KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

CURRICULUM GRADE 10 -12 DIRECTORATE

NCS (CAPS)

JUST IN TIME LEARNER SUPPORT DOCUMENT

ACCOUNTING

GRADE 11

2026

PREFACE

This support document serves to assist Accounting learners on how to deal with curriculum gaps and learning losses. It also addresses the challenging topics in the Grade 11 curriculum in Term 1- 4.

Activities serve as a guide on how various topics are assessed at different cognitive levels and also preparing learners for informal and formal tasks in Accounting. It covers the following topics:

A. RECONCILIATIONS

ACTIVITY A1

CREDITORS RECONCILIATION

South Coast Stores buys goods on credit from Ngobe Suppliers. South Coast Stores is a small private company owned by the Lithemba Ngobela CA(SA).

REQUIRED:

1.1 Use the table in the answer sheet to indicate how the balances given, will change when preparing the creditors' reconciliation. Indicate the figure as well as a + for increase and a – for decrease.

INFORMATION:

Balance due to Ngobe Suppliers on 31 March 2026 as per Creditors' Ledger account in the books of South Coast Stores, **12 160 (Cr)**

Balance due by South Coast Stores on 28 March 2026 as per statement of account received from Ngobe Suppliers, **41 380 (Dr)**

An investigation by Lithemba Ngobela revealed the following errors and omissions:

a) A payment of R8 700 by South Coast Stores was not recorded in the Creditors' ledger account and does not appear on the statement as well.

b) South Coast Stores correctly recorded a discount of R950 for early payment. This was not reflected on the statement.

c) South Coast stores recorded a debit note of R1 540 in the Creditors' ledger account of Ngobe Suppliers in error. This was for goods returned to Dinisa suppliers.

d) An invoice for R28 600 received from Ngobe Suppliers was recorded correctly in the Creditors' Ledger account. The statement of account reflected this invoice as R26 800.

e) The statement of account showed an invoice for goods purchased, R5 930. This transaction was not recorded in the books of South Coast Stores.

f) South Coast Stores incorrectly recorded an invoice of R4 700 as a payment.

g) A debit balance of R2 925 for repairs to a photocopier was transferred from the account of Ngobe Suppliers in the Debtors Ledger to their account in the Creditors Ledger. Ngobe Suppliers did not record this transaction.

h) A payment of R10 275 made on the 29 March 2026 by South Coast Stores was not reflected in the statement.

1.2 **Refer to information E:**

An investigation revealed that this invoice was not recorded as the goods were taken by the store man, Mr Delta for his private use.

- Suggest TWO possible actions that the business can take against the store man.
- Provide THREE internal control measures that the business can use to prevent similar incidents in future.

ANSWER SHEET: ACTIVITY A1

1.1		Creditor's Ledger Account of Ngobe suppliers	Statement of account received from Ngobe suppliers
	Balances before errors/omissions	12 160	41 380
A			
B			
C			
D			
E			
F			
G			
H			

1.2	Refer to information E:
	(a) Suggest two possible actions that the business can take against the store man
	(b) Provide three internal control measures that the business can use to prevent similar incidents in future.

ACTIVITY A2

CREDITORS RECONCILIATION

Northwood Uniform Shop buys goods on credit from Maharaj Manufacturers.

REQUIRED:

2.1 List **TWO** reasons why Northwood Uniform Shop businesses need to study the statement received from their Maharaj Manufacturers every month.

2.2 Complete the missing amounts / details labelled A to F in the Statement of Account from Maharaj Manufacturers and the Creditors Ledger of Northwood Uniform Shop.

2.3 Reconcile the Creditors Ledger account of Maharaj Manufacturers in the books of Northwood Uniform Shop with the statement received.

2.4 State **TWO** consequences, <u>other than interest</u>, for the business if they do not pay the amount due to creditors on time.

2.5 Refer to the Statement received from Maharaj Manufacturers. Are they adequately controlling the amount that they allow Northwood Uniform Shop to purchase on credit? Provide a reason, stating amounts, for your answer.

INFORMATION

A.

Maharaj Manufacturers Statement of Account					
Customer: Northwood Uniform Shop **Credit Limit: R26 000**			**Date: 25 April 2024**		
Date		**Details**	**Debit**	**Credit**	**Balance**
2024 March	26	Balance			17 200
	30	Invoice no 1129	**A**		18 400
2024 April	4	Receipt no 520		10 000	**B**
	12	Invoice no 1456	6 500		14 900
	16	Invoice no 1560	3 000		17 900
	17	Credit note no 1005		850	17 050
	20	Interest on overdue account	170		17 220
	21	Invoice no. 1723	**C**		26 620
	24	Receipt no. 1853		2 000	24 620

B. **Creditors Ledger of Northwood Uniform Shop**

Date		Details	Fol	DR	CR	Balance
2024 April	1	Balance	b/d			**D**
	3	EFT no. 320	CPJ	10 000		8 400
		Discount Received	**E**	200		8 200
	12	Invoice no. 1456	CJ		5 600	13 800
	16	Invoice no. 1560	CJ		3 000	**F**
	17	Debit note 185	**G**		850	17 650
	21	Invoice no. 1723	CJ		9 400	27 050
	26	Invoice Z2558	CJ		4 700	31 750
	28	EFT no. 335	CPJ	15 000		**H**
		Discount Received	CPJ	300		16 450

C. **The following differences were noticed when the Statement from Maharaj Manufacturers was compared to the account in the Creditors Ledger of Northwood**

Uniform Shop:

- Invoice number 1129 appeared in the creditor's ledger for March 2024 in the books of Northwood Uniform Shop.
- Invoice 1456 was incorrectly recorded on the Statement from Maharaj Manufacturers.
- Debit note number 185 was recorded incorrectly in the Creditors Ledger.
- The interest on overdue account was meant to be charged by Maharaj Manufacturers to the account of Northlands Unform Shop and not Northwood Uniform Shop.
- Invoice number Z2558 in the Creditors Ledger was not received from Maharaj Manufacturers.
- Northwood Uniform Shop did not receive the discount on 3 April 2024 as their account was not paid before the end of March 2024.
- Receipt number 1853 should have been recorded as invoice number 1853. It was incorrectly entered on the Statement from Maharaj Manufacturers and omitted from the Creditors Ledger of Northwood Uniform Shop.
- The Statement from Maharaj Manufacturers was prepared on 25 April 2024.

ANSWER SHEET: ACTIVITY A2

Northwood Uniform Shop buys goods on credit from Maharaj Manufacturers.

Required:

2.1 List **TWO** reasons Northwood Uniform Shop businesses need to study the statement received from their Maharaj Manufacturers every month.

2.2

A	
B	
C	
D	
E	
F	
G	
H	

2.3

Statement from Maharaj Manufacturers	Creditors Ledger of Northwood Uniform Shop

2.4 State **TWO** consequences, other than interest, for the business if they do not pay the amount due to creditors on time.

2.5 Refer to the Statement received from Maharaj Manufacturers. Are they adequately controlling the amount that they allow Northwood Uniform Shop to purchase on credit? Provide a reason, stating amounts, for your answer.

ACTIVITY A3

BANK RECONCILIATIONS

You are provided with information for RR Traders for February 2026. This business has a bank account with ABC Bank, and receives their bank statement via email each month.

REQUIRED:

3.1 Match the term in Column A with the correct description in Column B. Write only the correct letter in the space provided in the answer book. e.g. 1.1.1 G

	Column A Term		Column B Description
3.1.1	Debit Order	A	Paid when money is deposited into the bank account.
3.1.2	Stop Order	B	A special type of bank account that permits the account holder to make frequent deposits, but needs to give notice before money can be withdrawn from the account.
3.1.3	Cash Deposit fee	C	When the account holder instructs the bank to make a series of future-dated repeat payments on their behalf
3.1.4	Debit card levy	D	A commitment between the account holder and a third party to take an agreed upon amount of money out of the bank account every month in order to pay for a service or to repay a loan.
3.1.5	32 day account	E	Paid monthly to permit the account holder to use his card to pay for transactions at shops.

3.2 **Refer to information A**
At the end of January 2026, the business had overdrawn their bank account by R43 700.
1.2.1 Explain **ONE** advantage of having access to a bank overdraft.
1.2.2 Explain ONE disadvantage of making use of an overdraft, compared to a loan

3.3 Use the information provided below to complete the following for February 2026.
- Cash Receipts Journal
- Cash Payments Journal

3.4 Calculate the bank balance on 28 February 2026. State whether it is favourable or unfavourable.

3.5 Prepare the Bank Reconciliation Statement on 28 February 2026.

INFORMATION:

A Extract from the Bank Reconciliation Statement on 31 January 2026:

	R
Outstanding deposit	57 800
Outstanding EFT: 294	17 280
295	17 805
Unfavourable Balance per bank account	43 700

B The following provisional totals were extracted from the Cash Journals on 28 February 2026, before the Bank Reconciliation process was completed:

	R

Cash Receipts Journal	230 150
Cash Payments Journal	197 760

C The following items were included on the Bank Statement (for February 2026) from ABC Bank, but were not recorded in the businesses records:

- An outstanding deposit for R57 800, dated 29 January 2026.
- EFT 294 for R17 280
- R12 700. This was for debit card payments received from debtors in settlement of the amounts owed to RR Traders.
- An electronic payment of R4 500, to the Msunduzi Municipality for the businesses water and electricity account.
- Service fees R300
- Credit card levies R1 016
- Interest on overdraft R532
- A direct deposit of R6 000, by "The Toy Shop" for their monthly rental for March 2026.
- A payment of R8 500 to Protea Hotel made on the business debit card. This transaction was made by the owner to pay for accommodation for him and his wife for their anniversary.
- An EFT payment to The Service Station, a creditor, for R5 600 to settle the business petrol account.

D The following items appeared only in the Cash Journals and not on the Bank Statement for February 2026:

- A cash deposit for R30 450. This was for cash takings for the week.
- EFT No. 320 for R25 700. This was made to the owner's personal bank account to cover his personal expenses.

E The following differences were noted between the Bank Reconciliation Statement for January 2026, the Cash Journals for February 2026 and the Bank Statement for February 2026:

- EFT 295 dated 30 January 2026, made to DC Suppliers for inventory, appeared correctly on the Bank Statement as R17 508. The amount in the businesses records was incorrect.
- A deposit for R9 800 wrongly appeared in the bank statement. An investigation revealed that it was meant to be deposited in the account of RR Stores. The bank will rectify this entry on 1 March 2026.

F The balance on the Bank Statement from ABC Bank on 28 February 2026 was R?.

ANSWER BOOK: ACTIVITY A3

3.1

3.1.1	
3.1.2	
3.1.3	

3.1.4	
3.1.5	

3.2 **Refer to information A**

At the end of January 2026, the business had overdrawn their bank account by R43 700.

3.2.1 Explain **ONE** advantage of having access to a bank overdraft.

3.2.2 Explain ONE disadvantage of making use of an overdraft, compared to a loan

3.3 Use the information provided below to complete the following for February 2026.

Cash Receipts Journal of RR Traders – February 2026 **CRJ2**

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details

Cash Payments Journal of RR Traders – February 2026 **CPJ2**

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details

3. Calculate the bank balance on 28 February 2026. State whether it is favourable of
4 unfavourable.

3. **Bank Reconciliation Statement for 28 February 2026**
5

	Debit	Credit

ACTIVITY A4

The information was extracted from the records of Sayidi Traders for March 2026.

REQUIRED:

4.1 Complete the Cash Journals for March 2026. (**Note**: The information from the Bank Statement was not taken into account)

4.2 Prepare the Bank Account on 31 March 2026.

4.3 Prepare the Bank Reconciliation Statement on 31 March 2026.

4.4 Provide TWO suggestions that the business can use to prevent a situation like the one experienced on the 26th February 2026 in the future.

4.5 Identify the problem that is revealed by the previous reconciliation, and list TWO internal control measures to solve this problem.

4.6 Refer to the debit order for R2 244. Provide a possible explanation how this may have occurred, and provide advise on how this can be rectified.

INFORMATION:

A. Extract from the Bank Reconciliation statement on 28 February 2026

Outstanding deposits: 17 February 2026	R32 100
26 February 2026	7 300
Outstanding EFT: No. 123	17 600
Unfavourable balance as per bank account	3 456

NOTE:

- The outstanding deposit of R32 100 appeared on the March 2026 bank statement.
- The outstanding deposit on the 26 February 2026was reflected as R5 700 on the January statement.
- Upon enquiry, the bank confirmed that it was because of counterfeit notes included in the total deposit.
- This was cash received for repair services rendered. It was decided to write-off this difference.

EFT 123 appeared on the Bank Statement for March 2026

B. **Provisional totals from the Cash Journals on 31 March 2026:**

- Cash Receipt Journal, R56 200
- Cash Payment Journal, R67 400

C. **The following information on the March 2026 Bank Statement from FNB (First National Bank) did not appear in the March 2026 Cash Journals:**

Debit orders:

Scotfin Insurers	R5 890	Monthly insurance premium
Umzumbe Municipality	R6 000	R4 500 is for the business' rates and taxes and the balance is for the owner's private property.
Tyme Bank	R5 300	Monthly repayment of loan

- EFT Fees, R189

- Cash handling fee, R112
- Service Fees, R292
- Interest on bank overdraft, R317
- A deposit from P.Qwabe, R11 600 for his monthly rent.
- A debit order for R2 244 appeared on the business bank statement, on 29 January 2026.
- This was not an account of the business and fortunately, the owner was able to instruct the bank to cancel this entry. This reversal will be reflected on the next statement.
- A direct deposit of R16 300 was wrongly reflected on the business Bank Statement. The bank will rectify the error.
- A deposit from N. Cwele for R3 400 in settlement of his account of R3 500.

D. The following information in the March 2026 Cash Journals did not appear on the Bank Statement for March 2026:

- Outstanding deposit, R17 800
- EFT 654 for R5 555 to BP Suppliers for sanitizing supplies purchased.

ANSWER BOOK: ACTIVITY A4

4.1

CASH RECEIPT JOURNAL - MARCH 2026 CRJ 6

Doc	Day	Details	Bank	Amount	Details
	31	Total	58 200	56 200	

CASH PAYMENT JOURNAL - MARCH 2026 CPJ 6

Doc	Day	Details	Bank	Amount	Details
	31	Total	67 400	400	

4.2

GENERAL LEDGER OF SAYIDI TRADERS

Bank

4.3 **Prepare a Bank Reconciliation Statement for March 2026.**

	Debit	Credit

4.4 **Name TWO ways the business can prevent the cancellation of the deposit on 26 February 2026 in the future.**

4.5 **Identify the problem that is revealed by the previous reconciliation, and list TWO internal control measures to solve this problem. PROBLEM:**

TWO CONTROL MEASURES

4.6 **Refer to the debit order for R2 244. Explain a possible reason how this may have occurred, and provide advise on how this can be rectified.**

POSSIBLE EXPLANATION:

POINT OF ADVICE

ACTIVITY A5

5.1 **BANK RECONCILIATION**

DWEBA STORES

The information relates to DWEBA STORES for August 2025. ICE Bank's official bank statement is closed off and published on the 27th of each month.

REQUIRED:

5.1.1 Calculate the correct balance of the bank account on 31 August 2025.

5.1.2 Prepare a Bank Reconciliation Statement on 31 August 2025.

5.1.3 The quarterly interest on the fixed deposit is receivable in May, August, November and February. Interest on the fixed deposit is 6% p.a. and not capitalised. Calculate the amount of the fixed deposit invested.

