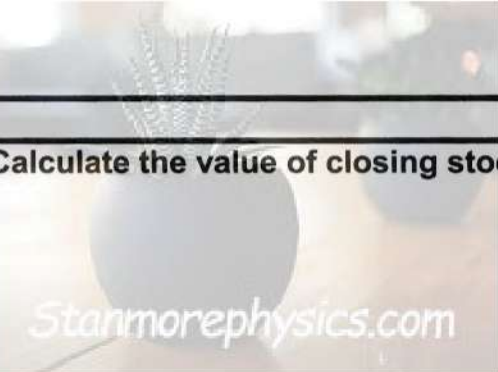
2.1

CONCEPTS	
2.1.1	
2.1.2	
2.1.3	

3

2.2 RAMSGATE TRADERS

2.2.1 Calculate the value of closing stock of cameras on 28 February 2026

CALCULATION	ANSWER
SMART MODEL 	
MAGIC MODEL 	

9

2.2.2 Calculate the value of closing stock of Lens's for magic 200mm



8

2.2.3 The owner suspects that Lens's for magic model 200mm are being stolen. Provide a calculation to confirm his suspicions.

5

2.2.4 O'Reilly is thinking of employing an assistant at a wage of R10 000 per month to control the stock of Lens's for magic 200mm. Explain why this is NOT a good idea. Provide Two points with figures/calculations.

Point 1	
Point 2	

6

2.3 MANAGEMENT OF INVENTORIES

Product	Problem	Solution
CUPBOARDS		
TABLES		
CHAIRS		

9

TOTAL MARKS
40

QUESTION 3

3.1.1 FACTORY OVERHEAD COST NOTE

Factory salary	102 400	
Sundry expenses	47 040	
		9

3.1.2 Production Cost Statement for the year ended 28 February 2026.

Prime cost		
Factory overhead cost		
Total manufacturing cost		
Work in progress in the beginning	35 100	
Work in progress at the end of the year		
		13

3.1.3 Abridged Statement of Comprehensive Income for the year ended 28 February 2026.

Sales		
Cost of sales		
Gross Profit		
		9

STYLE MANUFACTURERS

3.2.1 Calculate the break-even point for Phone cases for 28 February 2026.

WORKINGS	ANSWER

4

Comment on whether John should be satisfied with the break-even points and levels of production for the past two years. Quote figures to support your opinions.

4

3.2.2 Identify ONE variable cost for each product, that would be of concern to John. Quote figures. Provide ONE possible reason for the problem, in each case.

ONE VARIABLE COST WITH FIGURES	REASONS
PHONE CASES	
PENCIL CASES	

6

3.2.3 John was concerned about the increase in the fixed cost per unit of Pencil cases. What would you say to him? Provide ONE point and quote figures to support your answer.

2

3.2.4 John feels that she can improve the sales of Pencil cases. Provide TWO suggestions on how this can be achieved.

4

3.2.5 Assume that costs and workers' efficiency will remain unchanged in 2027. If production and sales of Pencil cases increased by 500 units, calculate how much additional profit she can expect.


4

TOTAL MARKS
55

QUESTION 4

4.1 DEBTORS' AGE ANALYSIS

4.1.1 Explain why the debtors' age analysis is considered to be an effective internal control measure. State ONE point.



2

4.1.2 Explain TWO different problems highlighted by the debtors' age analysis. In EACH case, provide the name of a debtor and figure(s).

PROBLEMS	DEBTOR AND FIGURE(S)

4

4.2 DEBTORS' RECONCILIATION

4.2.1 Corrections to the debtors control account on 28 February 2026

Balance before errors and omissions	25 700
(i)	
(ii)	
(iii)	
(iv)	
(v)	
Correct debtors control balance	

6

4.2.2 Debtors' list on 28 February 2026

Z Botha (5 700	
N Ndlovu (11 100	
O Appollis (- 1 900	
R Mofokeng (15 900	
Correct total of debtors' list	

10

4.3 CREDITORS' RECONCILIATION

4.3.1 Reconcile the Creditors Ledger account of Lemon Suppliers in the books of Twist Traders with the statement received. Commence with the opening balances as provided in the ANSWER BOOK.

