Province of the
EASTERN CAPE
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo
Provinsie van die Oos Kaap: Departement van Onderwys
Porafensie Ya Kapa Botjahabela: Lefapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2026

ACCOUNTING P2

MARKS: **150**

TIME: **2 hours**

This question paper consists of 16 pages, including a formula sheet and a 10-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. 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/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	Reconciliations and Internal Control	45	35
2	Cost Accounting	45	35
3	Inventory	35	30
4	Fixed Assets, Internal Auditing and Problem-solving	25	20
TOTAL		**150**	**120**

QUESTION 1: RECONCILIATIONS AND INTERNAL CONTROL

(45 marks; 35 minutes)

1.1 BANK RECONCILIATION

The following information relates to Laura Traders for March 2026.

REQUIRED:

1.1.1 Name THREE advantages of electronic fund transfers (EFT's). (3)

1.1.2 The bookkeeper, Alana Jafta, is in charge of processing all EFT's and depositing of cash.

Explain TWO reasons why the internal auditor would be concerned about this situation. (2)

1.1.3 Calculate the correct totals for the Cash Journals for March 2026. (10)

1.1.4 Calculate the correct balance of the Bank account on 31 March 2026. (4)

1.1.5 Prepare the Bank Reconciliation Statement on 31 March 2026. (7)

INFORMATION:

A. Information from Bank Reconciliation Statement on 28 February 2026:

Outstanding deposits:	
• Dated 14/02/26	21 000
• Dated 27/02/26	19 000
Outstanding EFT's:	
- No. 521	3 500
- No. 527	2 800
- No. 545	9 340
Favourable balance on Bank account	18 400

Additional information:

(i) The outstanding deposits appeared on the March 2026 bank statement as follow:
- dated 14/02/26 as R11 000
- dated 27/02/26 as R19 000

Alana Jafta said she was robbed of part of the money on the way to the bank on 14 February 2026. She apologised for not reporting this incident. The owner decided that the difference should be written off as a loss, as the business did not have insurance for cash theft.

(ii) EFT 521 appeared correctly as R5 300 on the bank statement for March 2026.
All the other EFT's appeared correctly on the bank statement for March 2026.

B. **Totals in the Cash Journals before receiving the Bank statement for March 2026:**

- Cash Receipts Journal: R54 940
- Cash Payments Journal: R64 800

C. **Entries in the Cash Journals, but not on the Bank Statement for March 2026:**

- Deposit, R19 350
- EFT no. 614, R7 600
- EFT no. 617, R9 160

D. **Entries on the Bank Statement, but not in the Cash Journals for March 2026.**

01/03/26	EFT received from M Mooney (tenant)	R5 600
10/03/26	EFT from B Brits as settlement of his account of R1 350	1 200
15/03/26	Stop order: Kapp & Co	2 400
20/03/26	Debit order: King Insurers	2 150
20/03/26	Debit order: King Insurers	2 150
31/03/26	Interest received on favourable balance	260
31/03/26	Service fees	350

Additional information:

(i) A stop order to the amount of R2 400 was debited to the account of Laura Traders, but Laura Traders do not have any business dealings with Kapp & Co. Brits Bank apologised for this mistake and will cancel this entry in April 2026.

(ii) Payment to King Insurers were done twice in error and Brits Bank will rectify this in April 2026.

E. Bank statement balance on 31 March 2026 is the balancing figure.

1.2 **DEBTORS' AND CREDITORS' RECONCILIATION**

You are provided with information from the records of S Lanka Traders for April 2026. The owner, S Lanka, noticed that the balance on the Debtors' Control account did not correspond with the totals of the Debtors' List.
Goods are sold at a mark-up of **75%** on cost.

REQUIRED:

1.2.1 Calculate the correct balance on the Debtors' Control account and the correct totals for the Debtors' List on 30 April 2026. Use the table in the ANSWER BOOK and show a figure with "+", "-" or "no entry" for each error or omission discovered. (15)

1.2.2 Explain TWO reasons why it is necessary to do a creditors reconciliation every month. (4)

INFORMATION:

A. Balance on the Debtors' Control account on 30 April 2026, R47 880.

B. Total of Debtors' List on 30 April 2026, R48 400.

C. Errors and omissions discovered:

(i) A debtor was charged with interest of R150, but the bookkeeper entered the interest as R510 on the debtor's account in the Debtors Ledger.