INFORMATION:

A. The bookkeeper calculated the provisional bank balance as an overdraft of R19 800 on 31 August 2025 before receiving the August 2025 Bank Statement. The following information was revealed:

B. The Bank Reconciliation Statement on 31 July 2025:

Outstanding deposit (29 July 2025)	R 25 800
Outstanding EFTs: No. 23	4 567
No. 24	9 876

Note: EFT no. 23 in favour of a supplier,dated 31 July 2025,appeared correctly on the August bank statement as R2 767.

C. **A comparison of the August 2025 Bank Statement with the Cash Journals revealed the following:**

- Outstanding deposit of R25 800 dated 31 July 2025.
- EFT no. 24 for R9 876.
- Interest on Fixed deposit, R9 000.
- Interest on overdraft, R435 and Service fees, R1 938.
- Cash withdrawal per debit card, R3 065 to pay the wages.
- A deposit of R5 460 appeared in the bank statement, but the bank has informed The Cool Store that this was an error by the payer. The bank will reverse the entry next month.
- A deposit for R4 850 appeared on 28 August 2025 in the CRJ.
- EFT no. 150 for R9 280 was recorded on 30 August 2025 in the CPJ.

D. The closing balance according to the bank statement was R?

CREDITORS' RECONCILIATION

5.2

The information relates to FN Traders, which sells computers.

REQUIRED:

5.2.1 Taking into account the errors and omissions, calculate the correct balance for the Creditors' Control Account and the Creditors' List. Indicate changes with '+' for an increase and a '–' for a decrease. No changes to the balance must be indicated with (0).

5.2.2 FN Traders intends to settle the account of KS Wholesalers on 31 July 2025 to qualify for a full settlement discount of R1 856. Calculate the percentage discount they will receive.

INFORMATION:

A. Balances and totals on 31 July 2025 (before correcting the errors and omissions)

		Creditors' Control Account balance	R185 940
		Creditors' List total in the Creditors' Ledger	R203 540
		LIST OF CREDITORS	
		KS Wholesalers	R54 950
		FF Stores	R52 400
		PS Retailers	R51 990
		HD Suppliers	R44 200

B. Errors and omissions:

(i) The total of the Creditors' Allowances Journal was overstated by R6 400.

(ii) FN Traders recorded a credit purchase of R29 880 from HD Suppliers in the Creditors' Journal after deducting a 10% trade discount. HD Suppliers informed them that the trade discount agreed upon was only 5%.

(iii) Goods returned to PS Retailers, R5 600 and recorded in the Creditors Allowance Journal, were posted to their account in the Creditors' Ledger as an invoice.

(iv) An invoice received from FF Stores, R8 550 and recorded correctly in the Creditors' Journal, was posted in error to the account of KS Wholesalers in the Creditors' Ledger.

ANSWER BOOK: ACTIVITY A5

5.1.1

Calculate the correct balance of the bank account on 31 August 2025.	
WORKINGS	**ANSWER**

.1.3	The quarterly interest on the fixed deposit is receivable in May, August, November and February. Interest on the fixed deposit is 6% p.a. and not capitalised. Calculate the amount of the fixed deposit invested.

5.2 CREDITORS' RECONCILIATION

5.2.1 Taking into account the errors and omissions, calculate the correct balance for the Creditors' Control Account and the Creditors' List. Indicate changes with '+' for an increase and a '–' for a decrease. No changes to the balance must be indicated with (0).

NO.	CREDITORS' CONTROL	CREDITORS' LIST
Provisional balances	185 940	203 540
(i)		
(ii)		
(iii)		
(iv)		

5.2.2 FN Traders intends to settle the account of KS Wholesalers on 31 July 2025 to qualify for a full settlement discount of R1 856. Calculate the percentage discount they will receive.

WORKINGS	ANSWER

FIXED ASSETS: LEDGER ACCOUNTS, NOTE 3 AND INTERNAL CONTROL

ACTIVITY B1

New River Motos is a business situated in St. Lucia, KZN. This business rents out vehicles to visitors for the self-drive market.

People who rent these vehicles are mainly overseas tourists that wish to experience South Africa's natural wonders, especially the Isimangaliso Wetland Park (a game reserve). The financial year ends on 28 February annually.

REQUIRED:

Refer to information A and B

1.1 Calculate the depreciation on each Vehicle, for the financial year ended 28 February 2026, in the table provided in your answer book.

1.2 Complete the asset disposal account for the Toyota Quantum.

1.3 Complete the Vehicles column in Fixed Asset note to the Statement of Financial Position as of 28 February 2026.

1.4 According to the figures provided, which vehicle is the most profitable

Use the following headings to assist you in making this decision.

- Number of days rented out for the year ended 28 February 2026
- Average distance travelled per month during vehicles lifetime.

1.5 New River Motos ensures that part of the daily hiring fee covers insurance on their vehicles. Explain why it is necessary that hired vehicles are correctly insured.

INFORMATION

A. Details of the vehicles are as follows:

	VW Caravelle	**Toyota Quantum**	**Hyundai H1**
Capacity	6 passengers	15 passengers	8 passengers
Date purchased	1 October 2020	1 September 2021	31 October 2025
Vehicle age in months	65 months	51 months	4 months
Date sold / scrapped		31 November 2025	
Cost price	R420 000	R564 000	R870 000
Accumulated depreciation (1 March 2025)	R371 000	R394 800	R0
Odometer reading	513 500 km	304 980 km	22 000 km
Cost to hire per day	R1 850	R2 170	R2 290
Income generated	R647 500	R694 400	R183 200

B **Additional Information:**

- Customers are responsible to pay for their own fuel for the duration of their trip
- Vehicles are depreciated by 20% per annum on cost.
- On 31 December 2025 the Toyota quantum was involved in an accident at the Isimangaliso. Luckily no tourists were injured in the accident. The insurance company decided that the damages to the vehicle were severe to warrant repairing the vehicle. The vehicle was therefore scrapped. As per the insurance policy New River Motos is responsible for the first R15 000 of the claim. This R15 000 was recorded as a loss in the business' s financial records. The remaining amount was deposited into the business bank account.
- As of 28 February 2026, no new vehicle has been purchased to replace the Toyota Quantum

ACTIVITY B1 ANSWER SHEET

1.1 **Calculate the depreciation on each Vehicle, for the financial year ended 28 February 2026, in the table provided in your answer book.**

	Calculation	Final Amount
Caravelle		
Quantum		
H1		
Total		

1.2 ASSET DISPOSAL

1.
3 **The Vehicles column in Fixed Asset note to the Statement of Financial Position on 28 February 2026.**

	Vehicles
Carrying Value	
Cost Price on 1 March 2025	
Accumulated Depreciation on 1 March 2025	
Movements	
Carrying Value	
Cost Price on 28 February 2026	
Accumulated Depreciation on 28 February 2026	

1.
4 Use your exercise book to answer.

1.
5 Use your exercise book to answer.

ACTIVITY B2

2.
1 Define the following terms:

- Accumulated Depreciation
- Fixed assets Register

2.2 You are provided with information from the records of COFU Traders. Their financial year ends on 30 June 2026

REQUIRED:

Complete the following accounts in the general ledger. All accounts must be balanced or closed off on 30 June 2026

- Equipment
- Accumulated depreciation on Equipment
- Asset Disposal

INFORMATION

A On 31 March 2025 old office furniture was sold for cash at a profit of R2 000. This furniture was bought at a cost of R35 000 on 1 July 2023.

B On 1 April 2025 new furniture to the value of R192 000 was bought on credit and an EFT was made to pay for an installation of R3 000

C Depreciation is calculated at 20% p.a on carrying value

2.3 PROBLEM-SOLVING

You are provided with information related to Manyaseni Trades

Management wants to replace Truck A or Truck B at the end of the financial year, 29 Feb 2026. Which truck should the business trade in at the end of the year? Provide **TWO** reasons quoting relevant figures.

INFORMATION

Balance on 1 March 2025	R
Vehicles	1 860 000

Details of the vehicles are as follows:

	Truck A	Truck B	Truck C
Date purchased	1 March 2021	1 Sept 2023	1 Dec 2025
Cost price	R420 000	R560 000	R880 000
Accumulated depreciation (1/03/2025)	R 336 000	R280 000	R0
Distance travelled	115 000 km	105 000 km	70 000 km
Income generated	R390 000	R420 000	R500 000
Repairs and maintenance	R112 000	R92 000	R18 000
Fuel and oil	R185 000	R165 000	R65 000

Depreciation on vehicles is calculated at 20% p.a. according to the cost price method.

ACTIVITY B2 ANSWER SHEET

2. Define the following concepts:

1	
	Accumulated depreciation:
	Fixed asset register:

2.2 **Complete the following accounts in the General Ledger**

EQUIPMENT

2025 Mar 1	Balance b/d	260 000			

ACCUMULATED DEPRECIATION ON EQUIPMENT

			2025 Mar 1	Balance bld	90 000

ASSET DISPOSAL

2.3 **Management wants to replace one of the trucks. Which vehicle should the business trade in? Provide TWO reasons quoting relevant figures.**

CHOICE:	
Reason	Figures

ACTIVITY B3

The information relates to Smith Traders for the financial year ended on 28 February 2026.

REQUIRED:

3.1 Calculate the missing figures indicated by **(i)** to **(iii)** on the Fixed Asset Note. (Use your own workbook to answer)

INFORMATION

A Note to the Statement of Financial Position

FIXED ASSETS	BUILDINGS	VEHICLES	EQUIPMENT
Carrying value (1 March 2025)		1 190 000	360 000
Cost	**(i)**	1 950 000	970 000
Accumulated depreciation	0	(760 000)	(610 000)
Movements			
Additions	500 000	0	270 000
Disposals	0	**(ii)**	0
Depreciation	0	(270 000)	**(iii)**
Carrying value (28 Feb. 2026)			
Cost	6 150 000		
Accumulated depreciation			

B Additional Information

Depreciation is calculated as follows:

Equipment 20% p.a. on diminishing balance

Vehicles 15% p.a. on cost

- During the financial year, extensions to the buildings were completed.
- An old vehicle, with a cost price of R300 000, was sold at carrying value on 31 August 2025. The accumulated depreciation on this vehicle was R240 000 on 1 March 2025.
- New equipment was purchased on 1 November 2025.

ACTIVITY B4

The following information relates to the accounting records of Howard Traders for the Financial year ended on 28 February 2026.

REQUIRED:

4. Calculate the missing amounts in the Fixed Assets Note denoted by (i) to (vii).

1
4. Prepare the Asset Disposal Account in the General Ledger.
2
4. Provide ONE suggestion that the internal auditor can use to check whether any movable
3 assets have been stolen.
4. Land and Buildings were bought five years ago for R5 000 000. The property price has
4 increased by 20% since then. The owner, S Ncube, suggested that the value of this asset be recorded at a higher amount so that the additional R1 000 000 can be reflected as a profit in the Statement of Comprehensive Income. The internal auditor disagrees with this.

Give **ONE** reason why you would agree with the internal auditor. Refer to GAAP Principles in your answer.

4. The owner suspects that some drivers are using business vehicles for their personal use.
5
- Provide TWO points to justify their concerns. Quote figures to support your answer. **Hint:** Refer to INFORMATION F.
- List TWO points of advice on how the owner can exercise better control over the use of the business vehicles.

4. Six of the drivers are dissatisfied with their salary increase and are planning a strike. Are
6 they justified? Quote figures to support your answer.

INFORMATION

A Depreciation on Vehicles is calculated at 10% per annum, on the diminishing balance method.

A new vehicle was purchased on 01 December 2025.
B

C **An extract from the Fixed Assets Register in respect of a vehicle that was sold during the year**

Ford Fiesta

Date bought: 01 March 2023
Date Sold: 30 September 2025 (Cash)
Selling Price: R81 348

Depreciation method: 10% p.a. (diminishing balance)

Date	Cost	Depreciation	Carrying value
29 February 2024	R132 000	R13 200	R 118 800
28 February 2025		???	???
30 September 2025		???	???

Depreciation on equipment is calculated at 15% per annum using the cost price method
D

E **Extract from the Fixed Assets Note on 28 February 2026:**

	Land and Buildings	Vehicles	Equipment
Carrying value on 01 March 2025		116 000	(i)

Cost	5 000 000	576 000	460 000
Accumulated depreciation		(460 000)	(396 750)
Movements			
Additions	650 000	**(iii)**	0
Disposals	0	**(v)**	0
Depreciation		**(iv)**	**(vi)**
Carrying value on 28 February 2026	**(ii)**		
Cost		564 000	
Accumulated depreciation			**(vii)**

F **Additional information relating to the fixed assets of the business:**

	28 February 2026	**01 March 2025**
Delivery vehicles (cost)	564 000	576 000
Repairs and maintenance	45 220	32 300
Petrol and oil	114 100	65 200
Salaries to drivers	408 240	388 800
Sales	932 400	740 000

ACTIVITY 4 ANSWER SHEET

4.1

Number	**Workings**	**Answer**
i		
ii		
iii		
iv	**Sold:** **Old:** **New:**	
v		

Calculate the missing amounts in the Fixed Assets Note denoted by (i) to (vii).

4.2 ASSET DISPOSAL

4.3 Provide ONE suggestion that the internal auditor can use to check whether any movable assets have been stolen.

4.4 Give one reason why you would agree with the internal auditor. Refer to GAAP Principles in your answer.

4.5 The owner suspects that some drivers are using business vehicles for their personal use.

- Provide TWO points to justify their concerns. Quote figures to support your answer. Hint: Refer to INFORMATION F.
- List TWO points of advice on how the partners can exercise better control over the use of the business vehicles

4.6	**Six of the drivers are dissatisfied with their salary increase and are planning a strike. Are they justified? Quote figures to support your answer.**

ACTIVITY C1
GAAP PRINCIPLES AND STATEMENT OF COMPREHENSIVE INCOME

1.1 Choose ONE word/term for each of the following statements by choosing a GAAP principle from the list below. Write only the answer next to the question numbers (1.1.1 – 1.1.4) in the ANSWER BOOK.

Going concern; Prudence; Historical cost; Materiality; Business Entity; Matching

1.1.1 Business expects to make a profit of R80 000 on the sale of part of the building, it will not be entered in the books until the transfer of the land has been concluded.

1.1.2 Insurance R2 300, is paid in advance. This amount is not reflected in the statement of comprehensive income.

1.1.3 The business will continue to operate in the future.

1.1.4 Interest expense should be disclosed separately in the financial statements.

1.2 **KZN TRADERS**

REQUIRED:

The following information was taken from the books of KZN Traders on 28 February 2026. The business uses a mark-up of 80% on cost.

1.2.1 Prepare the Statement of Comprehensive Income of KZN Traders for the year ending 28 February 2026.

1.2.2 **Refer to information B(viii)**
Provide TWO possible reasons why the rent income decreased.

INFORMATION

A EXTRACT FROM THE PRE-ASSUSTMENT TRIAL BALANCE ON 28 FEBRUARY 2026

Equipment (cost price)	432 800
Accumulated depreciation on equipment	82 100
Loan: Tika Bank	611 300
Trading stock	212 000
Debtors' control	115 420
Provision for bad debts	11 950
Bank (Debit)	79 450
Sales	1 248 260
Cost of sales	?
Debtors' allowance	3 200
Sundry expense	86 700
Telephone	23 650
Salaries and wages	189 240
Insurance	42 840
Packing material	14 000

Bad debts	8 800
Depreciation	5 600
Rent income	78 200
Interest on fixed deposit (balancing figure)	?

B ADJUSTMENTS AND ADDITIONAL INFORMATION

(i) Goods with the cost price of R9 200 were sold on credit to P Hlophe. No entry has been made.

(ii) On 28 February 2026 the physical stock count revealed the following:

- Trading stock R196 450.
- Packing material used R7 900.