	TWIST TRADERS CREDITORS' LEDGER	LEMON SUPPLIERS STATEMENT OF ACCOUNT
	47 064	40 271
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

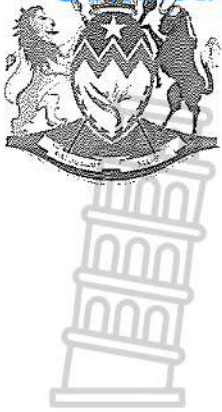
12

4.3.2 State THREE consequences for the business if they do not pay the amount due to creditors on time.

6

TOTAL MARKS
40

TOTAL: 150



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GRADE 12

ACCOUNTING P2
MARKING GUIDELINES

JUNE 2026

MARKS: 150

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item. No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as the final figure, award one mark. Not the method mark for the answer. Note: if figures are stipulated in memo for components of workings, these do not carry the method for final answer.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in a certain question.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
10. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, x, ÷, or per candidates operation.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a . Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f=foreign item; p=placement.

This marking guideline consists of 9 pages.

QUESTION 1

1.1 Calculate the correct Bank Account balance on 28 February 2026.

Provisional Bank balance	19 400	
EFT 810	- 2 000	✓
Bank Charges	- 1 060	✓
Interest income	+ 313	✓
Cash missing	-1 100	✓
Correct Bank balance <small>Operation one part correct</small>	15 553	<input checked="" type="checkbox"/>

5

1.2 Bank Reconciliation Statement on 28 February 2026

	DEBIT	CREDIT
Balance as per Bank Statement		13 060 <input checked="" type="checkbox"/>
Outstanding deposit		21 343 ✓
Outstanding EFT 905	14 350 ✓	
Debit amount wrongly credited	4 500 ✓	
Debit balance as per Bank account	15 553 <input checked="" type="checkbox"/>	
	34 403	34 403

6

OR

Bank Reconciliation Statement on 28 February 2026

Balance as per Bank Statement	13 060 <input checked="" type="checkbox"/>
Outstanding deposit	21 343 ✓
Outstanding EFT 905	- 14 350 ✓
Debit amount wrongly credited	-4 500 ✓
Debit balance as per Bank account	-15 553 <input checked="" type="checkbox"/>

1.3 State TWO internal control measures that the business can use to ensure that this will not happen in future.

Possible responses for two marks: ✓✓ ✓✓ Part marks for partially correct answer

- Encourage debtors to use EFT and internet banking.
- Request SMS notification from the bank for all transactions.
- Use security companies to collect cash / cash in transit
- Check deposit daily / check deposits against receipts

Any valid response

4

TOTAL MARKS

15

QUESTION 2

2.1	CONCEPTS	
2.1.1	FIFO	✓
2.1.2	Perpetual	✓
2.1.3	Expense	✓

3

2.2 RAMSGATE FIX TRADERS

2.2.1 Calculate the value of closing stock of cameras on 28 February 2026

CALCULATION	ANSWER
<p>SMART MODEL</p> <p>6 x 5 500 = 33 000 ✓✓</p> <p>70 x 5 750 = 402 500 ✓✓</p>	<p>580 500 ✓ one part correct</p>
<p>MAGIC MODEL</p> <p>10 x 4 000 = 40 000 ✓✓</p> <p>25 x 4 200 = 105 000 ✓✓</p>	

9

2.2.2 Calculate the value of closing stock of Lens's for magic 200mm

$\frac{36\,000}{60} + \frac{648\,000}{720} - \frac{27\,000}{30}$ <p>R657 000 Three marks</p> <p>750 Three marks</p> <p>R876 six marks X 80 ✓</p> <p>= 70 080 eight marks ✓ one part correct</p>

8

2.2.3 The owner suspects that Lens's for magic model 200mm are being stolen. Provide a calculation to confirm his suspicions.

<p>750 ✓✓ - 657 ✓ - 80 ✓ = 13 units ✓ one part correct</p> <p>(60 + 720 - 30)</p> <p>One mark if incorrect but 60, 720 or -30 is shown (inspection)</p>

5

2.2.4 O'Reilly is thinking of employing an assistant at a wage of R10 000 per month to control the stock of Lens's for magic 200mm. Explain why this is NOT a good idea. Provide Two points with figures/calculations.

