LIMPOPO

PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF EDUCATION

CAPRICORN NORTH DISTRICT

NATIONAL SENIOR CERTIFICATE

GRADE 12

QUESTION PAPER

ACCOUNTING

TERM 2 TOPIC TEST

20 APRIL 2026

MARKS: 70

NB: This QUESTION PAPER consists of **9** pages Including formula sheet

INSTRUCTIONS

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL questions are to be answered.
3. A FORMULA SHEET is attached at the end of the 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 blur/black 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	Inventory valuation Calculations	50	40
2	Management of inventories	20	20
TOTAL		70	60

QUESTION 1 : INVENTORY SYSTEM AND VALUATION (50 marks)

The information provided is from the accounting records of Camp Out Ltd. The company sells cooler boxes and tents. The financial year ended on 28 February 2026.

The business uses **the periodic inventory system** and the **weighted average method of stock valuation** for cooler boxes and **the specific identification method** for tents.

REQUIRED

1.1.1 Explain the difference between the **specific identification** and the **weighted average** methods of valuing stock. (4)

COOLER BOXES:

1.1.2 Provide a calculation to show the number of missing cooler boxes on 28 February 2026. (4)

1.1.3 Calculate the following in respect of cooler boxes

- The value of closing stock (4)
- Cost of sales of cooler boxes (5)
- Gross profit on cooler boxes (3)

1.1.4 The manager feels that the business is more efficient in controlling stock.

- Calculate the stock holding period (in days) of cooler boxes for 2026. *Use the closing stock.* (4)
- Comment on your findings in response to the manager's feelings (3)

1.2 TENTS

1.2.1 Calculate the value of the closing stock of tents (7)

1.2.2 calculate the total sales of tents for the period, If the mark up percentage is 25% (5)

INFORMATION:

A. Value of stock on hand

Date	**No. of Items**	**Unit Price**	**Total (R)**
01 March 2025	520	R60	31 200
28February 2026	850	?	?

B. Purchases and sales of cooler boxes

DATE	PURCHASES		
	No. of items	**Unit Price**	**Total (R)**
August 2025	1 600	R64	102 400
February 2026	2 700	R70	189 000
TOTAL	**4 300**		**291 400**

C. SALES OF COOLER BOXES: 3 900 units were sold for R387 000

RETURNS: 20 damaged cooler boxes costing R60 each were returned to the supplier. The supplier only agreed to give an allowance of **R 1 000** due to late notification.

D.

Financial indicators	2026	2025
Stock Holding Period	?	125 days
Stock Turnover Rate	5.7 times	2.9 times

E. TENTS

TENT RANGE	STOCK ON HAND 1 MARCH 2025	PURCHASES DURING THE YEAR	PRICE PER TENT	NUMBER OF TENTS SOLD DURING THE YEAR
1. Bush Baby	14	-	R1 260	14
2. Leopard	10	32	R1 400	28
3. Lizard	7	28	R 1 680	28
4. Buffalo	8	34	R1 540	35

1.3 HELEN'S ELECTRONICS

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

HEADPHONES

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

REQUIRED:

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

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

- Provide TWO points that show her customers are unhappy with the quality of the headphones purchased from the new suppliers. Quote figures. (4)

- What advice would you give to Helen about changing the supplier in the future? Provide ONE point. (2)

A. INFORMATION:
Stock balances of headphones:

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

B. Purchases of headphones during the financial year:

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

C. Carriage on purchases:

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

D. Returns:

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

Sales:

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

QUESTION 2: MANAGEMENT OF INVENTORIES: (20 marks)

CELIA'S CLOTHING

2.1 Celia Mtolo owns a small clothing business. You are provided with information for the year ended 28 February 2026. The business sells T-shirts, jackets and pants. Celia took certain decisions at the beginning of the 2026 financial year.

REQUIRED:

2.1.1 T-SHIRTS:

Explain why it was NOT a good idea to change to a cheaper supplier of T-shirts. State TWO points. Quote relevant figures (4)

2.1.2 Jackets:

Celia decided to change the supplier in 2026 and to change the mark-up %. How has thus decision affected the business? State TWO points. (2)

2.1.3 Pants:

Celia reduced the selling price of pants significantly in the 2026 financial year in response to a new competitor who sells similar pants at R990. (4)

Based on the information below, make TWO separate suggestions to Celia to improve the profit on pants in 2026.

	T-SHIRTS		JACKETS		PANTS	
	2026	2025	2026	2025	2026	2025
Gross units sold	1 200	1 080	150	165	280	325
Returns by customers	40	0	0	5	15	15
Selling price	R75	R120	R 1 650	R1 085	R910	R 1 054
Cost price	R50	R80	R 1 000	R700	R650	R 620
Mark-up %	50%	50%	65%	55%	40%	70%
Gross profit	R29 000	R43 200	R97 500	R61 600	R68 900	R134 540

2.2 VACUUM AND PRESSURE CLEANERS

REQUIRED:

2.2.1 Vacuum cleaners:

- Identify ONE problem with vacuum cleaners. Quote figures.
- What advice would you give? State **ONE point** (4)

2.2.2 Pressure cleaners:

Explain TWO good decisions that Helen took in respect of pressure cleaners. Quote figures.