(iii) A debtor, S. Parag, whose account was previously written off, paid R800. The bookkeeper incorrectly credited the amount to the bad debts account.

(iv) Provision for bad debts must be decreased by R5 000.

(v) One employee is omitted in the Salaries Journal for February 2026

Gross salary	Deductions	Net salary	UIF Contribution
?	R560 (7%)	?	160 (2%)

NOTE: The UIF contribution includes contributions made by the employers. All contributions form part of salaries and wages.

(vi) Insurance includes an annual policy for R57 840 taken out on 1 June 2026.

(vii) The loan statement received from Tika Bank reflected a closing balance of R630 800.

(viii) Rent income has been received for the period 1 March 2026 to 31 December 2026.
NOTE: Rent decreased by R400 per month as from 1 November 2026.

(ix) The bank statement revealed the following items that have not been recorded in the relevant cash journals:

- Transaction fees R340
- EFT charges R210

1.1.1	
1.1.2	
1.1.3	

1.1.4	

1.2.3 Provide TWO reasons why rent income decreased.

1.2.1 MZANSI TRADERS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 28 FEBRUARY 2026

Sales		
Cost of sales		
Gross Profit		
Other Income		
Gross Operating Income		
Operating Expenses		
Sundry Expenses		86 700
Telephone		23 650
Operating Profit		

Profit before Interest Expense		
Net Profit for the Year		**210 090**

ACTIVITY C2

NOTES TO THE FINANCIAL STATEMENTS

The information relates to SS Traders for the year ended, 30 June 2026. The business is owned by partners Sandile and Sthe.

REQUIRED:
2.1Prepare the following notes to the financial statement:

2.1.1 Capital

2.1.2 Current account

2.1.3 Trade and other payables

NOTE: Show all the short-term liabilities, except Bank Overdraft and Current portion of the loan in this note.

Extract: Post Adjustment Trial Balance on 30 June 2026

Capital: Sandile	600 000
Capital: Sthe	300 000
Current account: Sandile (1/07/2026)	22 500
Current account: Sthe (1/07/2026)	**(dr)** 57 600
Drawings: Sandile	72 000
Drawings: Sthe	96 000
Loan: RG Bank	402 500
Creditors control	62 750
Bank	**(cr)** 16 600
SARS (PAYE)	13 500
Accrued expenses	12 700
Income received in advance	4 600
Accrued Income	17 000
Prepaid expenses	16 300

A Changes to capital contributions:

1. The following transactions were recorded correctly:

- Partner Sandile deposited R250 000 on 1 March 2026.
- Partner Sthe withdrew R150 000 on 1 April 2026.
-

2. The following transaction was **NOT** recorded:
   - Partner Sandile withdrew R50 000 on 30 June 2026.

B Terms of the partnership agreement:

1. **Interest on capital**
   - Sandile is entitled to 12% p.a. on his capital
   - Sthe is entitled to R49 500 in total

2. **Salary to partners**
   - Sthe will receive R144 000 for the year
   - Sandile's monthly salary is R2 000 less than that of Sthe

3. **Bonuses to partners**
   - Sandile receives an annual bonus of R15 000

4. **Distribution of remaining profits/losses**
   - The remaining profit of R16 000 must be divided between Sandile and Sthe in the ratio 3: 2

C Loan: RG Bank

1. The loan balance does not reflect the interest of R47 500 capitalized (the net profit includes this amount).
2. The business expects to repay R108 000 on the loan in the next financial year.

D Details of an employee omitted from the June 2026 Salary journal:

Gross Salary	Deductions				Employers' contribution		Net Salary
	Pension-fund	UIF	SARS: PAYE	TOTAL	Pension-fund	UIF	
R12 000	?	R120	?	R3 800	R1 440	120	R8 200

NOTE:
SS Traders contributes R1,50 for every R1 to the Pension Fund and a Rand-for-Rand basis towards UIF.

2.1.1

CAPITAL	SANDILE	STHE
Balance at the beginning of year		
Contribution of capital during the year		
Withdrawal of capital during the year		
Balance at the end of year		

2.1.2

CURRENT ACCOUNT	SANDILE	STHE
Profit per Statement of Comprehensive Income		
Partners' salaries		144 000
Interest on capital		49 500
Partner's bonuses	15 000	
Primary distribution of profit		193 500
Final distribution of profit		
Drawings during the year	(72 000)	(96 000)
Retained income for the year		
Retained income at beginning of year		
Retained income at end of year		

2.1.3

TRADE AND OTHER PAYABLES	
Trade creditors	62 750

ACTIVITY C3

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION
SJOOX TRADERS

You are provided with information relating to the year ended 30 June 2026.

REQUIRED:

3.1 Prepare the Statement of Comprehensive Income for the Year ended 30 June 2026.

3.2 Prepare the Trade and Other Payables Note.

INFORMATION:
Extract from Pre-Adjustment Trial Balance on 30 June 2026

Balance Sheet Accounts Section	Debit	Credit
Loan from Kim Bank		751 200
Debtors' control	185 000	
Creditors' control		126 075
Provision for bad debts		10 725
Trading stock	564 000	
SARS: PAYE		15 000
Pension fund		23 500
Nominal Accounts Section		
Sales		9 600 000
Cost of sales	6 400 000	

Debtors' allowances	168 000	
Sundry expenses	386 100	
Bank charges	62 850	
Commission income		96 200
Packing materials	23 100	
Bad debts	26 400	
Repairs and maintenance	161 200	
Salaries and wages	985 000	
Pension fund contributions	108 350	
Interest income		4 000
Advertising	56 800	
Rent income		131 580

Adjustments and additional information:

A. Provide for R417 300 depreciation for the financial year.

B. On 28 February 2026 G. Tshezi, a debtor, returned merchandise. A credit note for R4 500 was issued to her. The cost price was R3 000. No entries were made for the return of the merchandise. These items were placed back in stock.

C. The insolvent estate of a debtor, H. Mtshali, paid out 45cents in the rand and made a direct deposit of R3 015 on 30 June 2026. This transaction was not recorded.

D. The provision for bad debts must be decreased to R10 000.

E. The stock count on 30 June 2026 revealed:

- Trading stock R553 650
- Packing Material R 3 600

F. The advertising expense is a fixed monthly contract with the local newspaper for the 12 months ending 30 June 2026. The monthly charge was increased by 12%on 1March 2026.The premium for June 2026 was still outstanding.

G. The statement received from Kim Bank reflected the following:

Balance at the Beginning of the year	902 400
Repayments during the year(including interest)	151 200
Interest capitalized	?
Balance on 30 June 2026	810 000

H. An employee was left out of the Salaries Journal. His details are:

Gross Salary	PAYE	PENSION FUND	PENSION FUND CONTRIBUTION	Net Salary
27 800	?	?	7 575	18 225

The employer contribution R1.50 for every R1 deducted from the employee's salary in respect of his pension fund.

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION

3.1 SJOOX TRADERS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

Sales (9 600 000 – 168 000	
Cost of sales (6 400 000	
Gross profit	
Other income	
Commission income	96 200
Gross income	
Operating expenses	
Sundry expenses	386 100
Bank charges	62 850
Operating profit	
Interest income	4 000

Profit before interest expense	
Interest expense	
Net profit for the year	

TRADE AND OTHER PAYABLES

Creditors Control	**126 075**
Pension Fund (23 500	

ACTIVITY C4: Partnership business Nyoni Traders owned by Juba and Peacock

1.1 Prepare the Statement of Comprehensive Income for the year ended 28 February 2026.

1.2 Peacock, a partner in the business went to Spain in July 2025 to visit her boyfriend. However, she informed Juba, the other partner that she was visiting Spain to expand business opportunities overseas. On this understanding Juba agreed that all costs in respect of this trip will be regarded as marketing expenses in the accounting records of the business. Do you think that this is ethical? Provide TWO reasons for your answer.

1.3 Refer to your completed Statement of Comprehensive Income and calculate the following:

- Operating profit as a percentage on sales
- Should the partners be satisfied with the percentage calculated above? Give a reason for your answer. The percentage for the previous financial year was 20%

A. Figures extracted from the Pre-Adjustment Trial Balance on 28 February 2026

Capital: Juba	1 500 000
Capital: Peacock	2 100 000
Current Account: Juba	198 000 dr
Current Account: Peacock	204 000 cr
Drawings: Juba	466 000
Drawings: Peacock	384 000
Fixed Deposit: East Bank (6% p.a.)	250 000
Vehicles	780 000
Equipment	350 000
Accumulated depreciation on Vehicles (1 March 2025)	400 000
Accumulated depreciation on Equipment (1 March 2025)	94 000
Trading Stock	325 000
Debtors' control	65 000
Provision for bad debts (1 March 2025)	3 700
Creditors' control	50 000
Pension Fund	2 300
SARS: PAYE	5 100
Unemployment Insurance Fund	2 600
Mortgage Loan: South Bank	360 000

Sales	2 840 000
Debtors' allowances	40 000
Cost of sales	1 450 000
Rent Income	238 500
Interest on Fixed deposit	12 000
Salaries and Wages (including employers' contributions)	700 000
Packing materials	62 500
Bank Charges	8 000
Sundry expenses	32 000
Bad debts	11 400
Insurance	28 800
Telephone and Internet fees	45 000
Water and electricity	74 000
Marketing expenses	39 500

B. Adjustments and additional information

1. Stocktaking on 28 February 2026 revealed the following stocks on hand:
   - Trading Sock, R321 000
   - ….. Packing materials, R2 500
2. The account of T. Tim, a debtor, R3 000, must be written off as bad debt.
3. Provision for bad debts must be adjusted to R3 200.
4. The loan statement received from South Bank revealed the following on 28 February 2026:
   - ….. Balance on 1 March 2025, R420 000
   - ….. Monthly repayments [inclusive of interest] made for the period 1 March 2025 to 28 February 2025, R60 000.
   - ….. Balance on 28 February 2025, R385 000

Provide for the interest on loan. The capital repayment will remain the same over the next financial year

5. Insurance includes an annual premium of R9 000 paid for the period 1 July 2025 to 30 June 2026.
6. The rent was increased by R900 per month with effect from 1 November 2025. The rent has been received up to March 2026.
7. An employee Zandile, who had been employed on 1 February 2026, was omitted by mistake from the Salaries Journal for the month. The details of her salary were as follows:

Gross salary	Deductions			Employer's contributions	
	PAYE	Pension	UIF	Pension	UIF
12 000	1 800	800	120	400	120

Note: All employer's contributions must be shown in the Salaries and Wages account.

8. No entry was made for a vehicle that was sold on 31 December 2025 for R37 200 cash. The details of the vehicle sold were as follows from the fixed assets register:
   - ….. Cost R168 000
   - ….. Accumulated depreciation on 1 March 2025, R112 000
   - ….. Vehicles are depreciated at 15% per annum on cost
9. Provide for depreciation as follows:
   - ….. On vehicles at 15% per annum on cost. In addition to the calculation of the depreciation on the vehicle sold, depreciation of the remaining vehicles must be provided for.
   - ….. On equipment at 10% per annum on the carrying value method.
10. Provide for the outstanding interest on fixed deposit. Interest on fixed deposit is not capitalised.
11. The telephone and internet fee for February 2026, R680, has not been paid.

ANSWER SHEET: C4

1.1 NYONI TRADERS

Statement of Comprehensive Income for the year ended 28 February 2026:	
Sales	
Cost of sales	
Gross profit	
Other operating income	
Gross operating income	
Operating expenses	

Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit for the year	

NB: An exercise book / blank sheet may be used for to answer the questions below:

1.2	

1.3	

ACTIVITY C5: STATEMENT OF COMPREHENSIVE INCOME

ZZ Sports Warehouse, owned by partner's Z Macu and Z Singh, sells sports equipment and offer sports coaching for which it charges a fee. ZZ Sports Warehouse marks up its stock by 50% on cost. This mark -up was kept throughout the year and no stock was sold at a discount. The business uses the perpetual inventory system.

REQUIRED:

2.1 Prepare the Statement of Comprehensive Income for the year ended 31 October 2026.

INFORMATION:

1. **Before the adjustments below were taken into account, the following balances appeared in the**

ledger of ZZ Sports Warehouse on 31 October 2026

Capital: Macu	100 000
Capital: Singh	220 000
Current account: Macu	76 000 Cr
Current account: Singh	7 000 Cr
Drawings: Macu	101 360
Drawings: Singh	142 440
Loan:	100 000
Bank overdraft	1 860
Fixed deposit at Investment Bank (interest at 12% p.a.)	12 000
Petty Cash	500

2. Some of the pre-adjusted tools of the nominal accounts have been put into the Statement of Comprehensive Income framework for you. You are required to fill in all the missing details and to insert figures in the appropriate places:

Interest on loan	900
Interest on overdraft	1 500
Interest income overdue accounts	1 220
Interest on investments	1 350

Adjustments and additional information:

1. The net sales of the, before adjustments, amounted to R971 700
2. A customer returned an exercise bicycle that she had bought on account. A credit note for R1 200 was issued to her. The bicycle was immediately returned to the suppliers. ZZ Sports Warehouse has an account with them.
3. ZZ Sports Warehouse has rented its present shop premises for the last three years. On 12 October it spent R675 on repairs to the shop. This amount was incorrectly posted to the Sundry Expenses account because Repairs to the shop are the responsibility of the shop owner, and ZZ Sports Warehouse has not yet paid the rent for October 2026, it will offset this cost against the rent owing.
4. A cash customer paid R300 for the two coaching lessons for her daughter, i.e., R150 per lesson. The one lesson was meant to be on 29 October 2026 but it was cancelled owing to bad weather. The customer was immediately given a cash refund from petty cash. This has not been recorded, the other lesson is booked for 5 November 2026.
5. A debtor who owes R1 600 needs to be charged interest at 15% per annum on his account of another debtor, J Brown.
6. A debtor T Brown, whose account had previously been written off as a bad debt, paid back R720 that he owed. The bookkeeper incorrectly credited this to the account, J. Brown
7. The provision for bad debts needs to be adjusted to R5 293.
8. R20 000 of the loan is to be repaid on 1 March 2026. All interest owing on the loan has been paid.

9. The Fixed deposit at Investment Bank was taken out on 1 June 2024 and it matures on 31 July 2026. Provide for outstanding interest on the fixed deposit.
10. On receipt of the October 2026 Bank Statement, it was discovered that a cheque that for R9 600. This error needs to be corrected.
11. The insurance amount includes R720 for a policy that taken out for the period 1 January 2026 to 31 December 2026. Another annual insurance policy insurance policy for R560 taken out on 1 November 2025 on the business car used by Z. Macu was incorrectly posted to Macu's Drawings account.
12. Z. Singh took sports equipment with a selling price of R360 for his son's birthday present. This has not yet been recorded
13. The partnership agreement made provision for the following:

    13.1 Z Macu is entitled to an annual salary of R97 200 and Z Singh R96 000. Interest on partners' capital must be provided for at 12% p.a.

    NB: Z. Macu increased his capital contribution by R80 000 on 1 July 2026. This was incorrectly credited to his account. There were no other entries in the accounts during the year.

    13.2 The remaining profit / loss is shared between Macu and Singh in the ratio 3:5

C5: Statement of Comprehensive Income for the year ended 31 October 2026

Sales	
Cost of sales	
Gross Profit	
Operating expenses	
Operating profit	

ACTIVITY C6

CALCULATION OF CORRECT NET PROFIT

You are provided with information from the records of Shaggy Carpets. This business is owned by two partners, S. Sithole and M Moodley. The sell, fit and repair carpets. Installation and repair fees are reflected as fee income. A markup of 50% is applied on all carpets sold.