(ii) Trade discount to a debtor was omitted. A credit note for R720 was issued, but no entry was made.

(iii) The total of the Debtors' Journal was overcast by R1 600.

(iv) The total of the Debtors' Allowance Journal was undercast by R840.

(v) A debtor returned goods, sold for R1 120. It was correctly recorded in the journal, but the bookkeeper posted the cost price to the debtor's account.

(vi) An EFT received from a debtor R2 400, was entered twice on the debtor's account.

(vii) A debtor returned goods, sold for R1 240. It was correctly recorded in the journal, but the bookkeeper posted it as credit sales to the debtor's account.

(viii) The balance of a debtor owing R2 000 for 10 months, was written off as bad debts. No entry was made.

(ix) The balance of a debtor appeared twice on the Debtors' List, R2 040.

45

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QUESTION 2: COST ACCOUNTING (45 marks; 35 minutes)

2.1 Identify ONE cost category for each of the following descriptions by choosing the best option from the list below. Write only the cost category next to the question numbers (2.1.1–2.1.5) in the ANSWER BOOK.

administration cost; direct labour cost; direct material cost; fixed cost; indirect labour cost; indirect material cost; selling and distribution cost; variable cost

2.1.1 Cost stays the same, even when number of units manufactured changes

2.1.2 Cost of material, not directly part of manufactured units

2.1.3 Bad debts written off

2.1.4 Selling and distribution cost, direct material cost and direct labour cost are all examples of …

2.1.5 Rent paid for the office (5)

2.2 FOREVER MANUFACTURERS

You are provided with information regarding Forever Manufacturers for the year ended 28 February 2026. They manufacture one style of smart watches.

REQUIRED:

2.2.1 Calculate the value of direct material issued for production. (4)

2.2.2 Calculate the factory overhead cost. (10)

2.2.3 Prepare the Production Cost Statement. (12)

2.2.4 Explain ONE reason why Forever Manufacturers deems it very important to invest in staff training. (2)

INFORMATION:

A. Stock on hand:

	28 February 2026	28 February 2025
Indirect material	5 464	9 000
Direct material	140 000	110 000
Work-in-progress	?	130 100
Finished goods	161 000	202 900

B. Other costs:

Direct labour cost	935 440
Factory overhead cost	1 232 560
Selling and distribution cost	16% of sales
Administration cost	185 000
Direct material purchased	2 270 000
Sales	12 564 750
Cost of finished goods sold	5 025 900

C. The following information must still be considered:

(i) Indirect material bought during the year was R520 000.
Indirect material was incorrectly allocated to factory overheads in the ratio of 2 **:** 1 **:** 1.
Indirect material used must be divided between the factory, administration and selling and distribution departments in the ratio of 1 **:** 1 **:** 1.

(ii) The monthly insurance premium for the factory increased by 10% on 1 January 2026. Insurance paid for the year amounted to R249 984. This included insurance paid for March and April 2026. Insurance of R119 040 was allocated to selling and distribution, and R14 880 to administration.

(iii) When calculating direct labour cost, only salary expenses were considered. The following wages of factory workers were not entered:

Direct labour	Gross wages	Deductions	Contributions	
			Medical aid	UIF
Factory	625 700	31 500	14 004	4 856

2.3 **WOOD-R-US**

Wood-R-Us is a factory that produces wooden puzzles.

REQUIRED:

2.3.1 Calculate the break-even point for the financial year ended 31 May 2026. (5)

2.3.2 Calculate the units produced and sold for the financial year ended 31 May 2026. (3)

2.3.3 Explain whether the owner should be concerned about the production levels of the factory. Include a comparison with figures for 2025. Provide TWO reasons for your answer and supply supporting figures. (4)

INFORMATION:

A. All puzzles are sold in the year of production.

B. Information taken from the financial records of Wood-R-Us:

	31 May 2026	
	Total cost	**Unit cost**
Direct material	1 215 500	R11,00
Direct labour cost	1 016 600	R9,20
Selling and distribution cost	364 650	R3,30
Factory overhead cost	855 000	
Administration cost	495 000	

	31 May 2026	**31 May 2025**
Selling price per unit	R41,50	R35,00
Units produced and sold	?	98 000
Break-even point	?	78 000

45

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QUESTION 3: INVENTORY **(35 marks; 30 minutes)**

3.1 **CONCEPTS**

Complete the sentences by filling in the missing word(s). Write only the answer next to the question numbers (3.1.1–3.1.3) in the ANSWER BOOK.