Note: Explanation could differ depending on figures calculated above in 2.2.2 and 2.2.3

	Explanation ✓ ✓	Figures ✓ ✓ ✓ ✓
Point 1	It is not worthwhile to employ the assistant OR Wages greatly exceed the cost of the missing units	R120 000 p a / R10 000 pm Cost of units missing 13 x R876 = R11 388. Could use unit cost price
Point 2	Missing items are relatively insignificant OR Units missing are a very small % of units available	Unit missing = 13 Unit available = 750 % missing = less than 2% OR Unit sold p.a = 657 Unit sold per day = 1.8 or 2

6

2.3 MANAGEMENT OF INVENTORIES

Product	Problem ✓ ✓ ✓ Figures ✓ ✓ ✓	Solution ✓ ✓ ✓ Any valid points
CUPBOARDS	High returns, 500 Or 500 / 1 800 (27.8%)	Possible change to new supplier ensure high quality ordered. Investigate reasons for returns./Review returns policy Order as per customer specifications Check quality before accepting stock delivered by suppliers or to customers.
TABLES	Missing money R40 000 Or Credit sales much higher than cash sales (liquidity issues) 2 400 / 600 or 1 800 units more 2 400 / 3 000 (80%) 600 / 3 000 (20%)	Division of duties for banking of money Promote cash sales by providing incentives such as cash discount
CHAIRS	Slow selling item/ too much Stock on hand 2 950 or Purchases much higher than Sales (6 000/ 4 350)	Change to a different type Of chair. Advertise more to Increase sales Buy stock according to sales Reduce mark-up%

9

TOTAL MARKS
40

QUESTION 3

3.1.1 FACTORY OVERHEAD COST NOTE

Factory salary		102 400	
Sundry expenses		47 040	
Consumable stores (29 800 – 3 900)		*25 900	✓✓
Water and electricity (54 400 + 5 600) x 75%		*45 000	✓✓
Rent expense (12 200 x 6/2)		36 600	✓✓
Insurance (33 500 – 3 800) x $\frac{4}{5}$		*23 760	✓✓
*one part correct			
	one part correct	280 700	✓

Foreign Items -1 max -2

3.1.2 Production Cost Statement for the year ended 28 February 2026.

Direct material cost	PC - DLC	792 740	✓
Direct labour cost	11 315/73x100 if 12%	587 260	✓
525 000 + 44 900✓ + 15 500✓✓ + 1 860✓			
Prime cost		1 380 000	✓
Factory overhead cost	see 3.1.1	280 700	✓
Total manufacturing cost	(PC + FOH)	1 660 700	✓
Work in progress in the beginning		35 100	
		1 695 800	✓
Work in progress at the end of the year	operation	(145 800)	✓
The total cost of production of finished goods (2 500 x 620)		1 550 000	✓✓

3.1.3 Abridged Statement of Comprehensive Income for the year ended 28 February 2026.

Sales		3 346 000	✓
Cost of sales	900 000 ✓ + 1 550 000 ✓ – 1 220 000 ✓ See 3.1.2	(1 230 000)	✓
Gross Profit	Operation one part correct	2 116 000	✓
Administration costs		(380 000)	✓
Selling and distribution costs		(470 000)	✓
Net profit for the year	Operation one part correct	1 266 000	✓

STYLE MANUFACTURERS

3.2.1

Calculate the break-even point for Phone cases for 28 February 2026.

WORKINGS	ANSWER
$\frac{450\,000 \checkmark}{400 \checkmark - 304 \checkmark}$ <p style="text-align: center;">96 two marks</p>	<p>= 4 688 units / <input checked="" type="checkbox"/></p> <p>4 687,50 one part correct</p>

Comment on whether John should be satisfied with the break-even points and levels of production for the past two years. Quote figures to support your opinions.

Compulsory response:
Compare BEP to level of production for 2025 ✓✓ Figures ✓✓ comment based on 3.2.1

The BEP is 4 688 units, and production is 4 500 units. The business produced 188 units less than BEP/making a loss on 188 units.

Optional response: Max two marks in total (mark one optional response only)
Compare BEP 2025 to 2026 OR Production 2025 to 2026

Break-even increased from 3341 to 4 688 units.
Production remained constant at 4 500 units per year.

4

4

3.2.2

Identify ONE variable cost for each product, that would be of concern to John. Quote figures. Provide ONE possible reason for the problem, in each case.

ONE VARIABLE COST WITH FIGURES <small>Variable cost Figures ✓✓</small>	REASONS <small>Any two different reasons ✓✓</small>
<p>PHONE CASES Direct material cost increased from R120 per unit to R150 per unit/ by R30 or 25%</p>	<p>Greater demand for material/wastage in the production process/poor quality material caused mistakes/poor supervision/Paid more for better quality If imported – exchange rate, carriage is expensive.</p>
<p>PENCIL CASES Direct labour cost increased from R102 to R160/ by R58 or 56,9%</p>	<p>Poor supervision of normal time/ excessive overtime/disruptions in working hours/power cuts/high increases negotiated.</p>

6

3.2.3

John was concerned about the increase in the fixed cost per unit of Pencil cases. What would you say to him? Provide ONE point and quote figures to support your answer.