REQUIRED:

6.1 Calculate the correct Net Profit for the year ended 28 February 2026.

INFORMATION:

A. Extract from the Pre-Adjustment Trial balance on 28 February 2026

	DR	CR
Bank	25 200	
Loan: Easy Finance		?
Fixed Deposit: Violet Bank	160 000	
Trading Stock	677 000	
Debtors Control	255 000	
Provision for Bad Debts		16 000
Cash Float	3 000	
Petty Cash	2 000	
Creditors Control		282 000
SARS (PAYE)		19 300

B. The Net profit, **before** the adjustments below were taken into consideration was R1 705 530.

C. The water and electricity account for February 2026 of R2 520 still needs to be paid.

D. A cash customer paid R4 500 for a carpet (Selling price is R3 000), and the installation of the carpet. The payment was recorded. This carpet will only be delivered and installed in March 2026.

E. The rent has been paid up to 30 April 2026. Note that Rent was increased by 10% on 1 January 2026. The rent expense account currently has a total of R115 200.

F. During a fire in February 2026, carpeting worth R80 000 was damaged. The policy stated that the excess payable on all claims made by the business is R10 000. The rest will be deposited into the business bank account during March 2026.

G. Further bad debts of R6 000 are to be written off and the Provision for Bad Debts is to be adjusted to 8% of book debts.

H. A physical count at the end of the year reflects that Trading Stock on hand at the end of the year amounted to R604 200.

I. The loan statement received from Easy Finance reflected the following:

Balance on 1 March 2025	284 000
Interest capitalised	?
Repayments during the year (including interest)	74 000
Balance on 28 February 2026	239 400

All repayments have been debited to the loan account, but **no entry has been made to record the interest**. According to the loan agreement, the capital portion of the loan will be reduced by R4 500 per month for the next financial year.

J. One of the fixed deposits, valued at R42 000 will mature in July 2026.

6 Calculate the correct Net Profit for the year ended 28 February 2026.

ACTIVITY D1: STATEMENT OF FINANCIAL POSITION

The following information was extracted from the records of LQ traders, a partnership owned by L Zungu and Q Mbokazi.

REQUIRED

1.1 Match the description in COLUMN A with the term in COLUMN B. Write only the correct letter next to the question number

COLUMN A		**COLUMN B**	
1.1.1	Non-Current Assets	A	The amount is recorded under Current Liabilities.
1.1.2	Solvency	B	These Assets take more than 12 months to be converted into cash.
1.1.3	Current Assets	C	The ability to pay off current debts.
1.1.4	Liquidity	D	These assets can be converted into cash within 12 months.
1.1.5	Bank Overdraft	E	The business's ability to pay off all its debts.
		F	Gives an indication if the business is financed by its own capital or borrowed capital.

1.2 Prepare the Current Account Note to the Statement of Financial Position on 28 February 2026.
Refer to information A & B

1.3 Prepare the Equity and Liability section of the Statement of Financial Position.
Refer to information A To D

INFORMATION

Extract from the Post-adjustment Trial Balance on 28 February 2026.

Capital: L Zungu	290 000
Capital: Q.Mbokazi	280 000
Current Account : L Zungu (01 March 2025)	DR 67 000
Current Account : Q Mbokazi (01 March 2025)	CR 55 000

Drawings: L Zungu	?
Drawings: Q Mbokazi	85 000
Bank	178 000
Petty Cash	2 500
Debtors' Control	59 000
Loan : Nkazi bank	?
Fixed deposit: Esihle bank	690 000
Creditors' control	160 000
Accrued income	16 000
Accrued expenses	3 500
Prepaid expenses	4 000

A L Zungu has increased her capital by R20 000 halfway through the year, this has not yet been recorded. Q Mbokazi's capital remained the same throughout the year.

B The partnership agreement stipulates the following:

- Interest on capital is calculated at 10% of capital balances.
- Q Mbokazi's Bonus is 50% more than that of L Zungu's.
- The total salary paid to L Zungu amounted to R159 000, this included her salary for March 2026. Q Mbokazi's salary for the year amounted to R182 000. Both partners are entitled to a R1 000 increase p.m. on 01 January each year which has been taken into account.
- The Net profit for the year amounted to R600 000 and the remaining profit is shared between L Zungu and Q Mbokazi in the ratio of 2:3 respectively.
- Q Mbokazi's drawings amounted R85 000, L Zungu withdraws 50% more than Q Mbokazi.

C A Creditor with a credit balance of R2 000 needs to be transferred to the debtor's ledger.

D The interest on loan is capitalised. Below is the loan statement received from Nkazi bank

Nkazi BANK LOAN STATEMENT ON 28 FEBRUARY 2026	
Balance on 01 March 2025	380 000
Interest for the year	?

Repayments including interest (R6 500 X 12)	78 000
Balance on 28 February 2026	**330 000**

The capital portion of the loan that will be paid in the next financial year will increase by R15 000.

ANSWERSHEET ACTIVITY D1

1.1 **MATCHING ITEMS**

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

1.2 **CURRENT ACCOUNTS**

	L Zungu	**Q Mbokazi**
Net Profit for the year		
Salaries		**182 000**
Interest on Capital		
Bonus	**25 000**	
Primary Distribution	**201 000**	**247 500**
Final Distribution		
Drawings		**(85 000)**
Retained income		
Balance at beginning		
Balance at end of year		

EXTRACT FROM THE STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

1.3

QUITY AND LIABILITIES	
OWNERS' EQUITY	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
Trade and other payables	
TOTAL EQUITY AND LIABILITIES	

ACTIVITY D2

Partners Mulo and Phelele are owners of the business, Muphe Traders. You are provided with information for the year ended 28 February 2026.

REQUIRED

2.1 Complete the Trade and other Receivables note on 28 February 2026.

2.2 Complete the Current Account note on 28 February 2026.

2.3 Complete the Statement of Financial Position on 28 February 2026.

INFORMATION

A Extract from the financial records on 28 February 2026.

	R
Capital: Mulo	450 000
Capital: Phelele	500 000
Current account: Mulo (1 March 2025) (Cr)	34 800
Current account: Phelele (1 March 2025) (Dr)	28 900
Drawings: Mulo	159 200
Drawings: Phelele	88 600
Fixed assets at carrying value	1 864 500
Loan: Sdumo Bank	?
Trading stock	296 400

Debtors control	226 000
Cash float and petty cash	5 600
Savings account	140 000
Bank overdraft	?
Provision for bad debts	7 000
Creditors control	119 800
Accrued expenses	6 900
SARS: PAYE	7 750

B. **Partnership agreement stipulated the following:**

I. Each year and they are entitled to a bonus equal to their December salary.

II. Remaining profits or losses are shared the partners are entitled to 12% interest on their capitals. Mulo increased his capital by contributing R150 000 cash on 1 September 2025. This transaction was recorded into the books.

III. Partners are entitled to a salary of R360 000 per annum. It was decided, however, to increase Phelele's salary by 15% per annum effective from 1 December 2025 because of increased administration duties.

IV. Partners receive their bonuses in December between the partners using the ratio of their capital balances at the end of the year. Phelele received R85 800 as his secondary distribution.

V.

C. **Drawings:**

No entries were made in the books for a computer taken by partner Phelele on 28 February 2026. The following details were obtained from the Fixed Asset Register regarding the computer:

- Cost price, R18 000
- Accumulated depreciation on 1 March 2024, R9 000.
- Depreciation for the current year on this computer was R1 400.

D. **Additional information**:

I. Debtors with credit balances of R3 800 must be transferred to the creditors' ledger.

II. Unused stationery to the value of R1 200 was revealed by a stock count on 28 February 2026.

III. On 25 February 2026, stock with a cost price of R18 000 was stolen during a burglary at the warehouse. Insurance agreed to pay 80% of the claim to cover the loss. Terms and conditions of the insurance policy stipulate that insurance claims take 15 days to process from the day the claim was submitted. No entries were made in the books to record this transaction.

IV. R2 800 received from a debtor F. Futhi, whose debt was previously written off, was recorded in the debtors control column in the Cash Receipts Journal and posted as such.

V. The loan statement received from Sdumo Bank on 28 February 2026 reflected the following:

Balance on 1 March 2025 808 600

Monthly repayments, including interest 19 200
Interest capitalised, during the year 96 000
Balance on 28 February 2026 ?
The business plans to pay R60 000 off the loan balance during the next financial year.

VI. The current ratio was calculated as 2, 5: 1 on 28 February 2026.

ANSWERSHEET ACTIVITY D2

2.1 **TRADE AND OTHER RECEIVABLES NOTE**

Trade debtors (226 000	

2.2 **CURRENT ACCOUNT NOTES ON 28 FEBRUARY 2026**

	Mulo	Phelele
Partner's salaries	360 000	
Bonus		
Interest on capital		60 000
Secondary distribution		85 800
Drawings	159 200	
Retained earnings		
Balance at the beginning of the year	34 800	(28 900)
Balance at the end of the year		

2.3 **STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026**

		R
Assets		
Non-current assets		

Financial assets: Fixed deposit		
Current assets		
Inventories (296 400		
Cash and cash equivalents		
Total assets		
Equity and Liabilities		
Owners' Equity		
Capital		
Non-current liabilities		
Loan (808 600		
Current liabilities		
Trade and other payables (119 800		
Total equity and liabilities		

ACTIVITY D3

3.1 Match the concept in COLUMN A with the example in COLUMN B. Write only the letters (A – E) next to the question numbers (3.1.1 to 3.1.4) in the ANSWER BOOK

COLUMN A	COLUMN B

3.1.1 Going concern 3.1.2 Solvency 3.1.3 Financial Position 3.1.4 Liquidity	A Does the partnership have enough assets to cover all debt? B Analysis of the financial position of the partnership C The partnership reflects trading stock in the Balance Sheet at R60 000, even though they are planning on having a sale next month. The stock will then be sold for R40 000. D The partnership must use the same inventory system from one financial year to another. E Is the partnership able to pay off all short-term debt?

3.2 **THANDO FEZI TRADERS**

REQUIRED

Prepare the Equity and Liabilities section of the Statement of Financial Position on 28 February 2026. Show all the calculations relating to the notes in Brackets.

INFORMATION

The following balances appeared amongst others in the General Ledger of Thando Fezi Traders on 28 February 2026

Capital: Thando (1/03/2025)	200 000
Capital: Fezi (1/03/2025)	170 000
Current Account: Thando (Debit)	1 690
Current Account: Fezi (Credit)	10 360
Loan: JUDY Bank (12%)	40 000
Trading stock	58 040
Debtors' control	70 000
Accrued income	3 000
Cash float and petty cash	7 000
Creditors' control	24 070
SARS: PAYE	3 500
Bank overdraft	**?**
Pension fund	500
Income received in advance	700

A **Adjustments and additional information**

I. On 28 February 2026 Thando contributed equipment to the value of R30

000 to equalise her capital contribution. This entry was not recorded.

II. The following statement was received from JUDY Bank regarding the loan:

Balance on 1 March 2025	R49 000
Repayments including interest	12 000
Interest capitalized	?
Balance on 28 February 2026	R40 000

The business will pay off the same capital portion of the loan in the next financial year as the current year.

III. The current ratio is 2: 1.

ANSWERSHEET ACTIVITY D3

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

3.2

Extract of the Statement of Financial Position on 28 February 2026

EQUITY AND LIABILITIES	
Partners' Equity	
Capital	
Current accounts	
Non-current liabilities	
Current liabilities	
Trade and other payables	
Total equity and liabilities	

ACTIVITY D4

STATEMENT OF FINANCIAL POSITION and NOTES

S. Sthe and M. Muzi are partners in the firm who trades as SM Traders. The financial year ends on the last day of February.

REQUIRED

4.1 Compile the following notes to the Statement of Financial Position on 28 February 2026.

4.1.1 Capital

4.1.2 Current Account

4.2 Complete the Statement of Financial Position on 28 February 2026.

INFORMATION

Extract from the accounting records of SM Traders on 28 February 2026.

Capital: S. Sthe (28 February 2026)	450 000
Capital: M. Muzi (28 February 2026)	275 000
Current Account: S. Sthe(1 March 2025) (Cr)	15 565
Current Account: M. Muzi (1 March 2025) (Dr)	7450
Drawings: S. Sthe	87 950
Drawings: M. Muzi	78 000
Mortgage Bond: Elihle Bank (18% p.a.)	180 000
Creditors control	78 100
Debtors control	37300
Accrued Income	4 760
Trading Stock	?
Accrued Expenses	5 750
Income Received in Advance	1 550
Cash Float	3 300
Bank Overdraft	4 650

Additional information on 28 February 2026:

A. S. Sthe decreased his capital account by withdrawing an amount of R50 000 from the business on 31 May 2025. This was properly recorded.

B. M. Muzi increased his capital contribution by giving equipment valued at R85 000 to the business on 31 January 2026. This was also properly recorded.

C. S. Sthe withdrew on 27 February 2026 additional cash to the amount of R1 500. This transaction was not recorded.

D. The net profit for the year was R291 950.

E. Division of net profit between partners:

S. Sthe is entitled to:

- Interest on capital at 12% p.a. on his capital contribution for the year. (Consider the movement during the year.)
- Salary of R2 400 per month more than thee of M. Muzi.

M. Muzi is entitled to:

- Interest on capital of R23 650.
- An annual salary of R72 000.
- An annual bonus of R10 000.

F. Remaining profit must be divided in the ratio 2:1 between Sthe and Muzi.

G. An amount of R15 900 must be paid as repayment on the mortgage bond to Elihle Bank, during the next financial year.

H. The financial assets of R75 000 at the Parys Bank consists of a Fixed deposits, one of R45 000 which matures on 31 March 2026.

I. The current ratio for 2026 was 1,8:1.

EXTRACT FROM THE STATEMENT OF FINANCIAL POSITION

	28 Febr 2026	28 Febr 2025
Fixed Assets (carrying value)	R4 137 700	R2 598 300
Financial assets (fixed deposit)	350 000	600 000
Current Assets	**662 300**	**575 500**
Inventories	322 000	345 000
Trade- and other receivables	245 000	228 000
Cash and Cash Equivalents	88 900	2 500
Owners' Equity	**3 600 000**	**2 718 000**
Capital	2 967 000	2 520 000
Current Accounts	633 000	198 000
Non-current Liabilities	**1 800 000**	**500 000**
Current Liabilities	**331 500**	**175 000**
Trade- and other payables	331 500	125 000
Bank overdraft	–	50 000

ANSWERSHEET ACTIVITY D4

4.1.1 CAPITAL	S. STHE	M. MUZI
Balance beginning of the year		
Additional capital contributed		
Withdrawals of capital		
Balance and of the year		

4.1.2 CURRENT ACCOUNTS	S. STHE	M. MUZI
Salaries		
Interest on Capital		
Bonus		
Primary distribution		
Finale distribution		
Net profit for the year		
Drawings for the year		

Balance beginning of the year		
Balance end of the year		

4.2

SM TRADERS
Extract from STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS		
CURRENT ASSETS		
EQUITY AND LIABILITIES		
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		

ACTIVITY D5

FINANCIAL STATEMENTS OF PARTNERSHIPS

5 You are provided with information taken from the books of Zulu & Jele tool Shop on 28 February 2026.

REQUIRED:

5.1. Use the information provided and complete the following notes to the financial statements:

5.1.1. Current accounts

5.1.2 Trade and other receivables

5.1.3 Trade and other payables

5.2 Complete the Statement of Financial Position on 28 February 2026. Where the notes are not asked, show your calculations in brackets.