3.1.1 When using the perpetual inventory system, carriage paid on purchases is debited against the … account. (1)

3.1.2 When using the … inventory system, total cost of sales is calculated at the end of the financial year. (1)

3.1.3 The … stock valuation method is best suited for a car dealer who sells exclusive luxury vehicles. (Note: Your answer requires two words.) (1)

LET'S CONNECT

Let's Connect is a business that sells lap tops. They use the **periodic inventory system** and they make use of **the weighted average method** for stock valuation. Let's Connect uses a mark-up of 25% on cost. The financial year ended 28 February 2026.

REQUIRED:

3.2 Calculate:

3.2.1 The value of the closing stock (8)

3.2.2 The gross profit for the year ended 28 February 2026 (4)

3.3 The accountant wants to change the method of stock valuation to the FIFO method.

3.3.1 Calculate the value of the closing stock on 28 February 2026, using the FIFO method. (5)

3.3.2 Explain what the effect on gross profit will be if the FIFO method were to be used. (2)

3.3.3 Explain the benefits of using the FIFO method to the owner. State TWO points. (4)

3.3.4 Despite all the benefits of FIFO, explain ONE reason why the owner might insist on using the weighted average method for stock valuation. (2)

3.4 The owner is not satisfied with the financial results because he suspects that the targeted mark-up % for 2026 was not reached.

3.4.1 Do a calculation to show why he is not satisfied. (3)

3.4.2 Provide TWO suggestions that can be implemented to improve profitability of the business. (4)

INFORMATION:

A. Stock balances of laptops:

	UNITS	TOTAL
1 March 2025	98	R390 848
28 February 2026	440	?

B. Purchases and returns during the year:

	UNITS	TOTAL R
Purchases:		
June 2025	400 @ R4 680 each	R1 872 000
October 2025	776 @ R5 145 each	R3 992 520
February 2026	400 @ R5 512 each	R2 204 800
		R8 069 320
Returns:	14 units from February 2026 purchases	?

C. Sales for the year, R6 900 600.

35

QUESTION 4: FIXED ASSETS, INTERNAL AUDITING AND PROBLEM-SOLVING (25 marks; 20 minutes)

4.1 **CONCEPTS**

REQUIRED:

Match the statement in COLUMN A with a concept in COLUMN B. Write only the letter (A–E) next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.

COLUMN A		COLUMN B	
4.1.1	Enables business to identify risks of non-paying customers	A	Accountability
4.1.2	Being responsible to explain why certain decisions were made	B	Creditors payment period
4.1.3	To ensure that mistakes and fraud are prevented/detected	C	Debtors' age analysis
		D	External auditor
		E	Internal control

(3)

4.2 **FIXED ASSETS**

The information relates to JA Ltd. The financial year ended 31 May 2026.

REQUIRED:

4.2.1 Calculate the total accumulated depreciation on the vehicle sold on 31 January 2026. (6)

4.2.2 Prepare the Asset Disposal account on 31 January 2026. (5)

INFORMATION:

A. A delivery vehicle was sold for R195 000 cash on 31 January 2026. This vehicle was bought on 1 June 2023 at a cost of R400 000.

B. Vehicles are depreciated at 25% p.a. on carrying value.

4.3 **INTERNAL AUDITING**

John Day is the internal auditor of JA Ltd.

REQUIRED:

4.3.1 State TWO points that should be included in the internal auditors' report to the board of directors. (2)

INFORMATION:

A. JA Ltd has a policy that allows expenses for business trips to a maximum of R25 000.

B. John Day, the internal auditor, discovered that the financial director went on a business trip during March 2026. His family accompanied him and part of their expenses was included in the total expense of R55 000 which was paid with the companies' credit card.

4.4 **PROBLEM-SOLVING**

Easy View sells decoders from three different shops in the Gqeberha area. The three branches are each managed by Nazeem, Bosch and Ngidi.
The owner is concerned about the effectiveness of the branches.

The table below reflects the figures for April 2026.