Valid comment explaining economies of scale/Economy of scale ✓✓

Production decreased by 800 units (40%), but fixed costs are not influenced by the level of production, would remain almost constant, divided by a smaller number of units, will be much higher per unit.

2

3.2.4

John feels that she can improve the sales of Pencil cases. Provide TWO suggestions on how this can be achieved.

TWO valid suggestions ✓✓ ✓✓

- He could decrease the mark-up % (or selling price)
- He can set targets for completion during normal time and try to reduce overtime pay
- He can spend more money on advertising and sales promotion and explore new target markets
- Team up with tour/holiday companies – to provide luggage bags

4

3.2.5

Assume that costs and workers' efficiency will remain unchanged in 2027. If production and sales of Pencil cases increased by 500 units, calculate how much additional profit she can expect.

$500 \checkmark \times R203 \checkmark \checkmark = R101\ 500 \checkmark$ one part correct

4

TOTAL MARKS
55

QUESTION 4

4.1 DEBTORS' AGE ANALYSIS

4.1.1 Explain why the debtors' age analysis is considered to be an effective internal control measure. State ONE point.

Valid explanation ✓✓ part-mark for unclear / incomplete answer

- Its helps to identify slow or defaulting debtors (not abiding to the credit terms) so that action can be taken.
- Highlights debtors in good standing so their credit ratings can be reviewed.
- It can expose the problem of allowing debtors to exceed their credit limits.
- It can assist with planning/corrective measures such as sending reminders, writing off debtors etc.

2

4.1.2 Explain TWO different problems highlighted by the debtors' age analysis. In EACH case, provide the name of a debtor and figure(s).

PROBLEMS ✓ ✓	DEBTOR AND FIGURE(S) Debtor ✓ figure(s) ✓
Debtors exceeding credit limits	L Zungu (by R700) Or balance of R4 200 is above his limit of R3 500
Overdue accounts/ not complying with credit terms / slow payers	K Xulu (R8 500 overdue) F Cele (950 overdue)
Poor control of granting credit / continue selling to debtors whose accounts are overdue	F Cele (R950) K Xulu (R8 500)

4

4.2 DEBTORS' RECONCILIATION

4.2.1 Corrections to the debtors control account on 28 February 2026

Balance before errors and omissions	25 700	
(i)	+ 2 700	✓
(ii)	+ 350	✓
(iii)	- 1800	✓
(iv)	No change	✓
(v)	+ 1 500	✓
Correct debtors control balance	28 450	✓

6

Operation one part correct

4.2.2 Debtors' list on 28 February 2026

Z Botha (5 700 – 1 800✓)	3 900	✓
N Ndlovu (11 100 + 3 50✓)	11 450	✓
O Appollis (- 1 900 + 1 500✓)	(400)	✓
R Mofokeng (15 900 – 1 200✓ – 1 200✓) two mark –2 400	13 500	✓
Correct total of debtors' list Operation one part correct	28 450	✓

10

4.3 CREDITORS' RECONCILIATION

4.3.1 Reconcile the Creditors Ledger account of Lemon Suppliers in the books of Twist Traders with the statement received. Commence with the opening balances as provided in the ANSWER BOOK.

	TWIST TRADERS CREDITORS' LEDGER	LEMON SUPPLIERS STATEMENT OF ACCOUNT
	47 064	40 271
(i)	-11 808 + 10 296 (1 512) ✓✓	
(ii)		- 816 one mark – 816 one mark (1 632) ✓✓
(iii)	+1 000 ✓	(2 532) ✓
(iv)	(6 929) ✓	
(v)		(981) ✓
(vi)	+29 ✓	+4 526 ✓
	39 652 ✓	39 652 ✓

12

Operation one part correct

4.3.2 State THREE consequences for the business if they do not pay the amount due to creditors on time.

<p>Any THREE suitable valid responses ✓✓ ✓✓ ✓✓</p> <ul style="list-style-type: none"> • Business can be charged interest • Credit rating of the business can be affected • The business can be blacklisted • Legal action

6

TOTAL MARKS
40

TOTAL: 150