Extract out of the Pre-Adjustment Trial Balance on 28 February 2026:	
	R
Capital: Zulu	600 000
Capital: Jele	400 000
Current Account: Zulu (1 March 2025) (cr)	60 000
Current Account: Jele (1 March 2025) (dr)	12 500
Drawings: Zulu	30 000
Drawings: Jele	30 000
Fixed assets at carrying value	622 500
Fixed deposit: Mpume Bank (12% p.a.)	900 000
Debtors control	50 000
Provision for bad debts	2 700
Loan: Snakho Bank	440 000
Creditors control	70 650
Income receive in advance	8 600
Accrued income	27 000
Cash and cash equivalents (see Information H)	5 000

Additional notes and information on the partnership and transactions during the year:

A The following information is given to you according to the appropriation of the net profit:

Salaries

- Zulu will receive R10 000 per month
- Jele will receive R144 000 per year

Interest on capital

- Zulu will receive R72 000 for the year
- Jele will receive R48 000

Distribution of profit

- The net profit left after the primary distribution was R60 000 and this must be divided between the two partners according to their capital contribution at the end of the year.

B All transactions on fixed assets were included and recorded in the books of the business. Depreciation of R62 250 must still be brought into account.

C Half of the fixed deposit matures in the next financial year.

D Loan repayments for the next financial year will be made at R5 000 per

month.
E Provision for bad debts must be decreased by R200.
F The water and electricity account was received for February, but not yet paid, R16 500.
G Insurance included a yearly premium that was paid on 1 September 2025, R6 000.
H Cash included Cash float, R500 and Petty cash, R4 500. The bank was in an overdraft, R6 500.
I Inventory is the balancing figure.

ANSWERSHEET ACTIVITY D5

5.1.1.

CURRENT ACCOUNTS

	ZULU	JELE
Salaries		
Interest on capital		
Primary distribution		
Final distribution		
Net profit for the year		
Drawings		
Balance at beginning		
Balance at end of year		

5.1.2

TRADE AND OTHER RECEIVABLES

5.1.3

TRADE AND OTHER PAYABLES	
Trade creditors	

5.2

ZULU & JELE TOOL SHOP
STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
CURRENT ASSETS		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Capital		
Current account		
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
TOTAL EQUITY AND LIABILITIES		

ACTIVITY D6
PARTNERSHIP FINANCIAL STATEMENTS

The following information was taken from the books of NOJU Traders. The business is a partnership where Nompilo Mbatha and Junior Nkunku are the partners.

RQUIRED:

6.1 Complete the Current Account note on 28 February 2026. The total column is not required. Junior's amounts have been entered for you.

6.2 Complete the Statement of Financial Position on 28 February 2026. Show all workings in brackets.

INFORMATION:

1. **The following information was taken from the Trial Balance on 28 February 2026:**

Capital: Nompilo	400 000
Capital: Junior	400 000
Current Account: Nompilo (1 March 2025) (Dr)	22 000
Current Account: Junior (1 March 2025) (Cr)	15 000
Drawings: Nompilo	?
Drawings: Junior	?
Long term loan: KZN Star	?
Fixed assets – Carry value	1 002 000
Fixed deposits at Musa Bank	110 000
Bank overdraft	46 000
Cash Float	5 000
Trading Stock	?
Trade and other debtors	?
Creditors' Control	172 000
SARS - PAYE	20 000

2. **Information regarding the partners earnings and drawings:**

- Tim earns a salary of R12 000 per month, Nompilo earns 25% more than Junior
- Interest on capital is calculated on 9% per year. Take note that Nompilo increased his capital with R100 000 on 1 December 2025. The transaction is already entered in the books.
- Profit or loss at the end of the year should be divided at a ratio of 3:2. After all adjustments were made and an internal audit was completed Junior's share of the profit

at the end of the year was calculated on R240 000.

- Junior withdrew 75% of his earnings for the Financial year 2026.
- Nompilo has personal cash flow problems. The business helped her through this and she made the maximum drawings throughout the year. At the end of the year he had a positive balance of R50 000 on his current account.

3. **Additional information:**

Information received on the Loan statement for the year ended 28 February 2026:

- Balance on 1 March 2025: R360 000
- Interest payable for the year: R45 600 (Interest was capitalised)
- Monthly repayments of the loan: R5 300 per month
- During the next 12 months the capital amount would decrease with R22 000.

There are two fixed deposits with Musa Bank:

- A fixed deposit for R80 000 that will pay out on 30 June 2028.
- A fixed deposit of R30 000 that will pay out on 30 June 2026.

On 28 February 2026 the current ratio is 1, 8: 1 and the acid test ratio is 0, 7: 1.

ANSWERSHEET ACTIVITY D6
NOJU TRADERS

6.1 Current Account	Nompilo	Junior
Profit for the year		420 000
Partners Salaries		144 000
Interest on Capital		36 000
Primary distribution of profits		180 000
Final distribution of profits		240 000
Drawings		(315 000)
Retained income for the year		105 000
Retained income at the beginning of the year		15 000
Retained income at the end of the year		120 000

NOJU TRADERS

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS	
Non-Current Assets	

Fixed Assets	1 020 000
Fixed Deposit	
Current assets	
Inventory	
Trade and other receivables	
Cash and cash equivalents	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Equity	
Capital	800 000
Current Account	
Non-current Liabilities	
Long term Loan	
Current Liabilities	
Trade and other payables	
Overdrawn bank account	
TOTAL EQUITY AND LIABILITIES	

FINANCIAL INDICATORS

ACTIVITY D7

AYA CLOTHING BOUTIQUE

You are provided with information relating to AYA Clothing Boutique for the year ended 31 December 2025, together with comparative figures for 2024. The business is owned by partners, Ayanda and Yandi.

REQUIRED

7.1 Calculate the following financial indicators for 2025. Show all calculations and round-off your answer to one decimal place where necessary

7.1.1 Percentage operating expenses on turnover

7.1.2 Acid-test ratio

7.1.3 Debt- equity ratio

7.1.4 Percentage returns on average partners' equity

7.2 Comment on the liquidity position of the business for 2025. Quote ONE financial indicator and figures to support your answer

7.3 The business changed their policy with regard to the profit mark-up from 2024 to 2025. What was the change in policy?

What are the risks in this regard and what effect did this change have on the business income?

7.4 Does the business have good control over their expenses? Quote ONE financial indicator and figures to support your answer.

INFORMATION

EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME

	2025	2024
Turnover	3 213 000	3 004 400
Cost of Sales	2 142 000	2 146 000
Operating expenses	512 640	520 000
Interest on loans (14%p.a)	53 200	70 000
Net profit	505 160	279 376

EXTRACT FROM THE STATEMENT OF FINANCIAL POSITION

	2025	2024
Non-current assets (fixed assets)	647 200	631 000
Current assets	430 560	262 300
Inventories	357 660	175 600
Trade and other receivables	31 700	29 800
Cash and cash equivalents	41 200	56 900
Partners' equity	496 610	273 500
Non-current liabilities (Loans)	380 000	500 000
Current liabilities	201 150	119 800

FINANCIAL INDICATORS

	2025	2024

Percentage gross profit on cost of sales	50%	40%
Percentage operating expenses on turnover	**?**	17,3%
Current ratio	2,1 : 1	2,2 : 1
Acid-test ratio	**?**	0,7 : 1
Stock turnover rate	8 times p.a.	12,2 times p.a.
Stock holding period	45 days	30 days
Debtors' collection period	34 days	36 days
Creditors' payment period	30 days	30 days
Debt : Equity ratio	**?**	1,8 : 1
Percentage returns on partners' equity	**?**	102,1%

ANSWERSHEET ACTIVITY D7: USE YOUR EXERCISE BOOK

ACTIVITY D8

MURPHY TRADERS

Murphy Traders is a partnership owned by Muzi and Phili. The financial year ended 28 February 2026. They make use of a 20% mark up on cost of sales.

REQUIRED

8.1 Calculate the following financial indicators for the year ended 28 February 2026.

8.1.1 Gross Profit on Sales

8.1.2 Acid test ratio.

8.1.3 Average percentage return earned by Phili.

8.1.4 Debt/Equity ratio.

2.1.5 Solvency ratio

PROFITABILITY

8.2 Muzi and Phili received an offer from a potential 3rd partner. The partner is mostly interested in how profitable the partnership is. Do you think Murphy's profitability is good? Provide two indicators with figures to support your answer.

8.3 The business didn't achieve the intended markup of 20%. Provide TWO possible reasons for not achieving the markup

LIQUIDITY

8.4 Comment on the liquidity of the business. Refer to **TWO** relevant indicators with figures to support your answer.

RISK

8.5 The partners have decided to start offering delivery services. They are considering taking an additional loan to finance the purchase of a new vehicle. Is it wise for them to increase their loan? Quote one financial indicator with figures to support your answer.

RETURN

8.6 Phili is happy with the returns that she received, explain why by quoting figures.

INFORMATION

A. EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2026

Sales	R1 830 000
Cost of sales	R1 610 400
Gross profit	?
Net profit	R 223 875

B EXTRACT FROM THE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 28 FEBRUARY 2026

	2026	2025
Non-Current Assets	**1 375 650**	
Fixed deposit @ 10% p.a.	?	200 000
Current Assets	**585 500**	**738 000**
Inventory	170 500	238 000
Trade and other receivables	240 000	350 000
Cash and Cash Equivalents	175 000	150 000
Partners equity	**?**	**?**
Capital: Muzi	600 000	480 000
Capital: Phili	620 000	490 000
Current Account: Muzi	CR 42 000	CR 78 000
Current Account: Phili	DR 13 500	CR 37 000
Non-current Liability	**419 900**	**600 000**
Current Liability	**292 750**	**307 500**

C. FINANCIAL INDICATORS

	2026	2025
Operating profit on sales	16%	23%
Operating Expenses on sales	19%	12%
Current Ratio	2:1	2,4: 1
Acid test ratio	?	1.63:1
Debtors' collection period	32 Days	40 Days

Debt equity	?	0,6: 1
Total Earnings by Muzi		
Total Earnings by Phili	149 250	
Return on partners equity	14%	20%

ANSWERSHEET ACTIVITY D8: USE YOUR EXERCISE BOOK

ACTIVITY D9

You are provided with information relating to Luhle Clothing Boutique for the year ended 31 December 2026, together with comparative figures for 2025. The business is owned by two partners, Luhle and Hlezi.

REQUIRED

9.1 Below is a list of concepts that answer questions on the interpretation of financial statements.

Choose the concept that answers QUESTION 3.1.1 to QUESTION 3.1.4.

Liquidity, return on equity, gearing, solvency, operating efficiency

- 9.1.1 Is the business a good investment to the partners?
- 9.1.2 Does the business have control over its income and expenses?
- 9.1.3 To what extent is the business financed by loans?
- 9.1.4 Can a business pay off all its debts comfortably?

9.2 Calculate the following financial indicators for the year ended 31 December 2026. Show ALL calculations.

- 9.2.1 Operating expenses on sales
- 9.2.2 Acid-test ratio
- 9.2.3 Stock turn-over rate

9.3 In all the questions below, you should:
Quote the financial indicators, figures and trends.

9.3.1 **Profitability**
Comment on whether the decision taken by the partners regarding the mark-up % achieved, benefited the business or not. Quote figures.

9.3.2 **Liquidity**
Comment on the stock-holding period of the business and its average debtors' collection period. Suggest ways in which these can be improved in future.

9.3.3 **Risk and gearing**
Partner Luyanda is of the opinion that it was beneficial to the business to pay the loan during the year.

- Comment on how this decision has affected the risk of the business. Quote ONE financial indicator.
- Besides paying off the loan, what other avenues can partners explore that will impact positively on the financial risk of the business? State TWO points.

9.3.4 **Return on owners' equity**
Should partner Hlezi be satisfied with the returns he is getting from the

partnership? Comment and quote ONE financial indicator.

INFORMATION

A. **EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME**

	2026	2025
Sales	1 760 000	1 410 000
Gross profit	660 000	528 750
Operating expenses	334 400	296 100
Operating profit	385 100	360 000
Net profit for the year	325 600	318 400

B. **EXTRACT FROM THE STATEMENT OF FINANCIAL POSITION**

	2026	2025
Non-current assets	2 334 000	2 140 000
Current assets		
Inventories	304 000	256 000
Trade and other receivables	236 000	196 400
Cash and cash equivalents	165 600	209 000
Partners' Equity	651 200	626 800
Non-current liabilities	395 000	490 000
Current liabilities	596 000	401 200

C. **FINANCIAL INDICATORS**

	2026	2025
Operating expenses on sales	?	21%
Mark-up % achieved	60%	70%
Current ratio	2,1 : 1	2,2 : 1
Acid-test ratio	?	1,0 :1
Stock turn-over rate	?	5,4 times
Debt equity ratio	0,6 : 1	0,7 : 1
Stockholding period	94 days	68 days
Average debtors collection period	45 days	32 days
Average creditors payment period	40 days	40 days
Return on partners equity	51%	49,8%
Return earned by partner Luyanda	26%	29,4%
Return earned by partner Hlezi	25%	20,4%
Interest rate on loans	13,5%	13,5%
Interest rate on fixed deposit	12,5%	11,5%

ANSWERSHEET ACTIVITY D9: USE YOUR EXERCISE BOOK

ACTIVITY D10

FINANCIAL INDICATORS
GUMBI TRADERS

The extracts from the Statement of Financial Position relates to the books of Gumbi Traders on 31 March 2026.

REQUIRED

Use the information provided to answer the following questions.

10.1 Calculate the current ratio for 2026.

10.2 The acid-test ratio for 2026 is 1, 4: 1. Calculate the missing cash and cash equivalents and inventory amounts.

10.3 Calculate the average period for which enough stock is on hand for 2026.

10.4 Calculate the average creditors' payment period for 2026.

10.5 Comment on the liquidity position of the business. Quote THREE financial indicators and figures to support your answer.

10.6 Calculate the debt-equity ratio in 2026.

10.7 Is the company solvent? Calculate the solvency ratio to support your answer.

INFORMATION

Extract: Statement of Financial Position of Gumbi Traders on 31 March 2026:

	2026	2025
Fixed Assets	1 200 000	
Fixed Deposit	240 000	
Current assets	169 000	180 000
Stock	?	110 000
Trade and other receivables (Debtors)	72 000	60 000
Cash and cash equivalents	?	10 000
Owners' equity	1 044 000	1 900 000
Non-current liabilities (16% p.a.)	500 000	380 000
Trade and other payables (Creditors)	65 000	52 000

Extract: Statement of Comprehensive Income for the year 31 March 2026

Sales (70% on credit)	761 400
Cost of Sales (90% on credit)	423 000

The following financial indicators were calculated for 2025:

Current ratio	3,4 : 1
Acid-test ratio	1,3 : 1
Average period for which enough stock is on hand	57 days

Debtors Collection period	36 days
Creditors payment period	63 days
Debt-equity ratio	0,2 : 1

ANSWERSHEET ACTIVITY D10: USE YOUR OWN EXERCISE BOOK

ACTIVITY D11
ANALYSIS AND INTERPRETATION

The information provided below has been extracted from the financial statements of Mtuba Stores, with owners Zamani and Oluhle, for the year ended 28 February 2026.

REQUIRED:

11.1 Calculate and comment on the percentage mark-up achieved by Mtuba Stores for the 2026 financial year.

11.2 Calculate the amount for cash and cash equivalents, that was recorded in the Statement of Financial Position, for the year ended 2026 for Cash and Cash Equivalents

11.3 Calculate the following, in days, for the year ended 28 February 2026:

- 11.3.1 Average stock holding period
- 11.3.2 Debtors average collection period

11.4 Comment on the amount of stock held by this business. Quote **THREE** ratio's, with trends to substantiate your answer.