REQUIRED:

Identify ONE problem in relation to each branch, quoting figures to support each problem.
Provide ONE point of advice, apart from division of duties, for solving each problem identified. (9)

INFORMATION FOR THE YEAR ENDED 31 MARCH 2025:

	MALABAR (NAZEEM)	COTSWOLD (BOSCH)	WESTERING (NGIDI)
Number of decoders sold	800	620	340
Number of decoders returned from customers	16	6	30
Stock holding period	120 days	30 days	60 days
Days that shops are open	Monday to Sunday	Monday to Friday	Monday to Saturday
Stock stolen/lost during June	40	0	2
Advertising	R1 500	R1 200	R1 000
Cash deposited from customers	R940 800	R616 800	R372 000
Decoders are sold for R1 200 each			

25

TOTAL: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (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. 365 days is only applicable 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 consistent).
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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GRADE 12

JUNE 2026

ACCOUNTING P2 ANSWER BOOK

QUESTION	MAX. MARKS	MARKS OBTAINED	MODERATED MARKS
1	45		
2	45		
3	35		
4	25		
	150		

This answer book consists of 10 pages.

QUESTION 1

1.1 BANK RECONCILIATION

1.1.1

Name THREE advantages of electronic fund transfers (EFT's).

3

1.1.2

The bookkeeper, Alana Jafta, is in charge of processing all EFT's and depositing of cash. Explain TWO reasons why the internal auditor would be concerned about this situation.

2

1.1.3 Calculate the correct totals for the Cash Journals for March 2026.

CASH RECEIPTS JOURNAL

CASH PAYMENTS JOURNAL

10

1.1.4 Calculate the correct balance of the Bank account on 31 March 2026.

WORKINGS	ANSWER

4

1.1.5 **Bank Reconciliation Statement on 31 March 2026**

	DEBIT	CREDIT
Balance according to bank statement		

7

OR

Balance according to bank statement	

7

1.2.1 **DEBTORS' RECONCILIATION**

No.	Debtors' Control account	Debtors' List
Preliminary balance/total	R47 880	R48 400
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		
(vii)		
(viii)		
(ix)		
Correct balance/total		

15

1.2.2	Explain TWO reasons why it is necessary to do a creditors reconciliation every month.	
		4

TOTAL MARKS		45

QUESTION 2

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	
2.1.4	
2.1.5	

5

2.2.1 Calculate the value of direct material issued for production.

CALCULATION	ANSWER

4

2.2.2 Calculate the factory overhead cost.

Preliminary total	1 232 560

10

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

Direct material cost	
Direct labour	
Total manufacturing cost	
Work-in-progress (1 March 2025)	
Cost of production of finished goods	

12

2.2.4

Explain ONE reason why Forever Manufacturers deems it very important to invest in staff training.

2

2.3.1

Calculate the break-even point for the financial year ended 31 May 2026.	
CALCULATION	ANSWER

5

2.3.2

Calculate the units produced and sold for the financial year ended 31 May 2026.	
CALCULATION	ANSWER

3

2.3.3

Explain whether the owner should be concerned about the production levels of the factory. Include a comparison with figures for 2025. Provide TWO reasons for your answer and supply supporting figures.

4

TOTAL MARKS		45

QUESTION 3

3.1 CONCEPTS

3.1.1	
3.1.2	
3.1.3	

3

3.2.1

Calculate the value of the closing stock.	
CALCULATION	**ANSWER**

8

3.2.2

Calculate the gross profit for the year ended 28 February 2026.	
CALCULATION	**ANSWER**

4

3.3.1

Calculate the value of the closing stock on 28 February 2026, using the FIFO method.	
CALCULATION	**ANSWER**

5

3.3.2

Explain what the effect on gross profit will be if the FIFO method were to be used.

2

3.3.3	**Explain the benefits of using the FIFO method to the owner. State TWO points.**	
		4

3.3.4	**Despite all the benefits of FIFO, explain ONE reason why the owner might insist on using the weighted average method for stock valuation.**	
		2

3.4.1 **The owner is not satisfied with the financial results because he suspects that the targeted mark-up % for 2026 was not reached. Do a calculation to show why he is not satisfied.**

CALCULATION	ANSWER	
		3

3.4.2	**Provide TWO strategies that can be implemented to improve profitability of the business.**	
		4

TOTAL MARKS		**35**

QUESTION 4

4.1 CONCEPTS

4.1.1.	
4.1.2	
4.1.3	

3

4.2 FIXED ASSETS

4.2.1

Calculate the total accumulated depreciation on the vehicle sold on 31 January 2026.

CALCULATION	ANSWER

6

4.2.2

General ledger of JA Ltd

Asset Disposal Account

5

4.3 INTERNAL AUDITING

4.3.1

State TWO points that should be included in the internal auditors' report to the board of directors.