Explain how each decision improved the results on 28 February 2025. Provide ONE different point for EACH decision. (6)

INFORMATION:

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

TOTAL MARKS: 70

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 & ash equivalents): Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note 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:

* 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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MARKING GUIDELINES

ACCOUNTING
TERM 2
TOPIC TEST

This marking guideline consists of 6 pages

QUESTION 1

1.1.1 **Explain the difference between specific identification method and weighted average method of valuing stock.**

Specific identification method- Each item is assigned a specific cost- the original purchase price- recorded in a register (or computer data base).

Retrieved when item is sold. ✓✓

Weighted average method- The average price is calculated taking into account opening stock, purchases, returns and carriage on purchase, divided by the total number of units in relation to the above. Therefore, final closing stock will be calculated on the average cost of the goods. ✓✓

4

1.1.2 **Provide a calculation to show the number of cooler boxes missing.**

3 900✓ − (520+4 300−850 −20) ✓✓

= 50☑one part correct

50 cooler boxes were missing.

4

1.1.3 Calculate the following in respect of cooler boxes

The value of the closing stock of cooler boxes.

850✓ x R67✓✓= R56 950✓

4

Cost of sales of cooler boxes

290 400

(31 200✓ + 291 400✓-1 000✓)- 56 950☑ ***see closing stock above***

= R264 650☑ one part correct

3

Gross profit on cooler boxes

387 000✓-264 650☑= R122 350☑ one part correct

5

	The manager feels that the business is more efficient in controlling stock.
1.1.4	**Calculate the Stock Holding Period in days. Use Closing Stock in your calculation**
	56 950 ✓ *see closing stock in 1.1.3* X 365 ✓ 264 650✓ *see COS in 1.1.3* 1 = 78,5 days.☑

4

Comment on your findings in response to the manager's feelings
Stock Holding period decreased/ improved from 125 days to 78.5 days✓ or   Stock Turnover rate increased/improved from 2.9 to 5.7 times✓   **Stock is selling faster✓**   One mark for an incomplete answer.   *Any other suitable answer can be accepted*

3

1.2 TENTS:

	Calculate the value of the closing stock of tents.
1.2.1	14 x R1 400 = R 19 600 ✓✓ 7 x R1 680 = R 11 760✓✓ 7 x R1 540 = R 10 780✓✓ R42 140☑

7

1.2.2	**If the mark-up percentage is 25% on cost price, calculate the total sales of tents for the period.**
	14 x 1 260 x 1,25 =R 22 050✓ 28 x 1 400 x 1,25 = R 49 000✓ 28 x 1 680 x 1,25 = R 58 800✓ 35 x 1 540 x 1,25 = R 67 375✓ R 197 225 ☑ (operation, one part correct) OR: (17 640 + 39 200 + 47 040+53 900) x 1,25 R197 225 *(one part correct)*

5

1.3 **HELEN'S ELECTRONICS**

HEADPHONES

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

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

5

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

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

Any TWO relevant points ✓ ✓ Figures ✓ ✓

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

4

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

Any ONE relevant point ✓✓

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

2

QUESTION 2: MANAGEMENT OF INVENTORIES

2.1.1 **Explain why it was NOT a good idea to change to a cheaper supplier of T-shirts. State TWO points.**

Any two valid points Explanations✓ Figures✓

2

Possible answers:

- The returns by customers are up from 0 to 40 (do not accept poor quality only)
- Although more units were sold the total gross profit decreased from R43 200 to R29 000 or by R14 200 (32,9%)
- Maintaining the profit mark-up 50% on cost resulted in a lower selling price (R45 cheaper) made customers doubt the quality.

2.1.2 **Celia decided to change the supplier in 2026 and to change the mark-up%. How has this decision affected the business? State TWO points.**

Any two valid points Explanations✓✓ figures✓✓

4

Possible answers:

- Total units sold decreased from 165 to 150/ by 15 units/ by 9%
- No returns (zero) in 2019/ returns by customers went down from 5 to 0

The gross profit increased from R61 600 to R97 500/by R35 900/ 58,3%)

2.1.3 **Make two separate suggestions to Celia to improve the profit on pants in 2026**

Any two valid points Explanations✓ ✓ Figures ✓ ✓

4

Possible answers:

Advertise more to increase the sales as it went down from 325 to 280

Increase the selling price (increase mark-up) to be > 910 and <990

Find a cheaper supplier as cost price went up from R620 to 650.

Vacuum cleaners:

2.2.1

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

4

2.2.2 **PRESSURE CLEANERS**

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

6