11.5 Is Mtuba Stores adequately managing its collection from Debtors and payments to Creditors? Quote relevant ratios and trends to support your answer.

11.6 Complete a calculation, and comment on the businesses risk is as at 28 February 2026.

11.7 Calculate the percentage return on average equity earned by Mtuba Stores for the financial year ended 28 February 2026. With reference to this calculation, is Mtuba Stores positively or negatively geared? Provide a reason for your answer.

INFORMATION:

A. Extract from the Statement of Comprehensive Income for the year ended

	28 February 2026
Sales	2 400 000
Cost of Sales	1 600 000
Interest on mortgage loan	68 000

B Extract from the Statement of Financial Position for the year ended

	28 February 2026	29 February 2025
Trading Stock	416 000	400 000
Trade Debtors	210 000	250 000
Bank	?	
Trade Creditors	160 000	
Mortgage Loan (13% p.a)	500 000	

C Capital note to the Statement of Financial Position for the year ended 28 February 2026.

	Zamani	Oluhle	Total
Capital on 1 March 2025	200 000	320 000	520 000
Additional capital contributed on 30 November 2025	40 000	0	40 000
Withdrawal of capital on 28 February 2026		(10 000)	(10 000)
Capital on 29 February 2026	240 000	310 000	550 000

D Extract from the Current Account note to the Statement of Financial Position for the year ended 28 February 2026.

	ZAMANI	OLUHLE	TOTAL
Profit per Income Statement			180 750
Retained Income at the beginning of the year	105 000	35 000	135 000
Retained Income at the end of the year	85 000	94 750	179 750

E Information relating to sales and purchases.

- A mark up of 60% on cost if applied to all items sold.
- Cash sales only amount to 30% of the total sales made during the year ended 28 February 2026.

F Financial indicators for the year ended

	28 February 2026	29 February 2025
% gross profit on cost of sales	?	46%
Current Ratio	4.2 : 1	3.8 : 1

Acid test Ratio	1.6 : 1	2 : 1
Average stock holding period	?	80 days
Debtors average collection period	?	35.6 days
Creditors average payments period	28 days	30 days
Debt Equity ratio	?	0.6 : 1
% return on average equity	?	24.6%

ANSWERSHEET ACTIVITY D11: USE YOUR OWN EXERCISE BOOK

E. COST ACCOUNTING

ACTIVITY E1

1.1 **CONCEPTS**

For each item below, indicate the appropriate cost category from the following options. Write only the word/s next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK

Selling and distribution; Direct materials; Factory overheads; Indirect labour; Administration

1.1.1 Wages paid to the factory supervisor

1.1.2 Advertising

1.1.3 Office telephone

1.1.4 Materials used to make the final product

1.1.5 Insurance paid by the factory

1.2 BLUE JEANS MANUFACTURERS

You are provided with the following information relating to Blue Jeans Manufacturers. The financial year ends on 28 February each year.

REQUIRED

Prepare the following accounts in the General Ledger

NOTE: You are required to balance all accounts

1.2. Raw Material Stock

1
1.2. Work-in-progress Stock
2
1.2. Finished Goods Stock
3
1.2. Factory Overhead Cost
4

INFORMATION:

A **The following balances appeared in the books of Blue Jeans Manufacturers.**

	28 February 2026	**1 March 2025**
Raw Material Stock	54 000	72 000
Consumable stores on hand (indirect materials)	3 800	7 000
Work-in-progress Stock	62 000	81 000
Finished goods Stock	165 000	138 000

B **Summary of transactions for the year ended 28 February 2026**

Raw materials purchased for cash during the year	850 000
Carriage on purchases paid on raw materials purchased	53 000
Customs duties paid	124 000
Advertising paid	55 000
Wages: Factory workers	763 000
Factory cleaner	72 000
Factory foreman's salary	142 000
Rent paid	320 000
Water and electricity paid	28 000
Indirect material purchased	43 000
Sundry expenses paid	17 400
Office assistant's salary for the year	130 000
Commission paid to salespersons	100 000
Insurance paid	42 000
Motor vehicle expenses paid: Selling and distribution	25 200
Administration	56 000
Stationery and printing paid (all administration)	11 000

C **Additional information and adjustments:**

i Raw material costing R127 500 purchased on credit from Alt Traders, a foreign based company, has not been recorded. Customs duties of 15% on this purchase that was paid was not recorded

ii Rent and sundry expenses are allocated according to the percentage of floor space used. Factory 80%, office 5% and shop 15%.

iii Insurance is to be apportioned in the ratio of 4:1:1 to factory, selling and distribution and administration costs respectively.

iv Water and electricity of R21 000 relates to the factory. The rest is shared equally between the administration and sales departments.

1.3 **SCOPPY TOY MANUFACTURERS**

Scoppy Toy Manufacturers manufactures scooters for toddlers. The information below was taken from their records for the financial year ended 28 February 2026.

REQUIRED:

1.3.1 Provide calculations to show that the break-even point for the year ended 28 February 2026 is 507 units.

1.3.2 Explain using figures why the owner is not happy with the break-even point.

1.3.3 The owner has been importing plastic material from Egypt. She wants to change to a local supplier who is supplying plastic material which is of a lower quality. You disagree with her decision. Give a reason for your answer

INFORMATION:

The following information was extracted from the books of Scoppy Toy Manufacturers

Selling price per unit	R860
Variable cost	R283 200
Factory overheads costs	R97 300
Administration cost	R39 590
Number of units produced and sold	480 units
Break-even point	507 units

ACTIVITY E1: ANSWER SHEET

1.1 CONCEPTS 1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

1.2 GENERAL LEDGER OF BLUE JEANS MANUFACTURERS

1.2.1

DR RAW MATERIAL STOCK ACCOUNT B2 CR

2025 Mar	1	Balance	b/d						

1.2.2 DR WORK-IN-PROGESS STOCK ACCOUNT B3 CR

2025 Mar	**1**	**Balance**	**b/d**	**81 000**					

1.2.3 DR FINISHED GOODS STOCK ACCOUNT B5 CR

2025 Mar	1	Balance	b/d	138 000					

1.2.4 DR FACTORY OVERHEAD COST ACCOUNT N2 CR

2026 Feb	28	Foreman's Salary		142 000	2026 Feb	28			
		Indirect labour		72 000					

1.3 SCOPPY TOY MANUFACTURERS

1.3.1	**Provide calculations to show that the break-even point for the year ended 28 February 2026 is 507 units.**	

1.3.2	**Explain using figures, why is the owner not happy with the breakeven point.**	

1.3.3	**The owner has been importing plastic material from Egypt. She wants to change to a local supplier who is supplying plastic material which is of a lower quality. You disagree with her decision. Give a reason for your answer.**	

ACTIVITY E2

2.1 Choose the example from Column B that matches the cost account in Column A. Write only the letter next to the question number in your answer book.

Column A		**Column B**	
2.1.1	Direct Labour	A	Depreciation on Vehicles used to deliver items to consumers.
2.1.2	Administration Cost	B	Wages paid to the workers on the production line
2.1.3	Selling and Distribution Cost	C	Items that need to be processed further before they are ready for sale.

2.1.4	Factory Overhead Cost	D	Insurance paid on the equipment used for production.
2.1.5	Work in Progress	E	Salary paid to the receptionist in the office.

2.2 Laylie's Manufacturers makes and sells foam mattresses for use on single beds. Note that all workers are paid for all 52 weeks in a financial year.

REQUIRED:

2.2.1 Calculate the following for the year ended 30 June 2026.

Show calculations so that part marks can be awarded:

2.2.1.1 Direct material Cost

2.2.1.2 Total for Factory Overheads Costs.

2.2.2 Complete the Work-in-Progress Stock account in the General Ledger for the year ended 30 June 2026.

INFORMATION:

A Stock on Hand:

	30 June 2026	1 July 2025
Work-in-Progress	133 605	181 410
Raw Materials	52 700	72 500

B. Details of Raw Materials Purchased

Total Purchases:	**1 618 300**
24 August 2025	530 000
15 December 2025	405 300

26 June 2026	683 000
Returns:	**17 000**

C. The following items were calculated before the adjustments in information D below:

Direct Labour Costs	465 000
Factory Overhead Cost	536 025

D. The following items were omitted when calculating the Factory Overhead Cost amount in Information C above:

Cleaning Materials	28 800
Water and Electricity	46 000
Rent Expense	126 500

- The factory used twice as many cleaning materials as the sales department and admin office combined.

- 75% of water and electricity bill is for the factory. 15% is for sales department and the remainder is for the administration department.

- Rent was not increased during the current financial year. Rent for June 2026 has not yet been paid. The rent is allocated according to the floor space. The factory occupies 450 square meters, the sales department occupies 300 square meters and the offices a further 150 square meters.

- Salaries and wages of factory employees, including contributions, are as follows:

	Factory Foreman	**Cleaning staff**
Number of employees	1	3

Basic salary/wage per employee	R15 200 per month	R975 per week
Annual bonus	Bonus` equal to one month's salary paid in December	20% of the annual basic wage

2.3 Break Even Analysis

Fragile Manufacturers produces ceramic floor tiles. The tiles are sold in boxes that each contain 15 individual tiles. Customers can not purchase individual tiles.

REQUIRED:

2.3.1 Explain to the owner why it is important to calculate the break-even point each year. Provide **TWO** reasons.

2.3.2 Calculate the breakeven point for 2026.

2.3.3 Should the owner be concerned about the break-even point for 2026? Quote figures to support your answer.

INFORMATION:

	2026		2025
	Total Cost	**Per Box**	**Per Box**
Total fixed costs	R219 880	R54,97	R52,50
Total variable costs	R240 000	R60,00	R50,00
Selling price per box	R175,00		R140,00
Number of boxes produced and sold	4 000 units		3 000 units
Break-even point	?		1 750 units

ACTIVITY E2: ANSWER SHEET

2.1

2.1.1	
2.1.2	
2.1.3	
2.1.4	
2.1.5	

2.2

2.2.1 Calculate the following for the year ended 30 June 2026.

2.2.1.1

Direct material Cost

2.2.1.2 Total for Factory Overheads Costs.

Total before adjustments	**536 025**
Cleaning Materials	
Water and Electricity	
Rent Expense	
Salary: Factory Foreman	
Wages: Cleaning Staff	

2.2.2 **Work-in-Progress Stock**

2.3 Break Even Analysis

2.3.1	Explain to the owner why it is important to calculate the break-even point each year. Provide **TWO** reasons.
2.3.2	Calculate the break-even point for 2026.
2.3.3	Should the owner be concerned about the break-even point for 2026? Quote figures to support your answer.

ACTIVITY E3

Aquaman Manufacturers produces and sells towels at a mark-up of 50% on cost. The current financial year ended on 31 May 2026.

REQUIRED:

3.1 Use the information below to draft the following accounts in the General Ledger for the financial year ended 31 May 2026 (balanced/closed off appropriately). Note that the folio column is not required.

3.1.1 Raw Materials Stock.

3.1.2 Factory Overhead Cost

3.2 Calculate the following, in the space provided in your answer book, for the year ended 31 May 2026:

3.2.1 Direct Labour cost

3.2.2 The total cost of production of finished goods.

3.2.3 Cost of Sales

3.3 Explain the meaning of the term "break-even point" and mention why it is essential for businesses to calculate the break-even point.

INFORMATION:

A. Changes to raw materials during the financial year ended 31 May 2026:

- Raw materials totalling R2 880 000 were bought and paid for by EFT.
- R4 320 000 worth of raw materials were purchased on account.
- R240 000 of the goods bought on credit were returned to suppliers as they were of a poor quality.
- R60 000 was paid, via EFT, to transport raw materials to the premises of Aquaman Manufacturers.
- As per a physical stock take, raw materials valued at R492 000 were on hand on 31 May 2026.

B. The following Salaries and Wages were paid during the year ended 31 May 2026:

- Factory workers R2 160 000
- Factory cleaners and supervisors R1 008 000
- Administration workers' salaries R 850 000
- The business contributes 1% of all salaries and wages to UIF.

C **Consumable stores for the business**:

- Consumable stores on hand on 1 June 2025 amounted to, R12 800
- R38 400 was used to purchase consumable stores for the business during the current financial year.
- It was estimated that consumable stores unused at the end of the financial year amounted to R6 400.
- The administration and selling and distribution departments use 10% and 15% of the total consumable stores respectively. The remainder is allocated to the factory.

D. Aquaman Manufacturers paid a total of R3 240 000 to rent the entire premises, of 4 000m^2, for the financial year ended 31 May 2026. The factory occupies 2 400m^2, with the administration and selling and distribution departments occupying the remainder of the space.

E. Water and Electricity for the year amounted to R264 000. This expense is divided in the ratio of 3:1 between the factory and administration department.

F. Factory maintenance of R648 000 was paid during the year. R6 000 of this was prepaid for a machine that will only be repaired in June 2026.

G. The following fixed asset register is maintained by Aquaman Manufacturers:

Asset	**Cost Price**	**Accumulated Depreciation (1 June 2025)**
Factory Equipment	R1 665 600	R705 600
Office Equipment	R150 000	R80 000
Delivery Vehicle	R350 000	R

- Depreciation on all equipment is calculated at 15% on the diminishing balance method, and at 20% on cost for vehicles.

H **Stock on hand:**

Item	**1 June 2025**	**31 May 2026**

Semi-finished goods	R804 000	R965 280
Finished goods	R300 000	R420 000

ACTIVITY E3: ANSWER SHEET

3.1.1 **Raw Materials Stock**

2025 Jun	**1**	**Balance**	**672 000**				

3.1.2 **Factory Overhead Cost**

3.2	Calculate the following, in the space provided in your answer book, for the year ended 31 May 2026:
3.2.1	Direct Labour cost
3.2.2	The total cost of production of finished goods.
3.2.3	Cost of Sales
3.3	Explain the meaning of the term "break-even point" and mention why it is essential for businesses to calculate the break-even point.

F. BUDGETING

ACTIVITY F1

1.1 What is the purpose of preparing a cash budget?

1.2 Mention TWO expenses other than depreciation that will not be included under 'Payments' in the cash budget.

1.3 State ONE difference between a Cash Budget and a Projected Income Statement.

1.4 Explain why a business would compare the actual amounts received or paid against the budgeted figures.

USE YOUR EXERCISE AS ANSWERSHEET

ACTIVITY F2

The following transactions were taken from the records of Siyanda Stores for the
period ended 30 June 2026.

REQUIRED:

Complete the table in the answer book by filling in the amounts only in the relevant column(s).

Example: The telephone account for June 20206, R1 500 was paid by EFT

No.	**Amount in the Cash Budget for June 2026**		**Amount in the Projected statement of comprehensive for June 2026**	
	RECEIPT	**PAYMENT**	**INCOME**	**EXPENSE**
Example		R1 500		R1 500

Transactions:

1 The expected cash sales for June 2026 were estimated to be R5 000. The profit mark-up is 60% on cost.

2 Total depreciation on fixed assets for the financial year ended 30 June 2026 amounted to R2 500.

3 Cash receipts from debtors for June 2026 are expected to be R8 500. Discounts of R450 will be allowed for early payments received.

4 An instalment of R9 250 on the loan is expected to be paid on 25 June 2026. R750 of this amount is the interest on loan.

ANAWERSHEET

No.	**Amount in the Cash Budget for June**		**Amount in the Projected Income**	
	RECEIPT	**PAYMENT**	**INCOME**	**EXPENSE**
Exampl		*R1 500*		*R1 500*
1				
2				
3				
4				

ACTIVITY F3

You are provided with information from Hlalanathi Dealers, a business owned by D Makamo. The business buys and sells camping goods using a profit mark-up of 60% on cost.