2

4.4 PROBLEM-SOLVING

	PROBLEM (WITH FIGURES)	ADVICE
Malabar (Nazeem)		
Cotswold (Bosch)		
Westering (Ngidi)		

	9

TOTAL MARKS		25

TOTAL: 150

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GRADE 12

JUNE 2026

ACCOUNTING P2 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced items). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). **NOTE**: if figures are stipulated in marking guidelines for component 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 candidates.
7. If candidates provide more that the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max. -2 per Q).
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.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. **NOTE**: check operation must be +, -, x, ÷ as per candidate's calculation (if valid) or per marking guidelines.
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 candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation

This marking guideline consists of 10 pages.

QUESTION 1

1.1 BANK RECONCILIATION

1.1.1 **Name THREE advantages of electronic fund transfers (EFT's).**

Any THREE ✓ ✓ ✓

- Safe
- Less fraud
- Convenient and easy
- Time-saving / not restricted to business hours
- Payments/receipts are instant / account is updated immediately
- Cheaper bank charges

3

1.1.2 **The bookkeeper, Alana Jafta, is in charge of processing all EFT's and depositing of cash.**
Explain TWO reasons why the internal auditor would be concerned about this situation.

Any TWO ✓ ✓

- No division of duties / too many related job functions
- Possibility of fraud
- Lack of supervision can result in abuse
- Lack of continuity if Alana would leave
- Possibility of cash theft (R10 000 shortage on deposit)

2

1.1.3 **Calculate the correct totals for the Cash Journals for March 2026.**

CASH RECEIPTS JOURNAL	
54 940	✓
5 600	✓
1 200	✓✓
260	✓
62 000	

CASH PAYMENTS JOURNAL	
64 800	✓
10 000	✓
1 800	✓
350	✓
2 150	✓
79 100	

-1 foreign / superfluous items (only if mark/s are earned elsewhere for the same figure)
Ensure that the candidate do not get full marks for including any incorrect figure/s. Indicate with a ☒

10

1.1.4 **Calculate the correct balance of the Bank account on 31 March 2026.**

WORKINGS	ANSWER
18 400 ✓ + 62 000 ☑ - 79 100 ☑ =	1 300 ☑

4

1.1.5 **Bank Reconciliation Statement on 31 March 2026**

	DEBIT	CREDIT
Balance according to bank statement	5 840 ☑*	Balancing figure Could be Dr or Cr
Cr Outstanding deposit		19 350 ✓
Dr Outstanding EFT's:		
No 614	7 600 ✓	
No 617	9 160 ✓	
Cr incorrect stop order		2 400 ✓
Cr incorrect debit order		2 150 ✓
Dt balance according to bank account	1 300 ☑	
	23 900	23 900

*Operation, one part correct. Both totals must be the same to earn mark for balancing figure

7

OR *1 column method –*
Mark one option only; choose option that benefits the candidate.

	Option 1	Option 2
Balance according to bank statement	1 300 ☑*	(1 300) ☑*
Late deposit	(19 350) ✓	19 350 ✓
Outstanding EFT No 614	7 600 ✓	(7 600) ✓
Outstanding EFT No 617	9 160 ✓	(9 160) ✓
Incorrect stop order	(2 400) ✓	2 400 ✓
Incorrect debit order	(2 150) ✓	2 150 ✓
Debit balance according to bank account	(5 840) ☑*	5 840 ☑*

*Operation, one part correct

7

1.2.1 **DEBTORS' RECONCILIATION**

No.	**Debtors' Control account**	**Debtors' List**
Preliminary balance /total	**R47 880**	**R48 400**
(i)		- 360 ✓
(ii)	- 720 ✓	- 720 ✓
(iii)	- 1 600 ✓	
(iv)	- 840 ✓	
(v)		- 480 ✓✓
(vi)		+ 2 400 ✓✓
(vii)	-	[-1 240-1 240] - 2 480 One mark each ✓✓
(viii)	- 2 000 ✓	- 2 000 ✓
(ix)		- 2 040 ✓
Correct balance/ total	42 720 ☑ *	42 720

15

Marks awarded for correct sign with amount. Accept the use of brackets for negative amounts *One part correct for both totals. Totals may be different; must include preliminary balances.
Superfluous entries:-1 per entry if marks earned on that line.