REQUIRED:

3.1 Complete the partially completed Debtors Collection schedule.

3.2 Prepare the Cash Budget for the budget period 1 May 2026 to 30 June 2026.

3.3 D. Makamo wants to borrow R100 000 from the bank. He intends presenting this budget as a motivation for the loan. State TWO points that you think the bank would consider before making a decision. (Quote figures)

3.4 The budgeted telephone expense for April was R3 000.

3.4.1 Provide a suitable reason for the actual expense being R450 more than the budgeted amount.

3.4.2 Give a reason why the business decided to maintain the telephone expense at R3 000 for the budget period.

3.5 The sales assistants are dissatisfied with their wage increase.
Give TWO points to support them.

INFORMATION

a Some actual and budgeted amounts:

	ACTUAL		BUDGETED	
	MARCH	APRIL	MAY	JUNE
Sales (cash and credit)	82 000	76 000	72 000	66 000
Purchases of stock	51 250	47 500	?	?
Rent Income	9 000	9 000	?	?
Manager's Salary	8 500	8 500	?	?
Wages (Sales assistants)	12 000	12 000	?	?
Telephone	3 000	3 450	3 000	3 000
Consumable Stores	4 500	4 500	4 600	4 600
Discount Received	1 000	1 200	1 200	1 300
Sundry expenses	8 000	?	?	?

b 25% of total sales are for cash. Experience has shown that debtors settle their accounts as follows:
60% Settle in the month following the transaction month
37% Settle in the 2nd month after the transaction month
3% Is usually irrecoverable

c Inventories are kept constant by replacing the amount of goods sold. (A base stock is maintained.) Note that the mark-up percentage on cost is 60%.
All purchases are on credit and creditors are paid 30 days after purchases. (i.e. in the next month)

d Salaries and wages are reviewed at the end of May each year. It was decided that the manager's salary will increase by 10% effective from 1 June 2026.

The sales assistants will receive a 5% increase, which was equal to the inflation rate at the time

e Sundry expenses are expected to increase by 5% on the previous month's total.

f New equipment to the value of R75 000 (including finance charges) will be purchased during May 2026. R25 000 will be paid in May, and the balance will be paid in eight equal instalments.

g Rent income will be increased by 8% on 1 May 2026.

h The owner's total drawings per month amounts to R5 500. R1 200 of this is usually consumable goods from stock.

i On 30 April 2026 the bank account showed a favourable balance of R27 555.

ACTIVITY F3 - ANSWERSHEET

3.1 HLALANATHI DEALERS – DEBTORS COLLECTION SCHEDULE

MONTHS	CREDIT SALES	MAY	JUNE
MARCH	61 500		
APRIL			
MAY	54 000		
JUNE			

3.2 HLALANATHI DEALERS
CASH BUDGET FOR THE PERIOD 1 MAY 2026 – 30 JUNE 2026

	MAY	JUNE
RECEIPTS		
Cash sales	18 000	
Cash from debtors		
TOTAL RECEIPTS		
PAYMENTS		
Payments to creditors	47 500	
Managers salary	8 500	
Wages (shop assistants)	12 000	
Telephone	3 000	3 000
Consumable stores	4 600	4 600
TOTAL PAYMENTS		
CASH SURPLUS/(DEFICIT)		
BANK (OPENING BALANCE)		
BANK (CLOSING BALANCE)		

3.3	D. Makamo wants to borrow R100 000 from the bank. He intends presenting this budget as a motivation for the loan. State TWO points that you think the bank would consider before making a decision. (Quote figures)

3.4 The budgeted telephone expense for April was R3 000.

1.4.1 Provide a suitable reason for the actual expense being R450 more than the budgeted amount.
3.4.2 Give a reason why the business decided to maintain the telephone expense at R3 000 for the budget period.

3.5	The sales assistants are dissatisfied with their wage increase. Give TWO points to support them.

ACTIVITY F4

You are provided with information relating to SKHINDI TRADERS, a sole proprietor.

REQUIRED:

4.1 Calculate the percentage of goods sold on credit during February 2026.

4.2 Calculate the amount that the business expects to receive from debtors during March 2026. (Debtors Collection Schedule)

4.3 Prepare the Cash Budget for March 2026.

4.4 The business intends to employ two additional shop assistants in April 2026, at the same salary of the existing employees. In your opinion, is this a wise decision? Motivate your answer by making use of figures from the information.

4.5 Compare the actual figures for February 2026 against the budgeted amounts for March 2026. (Refer to point 14 of the information provided).

Advise the owner on what he could do to improve the internal controls of any TWO items on the list. You do not need to quote any figures.

INFORMATION:

1 **SALES FIGURES FOR 2026**

MONTHS	ACTUAL		BUDGETED	
	CASH	CREDIT	CASH	CREDIT
JANUARY	18 800	75 200		
FEBRUARY	12 600	50 400		
MARCH			19 600	78 400

2 **Credit sales are generally collected as follows:**

- 50% in the month of sale (these debtors receive a 5% discount)
- 30% after 30 days (in the month after sales)
- 15% after 60 days (two months after sales)
- 5% is written off as bad debts.

3 With regard to trading stock, the following must be noted:
- The business maintains a mark-up percentage of 40% on sales and a fixed base stock level. (stock sold in a month is replaced in that month)
- All purchases of stock are made on credit.
- Creditors are paid in the month after the purchase of the stock.

4 Interest on fixed deposit amounts to R4 800 per year. This is received in two equal instalments on 1 March 2026 and 1 September 2026.

5 Operating expenses amount to R18 000 per month and is paid by an EFT.

6 Salaries are R24 000 per month. During March 2026, the four shop assistants will also receive their production bonuses of 80% of their monthly salary.

7 The total rent income for the previous financial year was R36 000. The rent is expected to increase by 15% on 1 March 2026.

8 The owner agreed that his drawings per month should not exceed R2 000. This must comprise R1 500 cash and R500 worth of trading stock.

9 Renovations to the office and reception area were done during December 2026. New office

equipment including computers were purchased on 1 January 2026 for R96 000. These are being paid off in 12 equal monthly instalments. Depreciation on equipment amounts to R7 800 (including the new equipment).

10 Bank charges average R500 per month.

11 R2 000 per month is allocated for maintenance of buildings.

12 Skhindi decided that, during March 2026, he will increase his capital contribution by R40 000 cash and by R17 000 worth of equipment.

13 The bank balance reflected an overdraft of R6 000 on 28 February 2026.

14 The bookkeeper supplied the following actual amounts for February 2026:

Rent Income	1 000
Drawings	3 210
Bank Charges	525
Maintenance	3 780

ACTIVITY F4 - ANSWERSHEET

4.1 Calculate the percentage of goods sold on credit during February 2026.

4.2 **Cash expected from debtors during March 2026**

MONTHS	CREDIT SALES	WORKINGS	MARCH 2026
January			
February			
March			
CASH FROM DEBTORS			

4.3 CASH BUGDET FOR MARCH 2026

RECEIPTS	MARCH 2026
Cash Sales	19 600
TOTAL RECEIPTS	
PAYMENTS	
Bank charges	500
Operating expenses	18 000
TOTAL PAYMENTS	
SURPLUS/(SHORTFALL)	
BANK (OPENING BALANCE)	
BANK (CLOSING BALANCE)	

4.4 The business intends to employ two additional shop assistants in April 2026, at the same salary of the existing employees. In your opinion, is this a wise decision? Motivate your answer by making use of figures from the information.

4.5 Compare the actual figures for February 2026 against the budgeted amounts for March 2026. (*Refer to point 14 of the information provided*) Advise the owner on what he could do to improve the internal controls of any TWO items on the list. You do not need to quote any figures.

ACTIVITY F5

5.1 Complete the following sentences. Write only the word(s) next to the question numbers in the answer book.

5.1.1 The main purpose of preparing a budget is …

5.1.2 … is an example of an item that will appear in a cash budget and not in a projected income statement.

5.1.3 … is an example of an item that will appear in a projected income statement but not in a cash budget.

5.1.4 The purchase of a motor vehicle is an item which will appear in a/an … budget.

5.2 **CASH BUDGET**
You are provided with information relating to uNcumo Traders. The financial year ends on 31 October each year.

5.2.1 **CALCULATE:**

a) The cash received from debtors during November 2026
b) Bad debts to be written off during the budget period.
c) Discount to be allowed during December 2026.

SHOW WORKINGS TO EARN PART MARKS.

5.2.2 Complete the cash budget for November and December 2026.

5.2.3 The owner compared the actual amounts spent to the budgeted amounts and found the following differences:

- The rent he budgeted to receive was far more than the actual amount collected from the tenant.
- Advertising was overbudgeted
- Maintenance of vehicle and equipment was underbudgeted.

WHAT ADVICE WOULD YOU OFFER THE BUSINESS?
Provide **ONE** recommendation for each of the items above.

INFORMATION:

1 **BALANCES ON 1 NOVEMBER 2026**

Bank overdraft	40 000
Accrued expenses (Salaries)	4 500

2 Information extracted from the Statement of Comprehensive Income on 31 October 2026 (the end of the previous financial year).

OPERATING EXPENSES:

Salaries	216 000
Advertising	21 500
Discount Allowed	11 900
Bad debts	12 000
Other operating expenses	168 000

3 **Partially completed cash budget for 1 November 2026 to 31 December 2026.**

	NOVEMBER	DECEMBER
TOTAL RECEIPTS	168 000	
CASH PAYMENTS		
Cash purchases	27 000	?
Payments to creditors	38 250	?
Other operating expenses	14 000	14 000

4 **Total monthly sales for 2026: All sales are on credit**

ACTUAL			BUGDETED	
AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
60 000	70 000	85 000	90 000	94 000

5 Cost of sales is equal to 75% of total sales.

6 The money due by debtors for the above sales are collected as follows:
40% in the month of sales (12½% settlement discount allowed).
35% in the month following the sales.
20% in the second month following the sales.

The balance is written off as bad debts in the third month.

7 40% of purchases are paid for by EFT(Cash). Creditors are paid in the month following the purchases. Trading stock is maintained through monthly purchases.

8 Advertising costs are based on projected monthly sales and are paid in the same month. This is expected to increase in December from 3% to 4%.

9 The business employs 4 workers who are paid R4 500 each per month. The salary due for October 2026 will be paid in November 2026.

10 New equipment for R17 400 will be bought on credit during November 2026. This will be paid in 6 equal instalments starting on 20 December 2026.

11 Other cash operating expenses will amount to R14 000 per month.

ACTIVITY F5 - ANSWERSHEET

5.1 **Complete the following sentences. Write only the word (s) next to the question numbers in the answer book.**

5.1.1	
5.1.2	
5.1.3	
5.1.4	

5.2

a) The cash received from debtors during November 2026.

MONTHS	CREDIT SALES	NOVEMBER
September	70 000	
October	85 000	
November	90 000	

b)

b) Bad debts to be written off during the budget period.

c) Discount to be allowed during December 2026.

5.2.3

	NOVEMBER	DECEMBER
TOTAL RECEIPTS	168 000	120 000
CASH PAYMENTS		
CASH SURPLUS (SHORTFALL)		
BANK (OPENING BALANCE)		
BANK (CLOSING BALANCE)		

5.2.3

ITEM	ADVICE/RECOMMENDATION
RENT INCOME	
ADVERTISING	
MAINTENANCE	

ACTIVITY F6

The Abridged Statement of comprehensive Income of MelikhayaTraders for the three months ended December 2026 is produced below.

REQUIRED:

6.1 Complete the Debtors Collection Schedule to show the total amount expected to be received from debtors during November 2026.

6.2 Calculate:

6.2.1 Expected sales in December 2026

6.2.2 The gross profit percentage on turnover for October 2026

6.2.3 The percentage increase in rent income

6.2.4 The percentage commission expected to be received each month

6.2.5 The insurance amount for each month

6.2.6 The amount of the loan that will be repaid on 1 December 2026

6.3 **Refer to Information G** (budgeted and actual figures for November 2026): Comment on the variance for each item given. In each case, provide ONE point of advice that the business can use.

INFORMATION:

A

Projected Statement Comprehensive Income of Melikhaya Traders for the three months ended 31 December 2026.

	OCT 2026	NOV 2026	DEC 2026
Sales	98 000	102 900	?
Cost of sales	78 400	82 320	?
Gross profit	19 600	20 580	?
Other operating	12 220	12 465	?
Rent income	6 500	6 500	7 280
Discount received	820	820	820
Commission income	4 900	5 145	?
Gross operating	31 820	33 045	38 970
Operating expenses			
Salaries and wages	8 400	8 400	?
Insurance	?	?	?
Depreciation	?	?	?
Advertising	5 200	5 200	5 200
Bad debts	1 800	1 960	?
Telephone	3 300	3 300	3 300
Sundry expenses	1 250	1 260	1 270
Operating profit			
Interest on loan	2 500	2 500	2 000
Net profit (loss)			

B. All sales are on credit. Sales in December is expected to increase by 20%.

C. Debtors are granted 30 days credit. Receipts are normally as follows:
45% of debtors pay their accounts in the month of sales
53% of debtors pay their accounts in the month following the month of sales
2% of debtors is normally written off as bad debts

D. Commission income is expected to be a fixed percentage of sales.

E. The insurance premium is paid every quarter. The last payment of R2 400 was made on 30 September 2026.

F. Interest on loan at 10% p.a. is paid at the end of each month.

G The accountant provided the actual and budgeted figures for the following items for November 2026:

	NOVEMBER 2026	
	BUDGETED	ACTUAL
Sales	102 900	82 320
Advertising	5 200	1 500
Telephone	3 300	5 450

ACTIVITY F6 -ANSWERSHEET

6.1 Complete the Debtors Collection Schedule to show the total amount expected to be received from debtors during November 2026.

MONTH	CREDIT SALES		NOVEMBER 2026
October			
November			
TOTAL			

6.2.1	Expected sales in December 2026

6.2.2	The gross profit percentage on turnover for October 2026.

6.2.3	The percentage increase in rent income.

6.2.4	The percentage commission expected to be received each month.

6.2.5	The insurance amount for each month.

6.2.6	The amount of the loan that will be repaid on 1 December 2026.

6.3 Comment on the variance for each item given. In each case, provide ONE point of advice that the business can use.

	COMMENT	ADVICE
Sales		
Advertising		
Telephone		

ACTIVITY F7

The information below relates to NDUNA Traders for the budgeting period 1 January 2026 to 31 March 2026.

REQUIRED

Prepare the Creditors Payment Schedule for the budgeting period ending 31 March 2026

INFORMATION:

A **TOTAL SALES**

2026 Budgeted Sales		
January	**February**	**March**
400 000	750 000	900 000

The business operates with a fixed mark-up of 50% on cost

B 50% of purchases are for cash, the remainder is on credit

C **Creditors will be paid as follows:**

- 40% in the month of the purchase to take advantage of the 6% discount offered.
- The balance will be split evenly over the next two months.