1.2.2	**Explain TWO reasons why it is necessary to do a creditors reconciliation every month.**	
	Any TWO ✓✓ ✓✓ • Detection of errors and omissions • Keep records up to date • Ensure that accounts are settled timeously • To earn discount for early payment • Ensure business is not blacklisted for late or non-payment	4

TOTAL MARKS	**45**

QUESTION 2

2.1 **CONCEPTS**

2.1.1	fixed cost	✓
2.1.2	indirect material cost	✓
2.1.3	selling and distribution cost	✓
2.1.4	variable cost	✓
2.1.5	administration cost	✓

5

2.2.1 **Calculate the value of direct material issued for production.**

CALCULATION	ANSWER
110 000 ✓+ 2 270 000 ✓ – 140 000 ✓	2 240 000 ☑* * One part correct

4

2.2.2 **Calculate the factory overhead cost.**

Preliminary total	**1 232 560**
Indirect material (9 000+520 000-5 464)x2/4✓☑ –[523 536/3]✓	- 87 256 ☑
Insurance ([249 984 – 38 192] ✓✓- 119 040 ✓ -14 880 ✓)	+ 77 872 ☑*
Check operation; must include R1 232 560; Indirect material must be subtracted and Insurance must be added	1 223 176 ☑* * One part correct

10

2.2.3 **Production Cost Statement for the year ended 28 February 2026.**

Direct material cost	See 2.2.1	2 240 000 ☑
Direct labour (935 440 + 625 700✓ +[14 004 + 4 856] ✓)		1 580 000 ☑
Prime cost		3 820 000 ☑
Factory overhead cost	See 2.2.2	1 223 176 ☑
Total manufacturing cost		5 043 176 ☑
Work-in-progress (1 March 2025)		130 100 ✓
		5 173 276 ☑
Work-in-progress (28 February 2026)	Balancing figure	(189 276) ☑
Cost of production of finished goods (5 025 900 + 161 000 – 202 900)		4 984 000 ☑✓

12

2.2.4 **Explain ONE reason why Forever Manufacturers deems it very important to invest in staff training.**

Any ONE ✓✓

- Improved quality of products/service
- Lower cost of materials/ less wastage

2

2.3.1

Calculate the break-even point for the financial year ended 31 May 2026.	
CALCULATION	**ANSWER**
1 350 000 (two marks) 855 000 ✓ + 495 000 ✓ 41,50 ✓ – [11,00 + 9,20 + 3,30] ✓ 18 (two marks)	75 000 units ☑ One part correct

5

2.3.2

Calculate the units produced and sold for the financial year ended 31 May 2026.	
CALCULATION	**ANSWER**
$\frac{1\ 215\ 500 ✓}{11 ✓}$ OR $\frac{1\ 016\ 600}{9,20}$ OR $\frac{364\ 650}{3,30}$	110 500 units ☑ One part correct

3

2.3.3

Explain whether the owner should be concerned about the production levels of the factory. Include a comparison with figures for 2025. Provide TWO reasons for your answer and supply supporting figures.

Compare BEP with level of production ✓ ✓ Figures ✓ ✓

- The owner should not be concerned as the business produced and sold 110 500 (see 2.3.2) puzzles and the break-even point is 75 000 (see 2.3.1) / The business made profit on 35 500 puzzles.
- In 2025 financial year units produced and sold were 98 000 and break-even point was 78 000. /business made profit on only 20 000 units.
- Business is doing better in 2026 than in 2025 /Profit on 35 500 vs 20 000.

4

TOTAL MARKS	45

QUESTION 3

3.1 **CONCEPTS**

3.1.1	trading stock	✓
3.1.2	periodic	✓
3.1.3	specific identification	✓

3

3.2.1 **Calculate the value of the closing stock.**

CALCULATION	ANSWER
390 848 ✓ +8 069 320 ✓ - 77 168 ✓✓ x 440 ✓ [98 + 1 576 – 14] ✓☑* **OR** 8 383 000 (four marks) x 440 (one mark) 1 660 (two marks) **OR** 5 050 x 440 (one mark) (six marks)	2 222 000 ☑ One part correct If x 440

8

3.2.2 **Calculate the gross profit for the year ended 28 February 2026.**

CALCULATION	ANSWER
Sales: 6 900 600 ✓ Cost of sales: 8 383 000 (See 3.2.1) - 2 222 000 (See 3.2.1) = 6 161 000 ☑ ☑	739 600 ☑* *One part correct If Sales - CoS

4

3.3.1 **Calculate the value of the closing stock on 28 February 2026, using the FIFO method.**

CALCULATION	ANSWER
386 * (400 - 14) x R5 512 = 2 127 632 ✓☑ 54☑ x R5 145 = 277 830 ☑ If 440 - * If x R5 145	2 405 462 ☑ One part correct

5

3.3.2 **Explain what the effect on gross profit will be if the FIFO method were to be used.**

Any ONE valid point ✓✓ A larger closing stock will result in a smaller Cost of sales and this will lead to a bigger gross profit, compared to the gross profit if the weighted average were used.

2

3.3.3

Explain the benefits of using the FIFO method to the owner. State TWO points.
Any TWO valid points ✓✓ ✓✓ • Stock is valued at more recent/realistic prices. • Result in higher gross profit • Easy to apply • No manipulation of profits/ values

4

3.3.4

Despite all the benefits of FIFO, explain ONE reason why the owner might insist on using the weighted average method for stock valuation.
Any ONE valid point ✓✓ • Easy to administer • Less mistakes • Majority of calculations are done once a year/ specialised staff can be used • Lower profit/ less tax

2

3.4.1

The owner is not satisfied with the financial results because he suspects that the targeted mark-up% for 2026 was not reached.
Do a calculation to show why he is not satisfied.

CALCULATION	ANSWER
Gross profit 739 600 ☑ see 3.2.2 x 100 = Cost of sales 6 161 000 ☑ see 3.2.2 **OR** (one mark) (one mark) Sales 6 900 600 x 25/125 =	12% ☑ mark-up% reached, instead of 25% R1 380 120 (one mark) gross profit, instead reached only R739 600

3

3.4.2

Provide TWO strategies that can be implemented to improve profitability of the business.
Any TWO valid points ✓✓ ✓✓ • Allow less trade discounts • Support local suppliers/ decrease transport cost • Ensure prices are calculated and charged correct • Offer after-sales services e.g. repairs, to encourage sales

4

TOTAL MARKS	**35**

QUESTION 4

4.1 CONCEPTS

4.1.1	C	✓
4.1.2	A	✓
4.1.3	E	✓

3

4.2 FIXED ASSETS

4.2.1

Calculate the total accumulated depreciation on the vehicle sold on 31 January 2026.	
CALCULATION	**ANSWER**
1/06/23 - 31/05/24: 400 000 x 25% = 100 000 ✓ 1/06/24 - 31/05/25: [400 000 – 100 000] x 25% = 75 000 ✓☑ 1/06/25 - 31/01/26: [400 000 – 175 000] x 25% x 8/12 = 37 500✓☑	212 500 ☑ (one part correct)

6

4.2.2

General ledger of JA Ltd

Asset Disposal Account

2026 Jan	31	Vehicles	400 000 ✓#	2026 Jan	31	Accumulated depreciation on vehicle	212 500 ☑
		Profit on sale of assets ☑*	7 500 ☑ balancing figure			Bank	195 000 ✓#
			407 000				407 500
		*If shown as loss, lose mark on details				#*details and amount must be correct	

5

4.3 INTERNAL AUDITING

4.3.1

State TWO points that should be included in the internal auditors' report to the board of directors.

Any TWO points ✓ ✓

- The holiday expenses for family should not be shown as a business expense (business entity rule)
- It is unethical to use business funds for personal expenses.
- Maximum allowance for business trips was exceeded by R30 000
- Family holiday should not be shown as a business expense as this has tax implications – tax evasion is illegal

2

4.4 **PROBLEM-SOLVING**

	PROBLEM (WITH FIGURES) problem ✓ ✓ ✓ figure ✓ ✓ ✓	**ADVICE** ✓ ✓ ✓ must relate to the problem identified
Malabar (Nazeem)	• 40 decoders were stolen	• Better security
	• Stock holding period is too long (120 days)	• Improve marketing • Sales promotions / advertise to increase sales
Cotswold (Bosch)	• Cash deposited R616 800 instead of R736 800. / Missing/stolen cash R120 000	• 2 different people to receive and deposit cash/ Daily deposits
	• Work only 5 days per week	• Increase working days
Westering (Ngidi)	• High number of decoders returned (30)	• Change to supplier with better quality decoders
	• Shop is open 6 days per week, but few decoders are sold (340 vs 800)	• Improve marketing strategy / change to another marketing provider
	• Only R1 000 spend on advertising, resulted in lowest sales (340)	

9

TOTAL MARKS	**25**

TOTAL: 150