ACTIVITY F7 -ANSWERSHEET

NDUNA Traders CREDITORS' PAYMENT SCHEDULE for the period 1 January 2026 to 31 March 2026

Months (2026)	Cost of sales	Credit purchases	January	February	March
January					
February					
March					
		Totals			

G. PERIODIC INVENTORY SYSTEM
ACTIVITY G 1

1.1 Choose the answer from the options given. Write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.4) in the ANSWER BOOK, for example 1.1.5 B

1.1.1 What is used to determine the quantity of stock at the end of the financial year?
A. Invoices of purchases
B. Physical stock take
C. Cash register rolls
D. Debtors ledger

1.1.2 A business has the following information at the end of the year:
Opening stock R30 000
• Purchases R120 000
• Returns R10 000
• Closing Stock R25 000

Calculate the cost of sales:
A. R185 000
B. R100 000
C. R135 000
D. R115 000

1.1.3 What is the effect of a physical stock loss in the periodic inventory system?
A. It is recorded as an asset
B. It increases the closing stock
C. It decreases the closing stock
D. It increases the sales figures

1.1.4 Which of the following is NOT an advantage of the periodic inventory system?
A. Less administration
B. Cheap to use

C. Simple records
D. Access to daily inventory information

1.2 **PERIODIC INVENTORY SYSTEM**

The information was obtained from the records of Fortunate Wholesalers. The business uses the periodic inventory system to record transactions regarding trading stock

REQUIRED:

1.2.1 Calculate the amount for purchases to be shown in the Trading Account.

1.2.2 Complete the Trading Account for the year ended 28 February 2026.

1.2.3 Why do you think the company uses the periodic inventory system rather than the perpetual inventory system? State TWO differences between the periodic and perpetual inventory systems.

INFORMATION:

1. Goods are sold at a fixed mark-up of 45% on cost price
2. The following balances and totals appear in the books on 28 February 2026

	R
Trading stock (1 March 2025)	120 000
Sales	3 431 405
Debtors allowance	87 435
Purchases	1 977 440
Creditors allowance (returns to creditors)	29 000
Carriage on purchases	407 087
Carriage on sales	127 300

3. The following transactions have not been recorded:
   - An invoice for the purchase of goods imported from the USA, $1,800. The exchange rate is R12,20 per dollar ($). The delivery cost of these goods was R2 300.
   - A debtor has returned goods worth R7 830
   - Stock worth R18 100 was returned to a creditor

- Stock with a selling price of R7 395 was donated to the local primary school.
- The owner took goods with a cost price of R5 500 for his own use.
- The value of the stock according to a physical stock take on 29 February 2026 is R170 000.

	ACTIVITY G1
1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.2.1	Calculate the amount that will be closed off to Purchases to the Trading Account

Workings	Answer

1.2.2

Trading account

1.2.3	Why do you think the company uses the periodic inventory systems rather than the perpetual inventory system? State TWO differences between the periodic and perpetual inventory systems.

ACTIVITY G 2

TT TOYS

TT toys is a store owned by Thabsile and Thandeka. It buys and sells dolls. TT toys apply a 50% mark up on all toys

REQUIRED:

2.1 How does the periodic inventory system differ from the perpetual inventory system?

2.2 Calculate the cost of sales for the period ended 31 June 2026

2.3 Calculate the gross profit for the year.

	R
Opening stock	230 000
Credit Purchase	715 000
Credit sale	990 000
Cash Purchases	810 000
Cash sales	985 400
Carriage on Purchases	17 000
Debtors Allowances	82 000
Customs duties	23 000

Additional information not taken into account

- An invoice of R34 600 that was issued to Cetshwayo wholesalers has not been recorded.
- The clerk forgot to record R1 200 cost of transporting goods to TT toys store.
- 25 dolls costing R250 each were donated to the local orphanage.
- A debtor returned broken dolls which he bought 7days ago for R 3 000 (R2 000).
- A debit note of R4 300 was issued for the dolls returned to the supplier because they were of poor quality.
- Thandeka took dolls to the value of R 1 350 (selling price) for her kids.

C According to stocktaking the stock is values at R320 000.

2.4 Thandeka is required to do accounting equation on the following transactions and he is struggling as he never did account just like his sister. Remember the business uses periodic inventory system

REQUIRED:
Analyze the following transaction in an accounting equation
INFORMATION:

- Purchased trading stock on credit for R23 700.
- Paid R1 200 for carriage on purchases.
- The owner withdrew the stock to the value of R 7 600.
- Cash sales amounts to R13 500 , cost price R9 000.

	ACTIVITY G2	
2. 1	Periodic Inventory system	Perpetual inventory system
2. 2	Calculate cost of sales	

Opening stock	

2. 3	Calculate gross profit
2.	Analyzing transaction in an accounting equation

4	

	Account DR	Account CR	Amount	Assets=	Owners equity	liabilities
1						
2						
3						
4						

ACTIVITY G 3

The Sports Shop is a retail business that sells hockey sticks, hockey balls and other items relating to hockey. A large portion of the stock is imported from England. The owner, Simphiwe Shezi ensures that a mark-up of 50% is applied to all items sold. The periodic inventory system is currently is in use.

REQUIRED:

3.1 Use the information provided below to complete the following accounts in the General Ledger, correctly balanced / closed off on 28 February 2026, the end of the current financial year.

3.1.1 Sales
3.1.2 Purchases
3.1.4 Trading Account

3.2 Simphiwe is concerned about the excessive transport cost that he is currently paying on his purchases. Provide **ONE** point of advice on how he can decrease this cost.

A. OPENING BALANCES/ TOTALS ON 1 FEBRUARY 2026:

	R
Opening stock	700 350
Sales	2 520 000
Debtors Allowances	80 850
Purchases	1 251 250
Customs duty	80 675
Carriage on Purchases	297 500

B. SUMMARY OF TRANSACTIONS FOR FEBRUARY 2026:

	R

Cash purchases of stock	25 375
Credit purchases of stock	104 200
Returns to creditors	2 450
Cash paid to transport stock from suppliers to The Hockey Shop	12 800
Cash sales to customers	210 000
Credit sales to customers	131 345
Returns by debtors	3 500
Donation of stock to a local High School	10 000
Stock taken by owner for personal use	600

c. According to the physical stock count, performed on 28 February 2026, stock on hand is valued at R463 750.

ACTIVITY G 3

3.1.1

Sales

3.1.2

Purchases

3.1.3	Trading Account
3.2	

ACTIVITY G 4

4.1 Indicate whether the following statements are TRUE or FALSE

4.1.1 Carriage on purchases increases the value of trading stock when using the periodic inventory system
4.1.2 Cost of sales is calculated at the end of a certain period in the perpetual inventory system.
4.1.3 Periodic inventory system is mainly used when large volumes of low cost items is sold.
4.1.4 The perpetual inventory system is costly to administer.

4.2 **JOHN ROSS TRADERS**

John Ross Traders is a retail business which uses the periodic inventory system. The financial year end is 28 February 2026.

REQUIRED:
4.2.1 Calculate:
- Purchases
- Cost of sales

4.2.2 Prepare the Trading account in the general ledger

INFORMATION:

A. Extract from the Pre-adjustment Trial Balance on 28 February 2026

	DEBIT	CREDIT
	R	R
Trading stock (1 March 2025)	90 000	

Sales		420 000
Purchases	276 000	
Carriage on purchases	21 000	
Debtors allowances	30 000	

B. Adjustments and additional information not yet taken into account:

- An invoice for stock purchased on credit from MG Stores, R3 900
- Carriage on purchases owed to G CEE Couriers, R900.
- A debtor returned goods to the value of R 13 500 (cost price R9 000) which she said she did not order. These goods were returned to stock before the stocktaking took place.
- Goods returned to suppliers before stocktaking on 27 February 2026, R15 000.
- Caster took merchandise for personal use before the stocktaking at cost price, R1 500
- The physical stock count on 28 February 2026 revealed trading stock of R108 000 on hand.

4.3 **Scelos Traders**

Scelos Traders uses the perpetual inventory system to record their stock.

REQUIRED:

4.3.1 Fill in the appropriate details labelled A— D in the trading stock account

4.3.2 The owner of Scelos Traders suspects that stock is being stolen in his shop, either by employees or customers.

Provide ONE internal control measure that he could put in place to prevent this in future.

INFORMATION:

A. Credit sales for August 2025 amounted to R20 215. Goods are marked up by 30% on cost.

B. It was discovered that office files and receipt books for R520 was posted, in error, to the trading stock account. A general journal entry was made and the error corrected

C. Trading Stock

2025 Aug	1	Balance	b/d	12450	2025 Aug	31	Creditors	CAJ	**D**
	31	Bank	CPJ	23 470			Cost of sales	DJ	**C**
		Creditors	CJ	47 770			Cost of sales	CRJ	9 110
		Cost Of sales	**A**	560			**B**	GJ	520
							Balance	c/d	28 330
				54 250					54 250
2025 Sept	**1**	**Balance**	**b/d**	**28 330**					

4.4 Use the periodic inventory system to analyse the following transactions in an accounting equation:
4.4.1 Cash sale of merchandise according to the cash register tape, R28 350.
4.4.2 Bought merchandise on credit from JB Traders, R2 280 less 5% trade discount

4.4.3 Received an invoice for R380 from Freight Transport for delivery cost on goods purchased from JB Traders.

	ACTIVITY G 4
4.1	4.1.1 4.1.2 4.1.3 4.1.4
4.2	4.2.1 Purchases
	Cost of sales
	4.2.2 Trading Account

4.3	4.3.1 A B C D
	4.3.2 The owner of Scelos Traders suspects that stock is being stolen in his shop, either by employees or customers. Provide ONE internal control measure that he could put in place to prevent this in future.
4.4	**ANALYSIS OF TRANSACTIONS**

	Account DR	Account CR	Assets =	Owners Equity +	Liabilities
4.4.1					
4.4.2					
4.4.3					
4.4.4					

ACTIVITY G 5

The information provided below relates to a business run by S. Smith which sells school sun hats. The business uses the Periodic Inventory System. The financial year ends on 30 June 2026.

REQUIRED:

5.1 Calculate the cost of sales for the year ended 30 June 2026. Show all your calculations

5.2 Calculate the average rate of stock turnover for the year ended 2026.

5.3 Calculate the average stock holding period for the year ended 2026.

INFORMATION:

	30 June 2026	1 July 2025
Stock of school sun hats	?	R34 000
Creditors' Control	R 96 000	R 103 000

Additional adjustments not taken into account:

A. School sun hats are bought on credit by the business
B. The supplier charges R500 per delivery. 19 separate orders were made and delivered during the year.
C. Creditors were paid R424 570 during the financial year
D. Four sun hats with a cost price of R80 each were damaged and returned to the supplier during the financial year.
E. Old stock to the value of R12 000 was donated to a local orphanage
F. At the year-end physical stocktaking, 275 hats were on hand at an average cost of R90 each.

5.4 Bally clothing sells pants and shirts. Below is the information for the year as provided by the bookkeeper for the year ended June 2026.

REQUIRED:

Identify TWO problems in each product for 2026. In each case or problem give advice to solve the problem identified.

	PANTS		SHIRTS	
	2026	2025	2026	2025
Units: Opening stock	407	120	218	200
Units: Purchases	800	800	1800	2200
Units: sold (gross) All sales are for cash	550	500	1970	2260
Units returned by customers	0	0	90	78
Units: closing stock	615	407	138	218
Stock turnover rate	0.9 Times	1.9 times	10.6 times	10.4 times
Mark up % achieved	75 %	50 %	25 %	25 %
Cost price per item	R360	R360	R170	R160
Selling price per item	R630	R540	R215,50	R 200
Income from sales (Deposited into the business bank account)	R346 500	R 268 920	R 349 500	R 436 400

	ACTIVITY G 5
5.1	Calculate the cost of sales for the year ended 30 June 2026

Opening stock	
Cost of sales	

5.2	Calculate the average rate of stock turnover for the year ended 2026.

5.3	Calculate the average stock holding period for the year ended 2026.
5.4	<table><tr><td></td><td>**PROBLEM FOR 2026 (With figures)**</td><td>**ADVICE**</td></tr><tr><td rowspan="2">Golf T-shirts</td><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td rowspan="2">Shirts</td><td></td><td></td></tr><tr><td></td><td></td></tr></table>

H. VALUE ADDED TAX

ACTIVITY H1

Hlambisa Traders is a registered VAT vendor. He stocks goods that are zero rated as well as goods that are subject to the standard VAT rate of 15%.

REQUIRED:

1.1 Provide ONE explanation why some goods are classified as zero-rated.

1.2 Calculate the missing amounts in the table provided:

AMOUNT EXCLUDING VAT	VAT AMOUNT	AMOUNT INCLUDING VAT
86 000	(i)	98 900
98 000	(ii)	
	(iii)	62 790
	11 910	(iv)

ACTIVITY H1 ANSWER SHEET

1.1	Provide ONE explanation why some goods are classified as zero-rated.

1.2

VAT CALCULATIONS:

WORKINGS	ANSWER
(i)	
(ii)	
(iii)	
(iv)	

ACTIVITY H2

You are provided with accounting records extracted from the accounting records of Susan Traders. Susan Traders is registered for VAT. The standard VAT rate is 15%.

REQUIRED:

2.1 Calculate the amounts indicated by (a) to (c) in the table below

2.2 The internal auditor found that Susan had underpaid the amount due to SARS in respect of VAT with each filing date. Upon further investigation, Susan said that she uses the money to pay business expenses and then adjusts the payments later.
Comment on this practice and give advice to Susan

INFORMATION

	VAT excluded	VAT included	VAT AMOUNT
Discount received from suppliers	R12 400		(a)
Credit notes issued to customers		(b)	R210
Invoices issued to customers		*R158 700	(c)

This includes sales of R9 200 which had to be sold at zero rate. The bookkeeper mistakenly included VAT of R1 200 on these goods.

ACTIVITY H2 ANSWER SHEET

2.1

	WORKINGS	ANSWER
(a)		

(b)		
(c)		

2.2

Comment on this practice and give advice to Susan	
COMMENT	ADVICE

ACTIVITY H3

Battery Specialist is a registered VAT vendor. The standard VAT rate of 15% is applicable where necessary.
The information relates to the VAT period ended 31 August 2025.

REQUIRED:

3.1 Calculate the VAT amount payable/receivable to/from SARS.

3.2 The internal auditor discovered that two large credit sales transactions for R598 000 during August 2025 were not recorded in the relevant journal. The owner insists that these should be recorded during September 2025, due to current cash flow problems.

Give ONE reason why the auditor would not be satisfied with this explanation.

INFORMATION:

Details of transactions	VAT EXCLUSIVE	VAT	VAT INCLUSIVE
Invoices issued to credit sales customers			R1 415 880
Invoices received from suppliers	R952 000		
Credit notes received from suppliers		R9 240	
Discount allowed to debtors for early payments of accounts		R5 520	
Debtors' accounts written off as bad debts	R15 600		R17 940
Trading stock taken by owner for personal use		R252	

ACTIVITY H3 ANSWER SHEET

3.1	Calculate the VAT amount payable/receivable to/from SARS.

3.2	The internal auditor discovered that two large credit sales transactions for R598 000 during August 2025 were not recorded in the relevant journal. The owner insists that these should be recorded during September 2025, due to current cash flow problems. Give ONE reason why the auditor would not be satisfied with this explanation.

ACTIVITY H4

You are provided with extracts from the books of Sweet Pea Stores, a registered VAT vendor. Goods are subject to VAT at a rate of 15%.

REQUIRED

4.1 Calculate the amounts marked **A – E** in the table below.

4.2 Explain the difference between *Tax Avoidance* and *Tax Evasion*.

4.3 Give TWO examples of zero-rated items and TWO examples of VAT exempt items.

INFORMATION

Excluding VAT (R)	Including VAT (R)	VAT (R)
R320 000	A	B
R2 300	C	R345
D	E	R822

ACTIVITY H4 ANSWER SHEET

4.1 Calculate the amounts marked A – E in the table below.

WORKINGS	ANSWER
A	
B	
C	

D	
E	

4.2

Tax Avoidance	Tax Evasion

4.3

Give TWO examples of zero-rated items and TWO examples of VAT exempt items.
ZERO-RATED ITEMS: VAT EXEMPT ITEMS: