KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

CURRICULUM GRADE 10 -12 DIRECTORATE

NCS (CAPS)

JUST IN TIME LEARNER SUPPORT DOCUMENT

SOLUTIONS

ACCOUNTING

GRADE 11

2026

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RECONCILLIATIONS

ACTIVITY A1

1.1	**Creditor's Ledger Account of Ngobe suppliers**	**Statement of account received from Ngobe suppliers**
Balance before errors/omissions	**12 160**	**41 380**
A	(8 700)	(8 700)
B		(950)
C	1 540	
D		1 800
E	5 930	
F	9 400	
G		(2 925)
H		(10 275)
Balance after errors/omissions	20 330	20 330

1.2

a) **Suggest two possible actions that the business can take against the store man.**

Any two valid points

- Open a criminal case/Take legal action.
- Deduct the amount from his salary.
- Subject the employee to a disciplinary hearing.
- Suspend the employee pending the outcome of the hearing.
- Dismiss the employee due to his misconduct.

b) Provide three internal control measures that the business can use to prevent similar incidents in future.

Any three valid points

- Division of duties so that each person serves as a check on another/get someone else to authorize these transactions.
- Rotate duties so that employees do not have permanent control over an aspect/function of the business.
- Conduct internal audits/check documents to detect any fraud and errors.
- Physical stock control (to records)/check stock on hand to stock records.
- When goods are received, the receiving officer must check the stock received to the invoice and order form.
- Inform suppliers of the procedure for delivering goods to the business and do not deviate from this.

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.

- To ensure that there are no errors or omissions
- To keep track of how much is owed to creditors each year.
- To ensure that accounts are paid on time
- To manage their finances so that they do not attempt to go over their credit limit.

2.2

A	1 200
B	8 400
C	9 400
D	18 400
E	CPJ
F	16 800
G	CAJ
H	16 750

2.3

Statement from Maharaj Manufacturers	Creditors Ledger of Northwood Uniform Shop
24 620	16 450
- 900	-850
-170	- 850
+ 2000	-4700
+ 2000	+ 200
- 15 000	+ 2 000
- 300	
12 250	12 250

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

- Credit rating of the business can be affected
- The business can be blacklisted
- Their account might be frozen to stop them purchasing more
- The limit may decrease (or not be increased when needed)

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.

No
The credit limit for Northwood Uniform Shop is R26 000 but the account exceeds this limit on 21 April when the balance is R26 620.

ACTIVITY A3

3.1

3.1.1	D
3.1.2	C
3.1.3	A
3.1.4	E
3.1.5	B

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.

- An overdraft is flexible. You only borrow what is needed for the time period needed.
- Interest is only paid for the time period that the bank account is in overdraft.
- Once a business has arranged an overdraft with the bank, it is able to use it whenever needed without further communication / approval from the bank,
- It's quick to arrange. There is not normally a charge for paying off the overdraft earlier than expected.
- ANY LOGICAL ANSWER

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

- The interest rate on an overdraft is high compared to a loan.
- ANY LOGICAL ANSWER

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
	30	Total	230 150	230 150	

B/S		Cash	12 700	12 700	Debtors Control
B/S		The Toy Shop	6 000	6 000	Rent income
EFT		DC Suppliers	297	297	Trading Stock
			249 147	[redacted]	

operation

Cash Payments Journal of RR Traders – February 2026 CPJ2

Doc	D	Details	Bank	Sundry Accounts	
				Amount	Details
	30	Total	197 760	197 760	
EFT		Msunduzi Municipality	4 500	4 500	Water & Electricity
B/S		ABC Bank	1 848	1 316	Bank charges
				532	Interest overdraft
DC		Protea Hotel	8 500	8 500	Drawings
EFT		The Service Station	5 600	5 600	Creditors Control
			218 208	[redacted]	

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

-43 700 + 249 147– 218 208
Opening bal CRJ CJP

= - 12 761 Unfavourable

OR

43 700 – 249 147 + 218 208
Opening bal CRJ CJP

= 12 761 Unfavourable

3.5 **Bank Reconciliation Statement for 28 February 2026**

	Debit	Credit
Balance according to Bank Statement	7 711	
Cr Outstanding deposit		30 450
Dr Outstanding EFT – 320	25 700	
Dr amount wrongly credited	9 800	
Balance on the bank account		12 761
	43 211	**43 211**

ACTIVITY A4

4.1

CASH RECEIPT JOURNAL - MARCH 2026					CRJ 6
Doc	**Day**	**Details**	**Bank**	**Amount**	**Details**
	31	**Total**	**56 200**	**56 200**	
B/S		P.Qwabe	11 600	11 600	Rent income
		FNB	4 800	4 800	Telephone
		N. Cwele	3 400	3 400	Debtors Control
			76 000✓	76 000	

CASH PAYMENT JOURNAL - MARCH 2026				CPJ 6	
Doc	**Day**	**Details**	**Bank**	**Amount**	**Details**
	31	**Total**	**67 400**	**67 400**	
		Service fees	1 500	1 500	Fee income
B/S		Scotfin Insurers	5 890	5 890	Insurance
B/S		Umzumbe Municipality	6 000	4 500	Rates and taxes
				1 500	Drawings
B/S		Tyme Bank	5 300	5 300	Loan
B/S			910	593	Bank charges
				317	Interest on overdraft
			87 000✓	87 000	

4.2

GENERAL LEDGER OF SAYIDI TRADERS

Bank

2026 Mar 31	Sundry Accounts	76 000✓	2026 Mar 1	Balance	3 456
	Balance	14 456✓	Mar 31	Sundry Accounts	87 000✓
		90 456			90 456✓
			Apr	Balance	14 456✓

Bank Reconciliation Statement on 31 March 2026.

	Debit	Credit
Dr. Balance according to bank statement	12 645	
Cr. Outstanding deposit		17 800
Dr amount wrongly credited	16 300	
Cr Debit orders wrongly debited		2 244
Dr. Outstanding EFT – 654	5 555	
Cr. Balance according to the bank account		14 456

4.3

	34 500 ✓	34 500

4.4

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

- All bank notes received must first be scanned under an UV light to detect counterfeit money, to ensure it is not accepted.
- Encourage customers to make card / electronic payments.

4.5

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

PROBLEM:

Late deposits / not depositing money on time / keeping cash for a long period is risky.

TWO CONTROL MEASURES

- Division of duties – ensure that the person receiving cash is not the one depositing cash
- Supervise deposits – authorised person to check and sign deposit slips
- Arrange with bank for notifications for all transactions (sms)

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:

Fraudulent entry; someone hacked the business security code; business entered the wrong account number for a service provider.

POINT OF ADVICE

Cancel the debit order with the incorrect business / person receiving the funds

If that cannot be done, it may be necessary to change the business banking

4.6

details Or change the security code Closely monitor the statement / statement or transaction records can be easily accessed at regular intervals; to detect unusual entries.

ACTIVITY A5

5.1.1

Calculate the correct bank account balance on 31 August 2025.	
WORKINGS	**ANSWER**
(4 567 – 2 767) – 19 800 + 1 800* + 9 000 – 435– 1 938– 3 065 CPJ CRJ **OR** – 19 800 – (438 +1 935 + 3 065) + (1 800 + 9 000) 5 438 three marks 10 800 three marks **OR** Bank Account	14 438

Bank Account

1 800*	19 800
9 000	435
	1 938
Bal c/d 14 438	3 065
	Bal b/d 14 438

5.1.2

Prepare the Bank Reconciliation Statement on 31 August 2025.

	ONE-COLUMN METHOD:	Debit	Credit
Balance as per bank statement	(4 548)	*4 548	* Balancing figure can also be Cr
Outstanding deposit	4 850		4 850
Correction of error by bank	(5 460)	5 460	
Outstanding EFT Nr.150	(9 280)	9 280	
Balance as per bank account	(14 438)		14 438
-1 for poor presentation / no		19 288	19 288

details			

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.

$9\ 000 \times \frac{100}{6} \times \frac{12}{3}$ = R600 000

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)	+ 6 400	
(ii)	+ 1 660 29 880 x 5/90	+ 1 660 see creditors control
(iii)		– 11 200 – 5 600 one mark – 5 600 one mark
(iv)		0 or (± 8 550)
	194 000	194 000

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
54 950 – 8 550 = 46 400 $\frac{1\ 856}{46\ 400} \times \frac{100}{1}$	4%

two marks	

Activity B1 FIXED ASSETS LEDGER ACCOUNTS, NOTE 3 AND INTERNAL CONTROL

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	420 000 – 371 000 - 1	R48 999
Quantum	564 000 X 20% X 9/12	R84 600
H1	870 000 X 20% X 4/12	R58 000
Total		R191 599

1.2

Asset Disposal

2025 Dec	31	Vehicle	564 000	2025 Dec	31	Accumulated Depreciation on Vehicles (394 800 + 84 600)	479 400
						Bank	69 600
						Loss on Sale of Asset	15 000
			564 000				564 000

1.3

	Vehicles
Carrying Value	218 200
Cost Price on 1 March 2025	984 000
Accumulated Depreciation on 1 March 2025	(765 800)
Movements	593 801
Additions at Cost	870 000
Disposals at Carrying Value	(84 600)
Depreciation	(191 599)
Carrying Value	812 001
Cost Price on 28 February 2026	1 290 000
Accumulated Depreciation on 28 February 2026	(477 999)

1.4

	Number of nights rented out for the year ended 28 February 2026	Average distance travelled per month during vehicles lifetime
Caravelle	Rented out for 350 days of the year (app 96%) (647 500/ R1 850)	513 500 / 65 months = 7 900km
Quantum	Rented out for 320 days of the year (88%) (694 400 /2 170)	304 980 / 51 months = 5 980km
H1	Rented out for 80 days in the 4 months it has been owned (R183 200/2 290). This would be approximately 240 days out of a year.(66%)	22 000 / 4 months = 5 500km
Decision and reason	Caravelle seems to be the most popular as it has the most mileage as well as rented out the greatest number of days	

1.5

- Drivers from overseas are not used to South African roads and can have a higher risk of accident.
- These vehicles are being used to go into game reserves where there is a likelihood of damaged due to poor road conditions.
- Foreigners are not always aware of danger in certain areas and are therefore at a higher risk for crime.

ACTIVITY B2

2.1 **Define the following concepts:**

Accumulated depreciation – is the total amount of depreciation written off over the lifespan of the asset
Asset register- is a register where all relevant information relating to a specific asset is kept.

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

EQUIPMENT

2025 July 1	**Balance b/d**	**260 000**	2025 Mar31	Asset disposal	35 000
2025 Apr 1	Creditors Control	192 000	2025 Jun 30	Balance c/d	420 000
2025 Apr 1	Bank	3 000			
		455 000			455 000
2026 Jul 1	Balance b/d	420 000			

ACCUMULATED DEPRECIATION ON EQUIPMENT

2025 Mar 31	Asset disposal (7000 + 4200)	11 200	**2024 July 1**	**Balance bld**	**90 000**
2025 Jun 30	Balance c/d	121 150	2025 Mar 31	Depreciation	4 200
			2025 Jun 30	Depreciation (28 400 + 9 750)	38 150
		132 350			132 350
			2026 Jul 1	Balance b/d	121 150

ASSETS DISPOSAL

2025 Mar 31	Equipment	35 000	2023 Mar 31	Acc.Dep.On Equipment	11 200
	Profit on sale of asset	2 000		Bank	25 800
		37 000			37 000

2.3

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

CHOICE: TRUCK A

Reason	Figures
Old	Purchased on 1 March 2021
Fully depreciated	Carrying value only R1
Repairs and maintenance	R112 000 Highest
Fuel and oil	R185 000 Highest
Income	Generate the lowest income, R390 000

ACTIVITY B3

WORKINGS	ANSWER
(i) Cost price of buildings on 1 March 2025 6 150 000 – 500 000	5 650 000
(ii) Carrying value of the vehicle sold 300 000 – (240 000 + 22 500)	37 500
(iii) Total depreciation on equipment 36 000 + 9 000	45 000

ACTIVITY B4

4.1 Calculate the missing amounts in the Fixed Assets Note denoted by (A) to (G).

Number	Workings	Answer
A	460 000 – 396 750	63 250
B	5 000 000 + 650 000	5 650 000
C	564 000 + 132 000 - 576 000	120 000
D	**Sold** : 118 800 x 10% = 11 880 118 800 – 11 880 = 106 920 106 920 x 10% x 7/12 = 6 237 **Old** : 576 000 -132 000 = 444 000 25 080 460 000 – (13 200 + 11 880) = 434 920 444 000 – 434 920 = 9 080 x 10% = 908 **New** : 120 000 (see C) x 10% x 3/12 = 3 000 Total depreciation : 6 237 + 908 + 3 000 =	10 145
E	132 000 – (13 200 + 11 880 + 6 237 132 000 – 31 317	100 683
F	460 000 x 15% = 69 000 However, the carrying value is only 63 250 Therefore depreciation can only be 63 250	63 249
G	396 750 + 63 249	459 999

4.2 Asset disposal

		Vehicles	132 000			Acc dep on vehicles	31 317
						Bank	81 348
						Loss on sale of an asset	19 335
			132 000				132 000

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

- Conduct physical inspection (regular and random)
- Compare to Fixed Assets Register

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

Historical cost principle – Assets are recorded at their original (purchase) price and profits/losses are only recognized on disposal

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**

- Petrol and oil increased from R65 200 to R114 100, an increase of R48 900. This is a 75% increase.
- Sales increased from R740 000 to R932 400, an increase of R192 400. This is an increase of 26%.

- Install tracking devices on vehicles.
- Use a logbook to keep records on mileage.
- Make provision for all vehicles parked at business after finishing time.
- Allocate vehicles to drivers daily.

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.**

Yes/No

- Salaries increased from R388 200 to R408 240, an increase of R20 040. This is an increase of about 5%, which is below the inflation rate.
- Sales increased by 40%, yet the drivers only get a 5% increase.

FINANCIAL STATEMENTS AND NOTES-

ACTIVITY C1

GAAP PRINCIPLES AND INCOME STATEMENT

1.1 GAAP PRINCIPLES

1.1.1	Prudence
1.1.2	Matching
1.1.3	Going concern
1.1.4	Materiality

1.2. KZN TRADERS
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING
28 FEBRUARY 2026.

Sales (1 248 260- 3 200 +16 560)		1 261 620
Cost of sales		(700 900)
Gross Profit		560 720
Other Income		99 000
Provision for bad debts adjustment		5 000
Bad debts recovered		800
Rent income (78 200 + 15 000)		93 200
Gross Income		**659 720**
Operating expenses		(446 130)
Sundry expense		**86 700**
Telephone		**23 650**
Salaries and wages (189 240+ 8 000+ 160)		197 400
Insurance (42 840 – 14 460)		28 380
Packing material		7 900
Bad debts (8 800 + 800)		9 600
Trading stock deficit (212 000– 9200 – 196 450)		6 350
Depreciation		85 600
Bank charges (340 + 210)		550
Gross Operating Income		213 590
Interest Income		16 000
Profit before Interest Expense		229 590
Interest expense (630 800 – 611 300)		(19 500)
Net profit for the year		**210 090**

1.3 Provide TWO possible reasons why rent income decreased
• Tenant could not afford to pay the original rent and negotiated for a decreased amount. • The tenant negotiated to occupy a smaller space. • The tenant got a cheaper offer for the same floor space elsewhere

ACTIVITY C2

CAPITAL	SANDILE	STHE
Balance at the beginning of year	350 000	450 000
Contribution of capital during the year	250 000	
Withdrawal of capital during the year	(50 000)	(150 000)
Balance at the end of year	**550 000**	**300 000**

CURRENT ACCOUNT	SANDILE	STHE
Profit per Statement of Comprehensive Income	196 600	199 900
Partners' salaries	120 000	**144 000**
Interest on capital	52 000	**49 500**
Partners' bonuses	**15 000**	
Primary distribution of profit	187 000	**193 500**
Final distribution of profit	9 600	6 400
Drawings during the year	**(72 000)**	**(96 000)**
Retained income for the year	124 600	103 900
Retained income at beginning of year	22 500	(57 600)
Retained income at end of year	**147 100**	**46 300**

Trade creditors	**62 750**
Accrued expenses	12 700
Income received in advance	4 600
Creditors for salaries	8 200
SARS: PAYE (13 500+ 2 720)	16 220
UIF (120 + 120)	240
Pension fund (1440 + 960[1440 x 100/150])	2 400
	107 110

ACTIVITY C3

3.1 SJOOX TRADERS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

Sales (9 600 000 – 168 000 – 4 500)	9 427 500
Cost of sales (6 400 000 – 3 000)	(6 397 000)
Gross Profit	3 030 500
Other income	250 285
Commission income	**96 200**
Rent income (131 580 + 9 000 + 12 780)	153 360
Provision for bad debts adjustments (10 725 – 10 000)	725
Gross Income	3 280 785
Operating expenses	(2 290 510)
Sundry expenses	**386 100**
Bank charges	**62 850**
Packing material (23 100 – 3 600)	19 500
Bad debts (26 400 + 3 685)	30 085
Repairs and maintenance (161 200 + 9 000)	170 200
Salaries and wages (985 000 + 27 800	1 012 800
Pension fund contributions (108 350 + 7 575)	115 925
Advertising (56 800+ 5 600)	62 400
Trading stock deficit (564 000 + 3 000 – 553 650)	13 350
Depreciation	417 300
Operating Profit	**990 275**
Interest income	**4 000**
Profit before interest expense	994 275
Interest expense (810 000 + 151 200 – 902 400)	(58 800)
Net Profit for the year	**935 475**

TRADE AND OTHER PAYABLES

Creditors Control	**126 075**
Pension Fund (23 500 +7 575 + 5 050)	36 125
Accrued Expense	5 600
Creditors for Salaries	18 225
	202 5501

ACTIVITY C4

NYONI TRADERS

Statement of Comprehensive Income for the year ended 28 February 2026:	
Sales (2 840 000 – 40 000)	2 800 000
Cost of sales	(1 450 000)
Gross profit	1 350 000
Other operating income	222300
Rent income (238 500 – 18 900)	219 600
Provision for bad debts adjustment (3 700 – 3 200)	500
Profit on sale of asset	2 200
Gross operating income	1 572 300
Operating expenses	(1 154 300)
Salaries and Wages (700 000 + 12 000 + 400 + 120)	712 520
Packing materials (62 500 – 2 500)	60 000
Bank charges	8 000
Bad debts (11 400 + 3 000)	14 400
Sundry expenses	32 000
Insurance (28 800 – 3 000)	25 800
Telephone and Internet fees (45 000 + 680)	45 680
Water and electricity	74 000
Marketing expenses	39 500
Trading stock deficit (325 000 – 321 000)	4 000
Depreciation (21 000 + 91 800 + 25 600)	138 400
Operating profit	418 000
Interest income (12 000 + 3 000)	15 000
Profit before interest expense	433 000
Interest expense (385 000 + 000 + 60 000 – 420 000)	(25 000)
Net profit for the year	408 000

1.2 No;

- The business should be based on trust and loyalty
- Personal obligations should be treated as drawings
- Business entity concept (GAAP)

1.3 Operating profit / Sales X 100

418 000 / 2 800 000 X 100 = 15%

Yes; improved from 20% to 15%

Operating expenses for the year have decreased / been properly controlled.

ACTIVITY C5: STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2025

Sales (971 700 – 1 200)	970 500
Cost of Sales	(647 000)
Gross Profit	323 500
Other Operating Income	23 727
Fee Income (23 000 – 150 – 150)	22 700
Bad debts recovered	720
Decrease in provision for bad debts	307
Gross Operating Income	347 227
Operating Expenses	(98 135)
Rent Expense (68 200 + 6 200)	74 400
Insurance (3 250 – 120 + 560)	3 690
Salaries	10 000
Depreciation	8 720
Sundry expenses (2000 – 675)	1 325
Operating Profit	249 092
Interest Income (1 220 + 60 + 1 350 + 90)	2 720
Operating Profit before Interest Expenses	251 812
Interest Expenses (9 000 + 1 500)	(10 500)
Net Profit	241 312

Activity C6

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

Net Profit before adjustments	1 705 530
Water and Electricity owed	(2 520)
Carpet and installation prepaid	(4 500)
CP of carpet sold	2 000
Rent Expense prepaid	17 600
Insurance excess / Loss due to fore	(10 000)
Bad Debts	(6 000)
Provision for Bad Debts Adjustment	(3 920)
Trading stock Surplus	5 200
Interest on Loan	(29 400)
Net Profit after adjustments	1 673 990

STATEMENT OF FINANCIAL POSITION & ANALYSIS AND INTERPRETATION

ACTIVITY D1
STATEMENT OF FINANCIAL POSITION AND NOTES

1.1
- 1.1.1 B
- 1.1.2 E
- 1.1.3 D
- 1.1.4 C
- 1.1.3 A

1.2 **CURRENT ACCOUNTS**

	L Zungu	Q Mbokazi
Salaries	146 000	**182 000**
Interest on capital	30 000	28 000
Bonus	**25 000**	37 500
Primary Distribution	**201 000**	**247 500**
Final Distribution	60 600	90 900
Net Profit for the year	261 600	338 400
Drawings	(127 500)	**(85 000)**
Retained income	134 100	253 400
Balance at beginning	(67000)	55 000
Balance at end of year	67100	308 400

L Zungu's salary
1 000 x 3 = 3 000
(159 000 – 3000)/13 = 12 000 + 1 000 = 13 000
159 000 – 13 000
=146 000
Interest on Capital (L Zungu)
290 000 x 10% x 6/12 = 14 500
310 000 x 10% x 6/12 = 15 500
= 30 000

1.3

EQUITY AND LIABILITIES	
OWNERS' EQUITY	965 500
Capital (280 000 + 290 000 + 20 000)	590 000
Current accounts (see 2.2: (67 100 + 308400)	375 500
NON-CURRENT LIABILITIES	265 000
Loan: Nkazi Bank (330 000 – (50 000+ 15 000)	265 000
CURRENT LIABILITIES	226 500
Trade and other payables (160 000 + 3500 – 2000)	161 500
Current portion of loan	65 000
TOTAL EQUITY AND LIABILITIES	1 457 000

ACTIVITY D2

2.1 **TRADE AND OTHER RECEIVABLE**

Trade debtors (226 000 + 3 800 + 2 800)	232 600
Provision for bad debts	(7 000)
Net Trade debtors	225 600
Accrued income (insurance claim) (18 000 x 80%)	14 400
	240 000

2.2 **CURRENT ACCOUNTS**

MUPHE TRADERS	**Mulo**	**Phelele**
Partner's salaries	**360 000**	373 500
Bonus	30 000	34 500
Interest on capital	45 000	**60 000**
Primary distribution	435 000	468 000
Secondary distribution	77 220	**85 800**

Net profit as per SOCI	512 220	553 800
Drawings	**(159 200)**	(96 200)
Retained earnings	353 020	457 600
Balance at the beginning of the year	**34 800**	**(28 900)**
Balance at the end of the year	387 820	428 700

2.3 **STATEMENT OF FINANCIAL POSITION**

		R	
Assets			
Non- current assets			
Fixed assets (1 864 500 - 7 600 - 1 400)		1 855 500	
Financial assets: Fixed deposit			
Current assets		665 200	
Inventories (296 400 + 1 200 -18 000)		279 600	
Trade and other receivables		240 000	
Cash and cash equivalents(140 000 + 5 600)		145 600	
Total assets			
Equity and Liabilities			
Owners' Equity		1 766 520	
Capital		950 000	
Current accounts (387 820 + 428 700)		816 520	
Non-current liabilities		614 200	
Loan **(808 600** - 230 400 + 96 000 – 60 000)		614 200	
Current liabilities (665 200 see current assets ÷ 2.5)		266 080	
Trade and other payables **(119 800** + 3 800 + 6 900 + 7 750)		138 250	
Bank overdraft balancing figure		67 830	
Current portion of loan		60 000	
Total equity and liabilities			

ACTIVITY D3
STATEMENT OF FINANCIAL POSITION AND NOTES

3.1

3.1.1	C
3.1.2	A
3.1.3	B
3.1.4	E

3.2 **STATEMENT OF FINANCIAL POSITION**

EQUITY AND LIABILITIES		
Partners' Equity		408 670
Capital (200 000 + 170 000 + 30 000)		400 000
Current accounts (10 360 – 1 690)		8 670
Non-current liabilities		31 000
Loan: Judy (40 000 – 9 000)		31 000
Current liabilities		69 020
Trade and other payables (24 070 + 3 500 + 500 + 700)		28 770
Bank overdraft		31 250
Short term loan		9 000
Total equity and liabilities		**508 690**

ACTIVITY D4

4.1.1 CAPITAL	S. STHE	M. MUZI
Balance beginning of year	500 000	190 000
Additional Capital contributed		85 000
Withdrawals of Capital	(50 000)	
Balance end of year	450 000	275 000

4.1.2 Current Accounts	S. STHE	M. MUZI
Salaries	100 800	72 000

Interest on Capital (15 000 + 40 500)	55 500	23 650
Bonus		10 000
Primary distribution	156 300	105 650
Finale distribution	20 000	10 000
Net profit for the year	176300	115650
Drawings for the year	(89 450)	(78 000)
	86 850	37 650
Balance beginning of year	15 565	(7 450)
Balance beginning of year	102415	30 200

4.2

SM TRADERS
Extract from BALANCE SHEET ON 28 FEBRUARY 2026

ASSETS	
CURRENT ASSETS	193 410
Inventories	103 050
Trade and other receivables (37 300 + 4 760)	42 060
Cash and Cash equivalents (3 300 + 45 000)	48 300
EQUITY AND LIABILITIES	
NON-CURRENT LIABILITIES	164 100
Mortgage Bond (180 000 – 15 900)	164 100
CURRENT LIABILITIES	107 450
Trade and other payables 78 100+ 5 750+ 1 550	85 400
Bank Overdraft (4 650 + 1 500)	6 150
Repayment on loan	15 900

ACTIVITY D5
STATEMENT OF FINANCIAL POSITION AND NOTES

5.1.1

CURRENT ACCOUNTS

	ZULU	JELE
Salaries	120 000	144 000
Interest on capital	72 000	48 000
Primary distribution	192 000	192 000
Final distribution	36 000	24 000
Net profit for the year	228 000	216 000
Drawings	(30 000)	(30 000)
	198 000	186 000
Balance at beginning	60 000	(12 500)
Balance at end of year	258 000	173 500

5.1.2

TRADE AND OTHER RECEIVABLES

Net Trade debtors	47 500
Trade debtors	50 000
Provision for bad debts (2 700 – 200)	(2 500)
Accrued income	27 000
Prepaid expense (6 000 ÷ 2)	3 000
	77 500

5.1.3

TRADE AND OTHER PAYABLES	
Trade creditors	70 650
Income received in advance	8 600
Accrued expense	16 500
	95 750

5.2 **ZULU & JELE TOOL SHOP**

BALANCE SHEET ON 28 FEBRUARY 2026

ASSETS		
NON-CURRENT ASSETS	1 010 250	
Fixed assets (622 500 – 62 250)	560 250	

Fixed deposit (900 000/2)	450 000
CURRENT ASSETS	963 500
Inventory	431 000
Trade and other debtors	77 500
Cash and cash equivalents 500+4500 + 450 000	455 000
TOTAL ASSETS	1 973 750
EQUITY AND LIABILITIES	
EQUITY	1 431 500
Capital (600 000 + 400 000)	1 000 000
Current account (258 000 + 173 500)	431 500
NON-CURRENT LIABILITIES	380 000
Loan: ABSA (440 000– 60 000)	380 000
CURRENT LIABILITIES	162 250
Trade and other payables	95 750
Bank overdraft	6 500
Current portion of loan	60 000
TOTAL EQUITY AND LIABILITIES	1 973 750

ACTIVITY D6
STATEMENT OF FINANCIAL POSITION

NOJU TRADERS

6.1 Current Account	**Nompilo**	**Junior**
Net profit for the year	569 250	**420 000**
Salaries	180 000	**144 000**
Interest on capital 300000 x 9/100 x 9/12 = 20250 400 000 x 9/100 x 3/12 = 9 000	29 250	**36 000**
Primary division of profits	209 250	**180 000**
Final division of profits	360 000	**240 000**

Drawings	(497 250)	**(315 000)**
Retained income for the year	72 000	**105 000**
Balance at the beginning of the year	(22 000)	**15 000**
Balance at the end of the year	50 000	**120 000**

NOJU TRADERS

6.2 STATEMENT OF FNANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS	
Non-Current Assets	1 082 000
Fixed assets	1 002 000
Financial assets – Fixed Deposit: Musa	80 000
Current Assets	468 000
Trading stock (468 000 – 182 000)	286 000
Trade and other receivables	147 000
Cash and cash equivalents (5 000 + 30 000)	35 000
TOTAL ASSETS	**1 550 000**
EQUITY AND LIABILITIES	
Equity	970 000
Capital	**800 000**
Current Account (50 000 + 120 000)	170 000
Non-Current Liabilities	320 000
Long term loan: KZN star (360 000+ 45 600 – 63600 – 22 000)	320 000
Current-Liabilities	260 000
Trade and other payables (172 000 + 20 000 + 22 000)	214 000
Bank overdraft	46 000
TOTAL EQUITY AND LIABILITIES	**1 550 000**

ANALYSIS AND INTERPRETATION

ACTIVITY D7

7.1

7.1.1	**Percentage operating expenses on turnover:** $\frac{512\ 640}{3\ 213\ 000} \times \frac{100}{1}$ = 15,96%

7.1.2	**Acid-test ratio:** 430 560 – 357 660 : 201 150 72 900 : 201 150 0,36 : 1

7.1.3	**Debt-equity ratio:** 380 000 : 496 610 0, 77 : 1

7.1.4	**% returns on average partners' equity:** $\frac{505\ 160}{(496\ 610\ +273\ 500)\ /\ 2} \times \frac{100}{1}$ = 131,19%

7.2	**Comment on the liquidity position of the business for 2025. Quote ONE financial indicator and figures to support your answer.**
	The business is facing liquidity problems. The acid test ratio has decreased from 0,7 : 1 in 2025 to 0,36 : 1 in 2026. The current ratio has decreased form 2,2 : 1 in 2025 to 2,1 : 1 in 2026. This is an indication that too much of the business's assets is tied up in trading stock and the business might face liquidity problems should the stock become obsolete.

7.3	**The business changed their policy with regard to the profit mark-up from 2025 to 2026. What was the change in policy? What are the risks in this regard and what effect did this change have on the business's income?**
	The business increased their profit mark-up from 40% in 2025 to 50% in 2026. The increase in mark-up resulted in an increase in price. This may force customers to go elsewhere to buy./The effect on the change resulted in the net profit increasing in 2025.

7.4	**Does the business have good control over their expenses? Quote ONE financial indicator and figures to support your answer.**
	Yes The business's operating expenses on profit decreased from 17,3% in 2024 to 15,96% in 2025. This is a clear indication that the business is managing its expenses better in the current year.

ACTIVITY D8
ANALYSIS AND INTERPRETATION

8.1	8.1.1	**Calculate the gross profit on sales.** 1 830 000 – 1 610 400/ X 100 1 830 000 12%

8.1.2	b. **Calculate the acid test ratio.** (240 000 + 175 000): 292 750 **OR** (585 500 – 170 500): 292 750 1,4 : 1

8.1.3	**Calculate the average percentage return earned by Phili.** 149 250/ X 100 ½ (620 000 + 490 000 + 37 000 – 13 500) 26.8%

8.1.4	**Calculate the debt equity ratio.** 419 400 : 1 248 500 0,34 : 1

8.1.5	**Calculate the solvency ratio.** (1375 650+585 500) 1 961 150 : (419 900+ 292 750) 2,75:1

8.2

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

Financial indicator Figures (with trend)

No

Operating profit on sales has decreased from 23% to 16%.
Operating expenses on sales have decreased from 12% to 19%.

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

Debtors' allowances is high
Sales at reduced price
Trade discount
Error on documentation

8.4 **Comment on the liquidity of the business. Refer to TWO relevant indicators.**

Financial indicator Figures (with trend)

- The current ratio as weakened 2,4:1 to 2:1.
- The acid-test ratio has weakened from 1,63:1 to 1,4:1.

However debtors' collection period has improved from 40 days to 32 days.

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 to support your answer**

Financial indicator Figure (with trend) Comment

Yes
Debt-equity ratio has decreased from 0,6:1 to 0,34:1. Low financial risk.

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

Financial indicator Figure (with trend)

Her return earned is 15% which is greater than the interest on the fixed deposit of 10% and the return on partners equity of 14%.

ACTIVITY D9
ANALYSIS AND INTERPRETATION

9.1

9.1.1	Return on equity
9.1.2	Operating efficiency
9.1.3	Gearing
9.1.4	Solvency

9.2

9.2.1	**Operating expenses on sales** 334 400 / x 100 1 760 000 19%

9.2.3	**Acid-test ratio** 236 000 + 165 600 : 596 000 0,67 : 1 / 0,7:1

9.2.4	**Stock-turnover rate** 1 760 000 – 660 000/ ½ (304 000 + 256 000) 3,9 times

9.3.1

Comment on whether the decision taken by the partners regarding the mark-up % achieved, benefitted the business or not. Quote figures.
It benefited the business, sales increased from 1 410 000 to 1 760 000 / by 350 000/ by 24,8%

9.3.2

Comment on the stock-holding period of the business and its average debtors' collection period.
Figures and trends ● Stock-holding period increased from 68 days to 94 days. ● Average debtors' collection period increased from 32 days to 45 days.
Suggest ways in which these can be improved in future.

Point 1	Any one valid point relating to stock-holding period Advertise stock / Sales promotions / Reduce selling price or mark-up to increase sales / Purchase these products according to orders.
Point 2	Any one valid point relating to debtors' collection period Send reminders to debtors / charge interest for late payments / offer discount for early payments / Stop selling on account to debtors until they settle outstanding amounts.

9.3.3

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.
Debt equity ratio decreased from 0,7:1 to 0,6 :1. Still in <u>high financial risk</u>.
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.
● Increase their capital contributions
● Taking on a new partner/s

9.3.4

Should partner Hlezi be satisfied with the returns he is getting from the partnership? Comment and quote one financial indicator.
Return earned by Hlezi increased from 20,4% to 25%. Return earned by Hlezi (25%) is above interest on fixed deposit of 12,5% which indicates that investment in the business is better.

ACTIVITY D10		
ANALYSIS AND INTERPRETATION		

10.1	**Calculate the current ratio for 2026** R169 000 : R65 000 2,6 : 1	
10.2	**The fire test ratio for 2026 is 1,4 : 1. Calculate the missing cash and cash equivalents and inventory amounts.** 65 000 x 1,4 = R91 000 Cash and cash equivalents: R91 000 Stock: 169 000 – 91 000 = R78 000	
10.3	**Calculate the average period for which sufficient stock is available for 2026** $\frac{½ (78\ 000 + 110\ 000)}{423\ 000} \times 12$ $\frac{94\ 000}{423\ 000} \times 12$ =2,7 months / 81 days	
10.4	**Calculate the average creditor payment term for 2026** $\frac{½(65\ 000 + 52\ 000)}{423\ 000 \times 90\%} \times 12$ $\frac{58\ 500}{380\ 700} \times 12$ =1,8 months / 56 days	
10.5	**Comment on the liquidity position of the business.** **Quote THREE financial indicators and figures to support your answer.** Current ratio improved from 3,4 : 1 to 2,6 : 1 The period of stock on hand increased from (57 days) to 1.9 months to (81 days) 2,7 months. The creditors were paid faster than last year 56,1 days instead of 63 days (1,8 months versus 2,1 months).	
10.6	**Calculate the debt equity ratio in 2026.** 500 000 : 1 044 000 0,5 : 1	
10.	**Is the company solvent? Calculate the solvency ratio to support your**	

7	answer. Yes – the owner's equity is positive, or total assets exceed total liabilities (1 200 000 + 240 000 + 169 000) : (500 000 + 65 000) 1 690 000 : 565 000 2,8 : 1	

ACTIVITY D11

PARTNERSHIP ANALYSIS AND INTERPRETATION

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

Calculation

$\frac{2\ 400\ 000 - 1\ 600\ 000}{1\ 600\ 000} \times 100$

$\frac{800\ 000}{1\ 600\ 000} \times 100$

= 50%

Comment

Although the business did not achieve its target markup of 60%, the 50% markup achieved in 2026 is better than the 46% achieved in 2025.

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

160 000 X 4.2 = 672 000 – 626 000

416 000 + 210 000

= 46 000

OR

160 000 X 1.6 = 256 000 – 210 000

= 46 000

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

11.3.1 Average stock holding period

$\frac{(400\ 000 + 416\ 000)/2}{1\ 600\ 000} \times 365$

$\frac{408\ 000}{1\ 600\ 000} \times 365$

= 93.1 days

11.3.2 Debtors average collection period

$\frac{(210\ 000 + 250\ 000)/2}{(2\ 400\ 000 \times 70\%)} \times 365$

$\frac{230\ 000}{1\ 680\ 000} \times 365$

50 days

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

PP Stores has too much stock on hand. The current ratio increased from 3.8: 1 in 2025 to 4.2: 1 in 2026 Acid test ratio decline from 2: 1 in 2025 to 1.6: 1 in 2026. Average stock holding period changed from 80 days to 93.1 days

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

In 2025 Debtors were settling their accounts after 35.6 days and creditors were being paid after 30 days. In 2026, debtors are settling their accounts after 50 days and creditors are being paid after 28 days. Debtors need to be encouraged to settle their accounts earlier and Mtuba Stores should request that they get 60 days credit term from their suppliers.

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

Calculation: 500 000: 550 000 + 179 750 500 000: 729 750 0.7: 1
Comment: The risk in this business is high. The risk has increased from 0.6: 1 in 2025 to 0.7: 1 in 2026.

11.7 Calculate the percentage return on average equity earned by PP 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.

Calculation $\dfrac{180\ 750}{(135\ 000 + 179\ 750 + 520\ 000 + 550\ 000)/2} \times 100$ $\dfrac{180\ 750}{692\ 375} \times 100$ = 26.1%
Comment PP Stores is positively geared as the return on average equity of 26.1% is higher than the interest rate on the mortgage loan of 13%

COST ACCOUNTING

ACTIVITY E1

1.1 CONCEPTS

1.1.1	Indirect labour **or** factory overhead
1.1.2	Selling and distribution costs
1.1.3	Administration
1.1.4	Direct Materials

1.5.5	Factory overhead

1.2 GENERAL LEDGER OF BLUE JEANS MANUFACTURERS

1.2.1 DR RAW MATERIAL STOCK ACCOUNT B2 CR

2025 Mar	1	Balance	b/d	72 000	2026 Feb	28	W-I-P stock		1 191 625
2026 Feb	28	Bank		850 000			Balance	c/d	54 000
		Carriages		53 000					
		Customs Duties (124 000 + 19 125)		143 125					
		Creditors' Control		127 500					
				1 245 625					1 245 625
2026 Mar	1	Balance	b/d	54 000					

1.2.2 DR WORK-IN-PROGESS STOCK ACCOUNT B3 CR

2025 Mar	**1**	**Balance**	**b/d**	**81 000**	2026 Feb	28	Finished Goods Stock		2 552 745
2026 Feb	28	Direct Material Cost	GJ	1 191 625			Balance	c/d	62 000
		Direct Labour Cost	GJ	763 000					
		Factory Overhead Cost		579 120					
				2 614 745					2 614 745
2026 Mar	1	Balance	b/d	62 000					

1.2.3 DR FINISHED GOODS STOCK ACCOUNT B5 CR

2025 Mar	**1**	**Balance**	**b/d**	**138 000**	2026 Feb	28	Cost of Sales		2 525 745
2026 Feb	28	Work in Process	GJ	2 552 745			Balance	c/d	165 000
				2 690 745					2 690 745
2026 Mar	1	Balance	b/d	165 000					

1.2.4 DR FACTORY OVERHEAD COST ACCOUNT N2 CR

2026 Feb	**28**	**Foreman's Salary**		**142 000**	2026 Feb	28	W-I-P stock		579 120
		Indirect labour		**72 000**					
		Indirect Materials (7 000+ 43 000 – 3 800)		46 200					
		Factory rent (320 000 x 0,8)		256 000					
		Sundry Expenses (17 400 x 0,8)		13 920					
		Insurance (42 000 x 4/6)		28 000					
		Water and Electricity		21 000					
				579 120					579 120

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.**	
	$\frac{\text{Total fixed cost}}{\text{Selling price – Variable cost}}$ $\frac{136\ 890}{860 - 590}$ $= \frac{136\ 890}{270}$ = 507 units	

1.3.2	**Explain using figures, why is the owner not happy with the breakeven point.**	
	The business is currently producing less than the BEP by 27 units. The business is incurring a loss of R7 290.	

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.**	
	Quality of the product will not be the same. The customers may not be made aware of the cheaper quality material. She will lose customers if quality of final product is poor. She could be faced with lawsuits if there are accidents related to the poor quality.	

ACTIVITY E2

2.1

2.1.1	B
2.1.2	E
2.1.3	A
2.1.4	D
2.1.5	C

2.2

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

2.2.1.1 Direct material Cost

72 500 + 1 618 300 – 17 000 – 52 700 = 1 621 100

2.2.1.2 Total for Factory Overheads Costs.

Total before adjustments	**536 025**
Cleaning Materials (28 800 X 2/3)	19 200
Water and Electricity (46 000 X 75%)	34 500
Rent Expense ([126 500 + 11 500] X 450/900	69 000
Salary: Factory Foreman (15 200 X 13)	197 600
Wages: Cleaning Staff ([975 X 3 X 52] + [152100 X 20%]) 152 100 + 30 420	182 520
	1 038 845

2.2.2 **Work-in-Progress**

2025 July	1	Balance	181 410	2026 June	30	Finished Goods Stock	3 172 750
2026 June	30	Direct Labour Cost	465 000				
		Factory Overhead Cost	1 038 845				
		Direct Material Cost	1 621 100			Balance	133 605
			3 306 355				3 306 355
2026 July	1	Balance	133 605				

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.

- To plan levels of production to be profitable.
- To determine the minimum units to produce to cover all costs.
- To establish whether productivity has to be improved to make the necessary profit.

2.3.2 Calculate the breakeven point for 2026.

$\frac{219\,880}{175 - 60}$

$\frac{219\,880}{115}$

= 1 912 units

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

No
- 4000 units were produced and sold; this exceeds the breakeven point of 1 912 units
- Although the breakeven point has increased from 1 750 units in 2025 to 1912 units in 2026, 1000 more units were produced in 2026 compared to 2025. (4 000 vs 3 000)

ACTIVITY E3

3.1.1 **Raw Materials Stock**

2025 Jun	**1**	**Balance**	**672 000**	2026 May	31	Creditors Control	240 000
2026 May	31	Bank	2 880 000			Work in Progress Stock	7 200 000
		Creditors Control	4 320 000			Balance	492 000
		Bank (Carriage)	60 000				

			7 932 000				7 932 000
2026 June	1	Balance	492 000				

3.1.2 **Factory Overhead Cost**

2026 May	31	Indirect Labour (1 008 000 + 10 080)	1 018 080	2026 May	31	Work in Progress Stock	3 979 680
		Factory Rent (3 240 000 X 2 400 / 4 000)	1 944 000				
		Water and Electricity (264 000 X ¾)	198 000				
		Consumable Stores (12 800 + 38 400 – 6 400) X 75%	33 600				
		Factory Maintenance (648 000 – 6 000)	642 000				
		Depreciation	144 000				
			3 979 680				3 979 680

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

2 160 000 + 21 600 OR 2160 000ü X 101/100ü = 2 181 600þ

= 2 181 600

3.2.2 The total cost of production of finished goods.

WIP beg + DMC + DLC + FOC – WIP end

= 804 000+ 7 200 000 + 2 181 600 + 3 979 680 – 965 280

= 13 200 000

3.2.3 Cost of Sales

Bal @ beg + total cost of production of finished goods – balance @ end

300 000+ 13 200 000 – 420 000

= 13 080 000

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.

Break even refers to the number of units that a business needs to make and sell in order to make neither a profit nor a loss

Knowing their break-even point can assist businesses to make good decisions when setting selling prices and marketing strategies as these will be a determining factor in the number of items sold

BUDGETING

ACTIVITY F1

1.1 **What is the purpose of preparing a cash budget?**

A cash budget is a financial plan outlining projected receipts and payments for a specified period. This forecast assists in preventing cash flow problems and a bank overdraft.

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

- Discount allowed
- Loss on sale of asset
- Increase in provision for bad debts

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

- A cash budget focuses on cash receipts and cash payments. It shows the surplus/shortfall of cash and the cash balance over the budget period.
- A Projected Income Statement focuses on income and expenses over the budget period and projects the profit or loss. Includes only nominal accounts, cash and non-cash items and takes into account adjustments.

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

- Helps to control payments (cash management).
- Management can take corrective measures in addressing variances.
- Mismanagement and fraud can be exposed.

ACTIVITY F2

No.	Amount in the Cash Budget for June 2026		Amount in the Projected Income Statement for June	
	RECEIPT	PAYMENT	INCOME	EXPENSE
Exampl		*R1 500*		*R1 500*
1	5 000		5 000	3 125
2				2 500
3	8 500			450
4		9 250		750

ACTIVITY F3

CASH BUDGETS

3.1 HLALANATHI DEALERS – DEBTORS COLLECTION SCHEDULE

MONTHS	CREDIT SALES		MAY	JUNE
March	**61 500**		22 755	
April	57 000		34 200	21 090
May	**54 000**			32 400
June				
			56 955	53 490

3.2 HLALANATHI DEALERS

CASH BUDGET FOR THE PERIOD 1 MAY 2026 – 30 JUNE 2026

	MAY	JUNE
RECEIPTS		
Cash sales	18 000	16 500
Cash from debtors	56 955	53 490
Rent income	9 720	9 720
TOTAL RECEIPTS	84 675	79 710
PAYMENTS		
Payments to creditors	47 500	45 000
Manager's salary	8 500	9 350
Wages (shop assistants)	12 000	12 600
Telephone	3 000	3 000
Consumable Stores	4 600	4 600
Sundry expenses (8 400 x 105%; 8 820 x	8 820	
Purchase of equipment	25 000	6 250
Drawings	4 300	4 300
TOTAL PAYMENTS	113 720	94 361
CASH SURPLUS/(DEFICIT)	(29 045)	(14 651)

Bank (Opening balance)	27 555	(1 490)	
BANK (CLOSING BALANCE)	(1 490)	(16 141)	

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)
	Bank overdraft (16 141), increased from 1 490 the previous month. Payments are exceeding receipts over the budget period (deficits registered: 29 045, 14 651) The sales figures show a declining trend 82 000 — 66 000 No other efforts to improve receipts such as advertising, sales promotion, etc.

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.
	Unexpected sales promotion, calling of customers, informing suppliers, etc. (legitimate) Unauthorised usage of the telephone by employees (misuse)

3.4.2	Give a reason why the business decided to maintain the telephone expense at R3 000 for the budget period.
	It was an unexpected event (not planned for). Expect the following months to be back to normal. Will investigate the usage and take corrective measure.

3.5	The sales assistants are dissatisfied with their wage increase. Give TWO points to support them.
	Inflationary increase does not improve their standard of living. Manager gets a bigger increase.

ACTITY F4

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

Percentage:

$$\frac{50\ 400}{(12\ 600 + 50\ 400)} \times 100 = 80\%$$

63 000

4.2 Cash expected from debtors during March 2026:

MONTHS	CREDIT SALES	WORKINGS	MARCH 2026
January	75 200	X 15%	11 280
February	50 400	X 30%	15 120
March	78 400	X 50% X 95%	37 240
CASH FROM DEBTORS			63 640

4.3 CASH BUDGET FOR MARCH 2026

RECEIPTS		**MARCH 2026**
Cash Sales		**19 600**
Cash from Debtors		63 640
Interest on Fixed Deposit		2 400
Rent Income	*(36 000 ÷ 12 x $^{115}/_{100}$) or 3 000* x 1,15	3 450
Capital contribution		40 000
TOTAL RECEIPTS		129 090
PAYMENTS		
Payments to creditors	(12 600 + 50 400) x $^{100}/_{140}$	45 000
Drawings		1 500
Operating expenses		**18 000**
Salaries	24 000 + (24 000 x 80%)	43 200
Equipment purchased	96 000/12	8 000
Bank charges		**500**
Maintenance of buildings		2 000
TOTAL PAYMENTS		118 200
SURPLUS/(SHORTFALL)		10 890
Bank (Opening Balance)		(6 000)
BANK (Closing balance)		4 890

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.**

Salary per person = 24 000 ÷ 4 = 6 000
R6 000 x 2 = R12 000 (needed to employ two people)

March surplus is only R6 640; therefore, the business will not be able to afford this.

.

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.

Rent Income: poor collection policy; over budgeted; investigate reasons. Adjust budget or implement rules for the tenant.

Maintenance: under budgeted / possible the extra money spent in February will reduce the expense in the future / investigate and budget appropriately in the future.

Drawings: taking advantage of being the owner / need to stick to budget arrangement to exercise good cash management.

ACTIVITY F5

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

5.1.1	Financial planning / forecasting receipts and payments / assessing future receipts and payments / planning financial needs / Any valid explanation with future implications
5.1.2	Any balance sheet payment (capital contribution; loan received/paid; payments to creditors; receipts from debtors; purchase of assets; cash drawings etc.)
5.1.3	Any non-cash items of income or expense (depreciation; bad debts; discount received/allowed; cost of sales; etc.)
5.1.4	Capital budget

5.2.1

Calculate

a) The cash received from debtors during November 2026.

	CREDIT SALES	WORKINGS	NOVEMBER
September	**70 000**	X 20%	14 000
October	**85 000**	X 35%	29 750
November	**90 000**	X 40% x 87,5%	31 500
	*or minus R4 500 (which is 12,5% of R36 000)		75 250

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

	Credit sales	workings	Bad debts amount
August	60 000	60 000 x 5% in November	3 000
September	70 000	70 000 x 5% in December	3 500
Total bad debts			6 500

c) Discount to be allowed during December 2026.

0,05

94 000 x (40% x 12,5%) = R4 700

5.2.2 CASH BUDGET FOR NOVEMBER 20 AND DECEMBER 2026

		NOVEMBER	DECEMBER
TOTAL RECEIPTS		**168 000**	**120 000**
CASH PAYMENTS			
Cash purchases	94 000 x 75% x 40%	27 000	28 200
Payments to creditors	90 000 x 75% x 60%	38 250	40 500
Operating expenses		14 000	14 000
Advertising	90 000 x 3% and 94	2 700	3 760
Salaries		22 500	18 000
Equipment			2 900
TOTAL PAYMENTS		104 450	107 360
CASH SURPLUS (SHORTFALL)		63 550	12 640
BANK (Opening balance)		(40	23 550
BANK (Closing balance)		23 550	36 190

5.2.3

ITEM	ADVICE/RECOMMENDATION One valid advice for each item.
Rent income	Budget more realistically; make use of debit orders/direct deposits; send reminders before due dates;
Advertising	Make more effective use of advertising – it will improve sales; reduce the budget if not needed; Try different ways of advertising such as pamphlets, flyers etc.
Maintenance	Budget more realistically; Ensure that maintenance is not neglected; Effective production depends on well-functioning machines; Will improve the lifespan of equipment;

ACTIVITY F6

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	98 000	x 53%	51 940
November	102 900	x 45%	46 305
TOTAL			98 245

6.2.1 **Expected sales in December 2026**

102 900 x 120% = 123 480

6.2.2 **The gross profit percentage on turnover for October 2026.**

19 600 ÷ 98 000 x 100 = 20%

6.2.3 **The percentage increase in rent income.**

$\frac{7\ 280 - 6\ 500}{6\ 500} \times 100 = 12\%$

6.2.4 **The percentage commission expected to be received each month.**

$\frac{4\ 900}{98\ 000} \times 100 = 5\%$ or 5 145/102 900 x 100 = 5%

6.2.5 **The insurance amount for each month.**

$\frac{2\ 400}{3} = 800$

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

a x 0,1 ÷ 12 = 2 500 a = 300 000
b x 0,1 ÷ 12 = 2 000 b = 240 000

amount paid is 300 000 – 240 000 = 60 000

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	Received less than the budgeted amount / over-budgeted / expected sales to be higher than what was received. Not well controlled	Monitor sales closely / extend the target market / offer after sales services / discounts / reduce mark- up / clearance sales / give
Advertising	Spent less than the budgeted amount / over-budgeted / was not effectively applied / may have resulted in the poor	Use the budget effectively / explore other types of advertising such as flyers / posters / specials / ensure that this is a percentage of
Telephone	Under-budgeted / spent too much / Telephone was used more than expected / telephone may be abused / not well controlled	Monitor the use of the telephone / keep a log book / provide codes for employees / check the statements / restrict private

ACTIVITY F7

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	270 000	135 000	50 760	40 500	40 500
February	300 000	150 000	-	56 400	45 000
March	290 000	145 000	-	-	54 520
Totals			50 760	96 900	140 020

INVENTORY VALUATION

		ACTIVITY G1	
	1.1.1	B	
	1.1.2	D	
	1.1.3	C	
	1.1.4	D	
	1.2.1	Calculate the amount that will be closed off to Purchases to the Trading Account	
	1.2.2	Trading account	

Workings	Answer
1 977,440 + (1 800 x 12.20) 21 960 – 18 100– (7 395 x 100/145) 5 100 – 5 500 – 29 000	1 941 700

Trading account

Feb	1	Opening stock		120 000	Feb	28	Sales (3 431405– 87 435– 7 830)		3 336 140
		Purchases		1 941 700		28	Closing stock		170 000
		Carriage on purchases		409 387 (407 087+ 2 300)					

		Profit and loss account		1 035 053					
				3 506 140					3 506 140

1.2.3	**Why do you think the company uses the periodic inventory systems rather than the perpetual inventory system of stock keeping? State TWO differences between the periodic and perpetual inventory systems.** It is a cheaper and simpler system to use.⌉ The company sells durable items with a small turnover, so it is easy to see what is available.⌉ Perpetual inventory system is cost of sales is calculated with each sale transaction⌉, while with the periodic inventory system, cost of sales must be calculated at the end of the year.⌉ Perpetual inventory system Keep a continuous record of inventory on hand through the trading inventory account.⌉Inventory on hand can only be determined by a physical inventory.⌉

	ACTIVITY G2	
2.1	Periodic Inventory system	Perpetual inventory system
	• The value of year end done by calculating the physical stock • No continuous recording of stock	• Movement of stock is recorded on continuous basis • Physical count of stock is done to verify stock.
2.2	Calculate cost of sales	

Opening stock	230 000
Purchases (715 000 +810 000 -6 250 -900)	1 517 850
Carriage on purchases (17 000+ 1 200)	18 200
Custom duties	23 000
Returns to suppliers	(4 300)
	1 784 750
Closing stock	(320 000)

Cost of sales	1 464 750

2.3 Calculate gross profit

Sales (990 000 +985 400 - 82 000 + 34 600 - 3 000)	1 925 000
Cost of sales	(1 464 750)
Gross Profit	460 250

2.4 Analyzing transaction in an accounting equation

	Account DR	Account CR	Amount	Assets=	Owner's equity	liabilities
1	Purchases	Creditor's control	23 700	0	-	+
2	Carriage on purchases	Bank	1 200	-	-	0
3	Drawings	Purchases	7 600	0	-/+	0
4	Bank	Sales	13 500	+	+	0

ACTIVITY G 3

3.1.1 Sales

Feb 2026	1	Debtors' allowances (80 850+ 3500)	b/d	1 251 250	Feb 2026	1	Total	b/f	2 520 000
							Bank	CRJ	210 000
		Trading account	GJ	2 776 995			Debtor's control	DJ	131 345
				2 861 345					2 861 345

3.1.2 Purchases

Feb 2026	1	Total	b/f	1 251 250	Feb 2026	28	Creditors Allowances	CAJ	2 450
	28	Bank	CPJ	25 375			Donation	GJ	10 000
		Creditor's control	CJ	104 200			Drawings	GJ	600
							Trading account	GJ	1 367 775
				1 380 825					1 380 825

3.1.3 Trading account

Febr 2026	1	Opening stock	GJ	700 350	Febr 2026	28	Sales	GJ	2 776 995
		Purchases	GJ	1 367 775			Closing stock	GJ	463 750
		Custom duties	GJ	80 675					
		Carriage on purchases	GJ	310 300					
		Profit & loss	GJ	781 645					
				3 240 745					3 240 745

3.2.

Buy stock from local suppliers instead of importing

Negotiate for a cheaper delivery rates with suppliers

Explore alternative modes of transport (e.g. ship instead of by air)

Buy bigger quantities at a time so decrease the number of individual shipments

ACTIVITY G 4

4.1
4.1.1 False
4.1.2 False
4.1.3 True
4.1.4 True

4.2
4.2.1 Purchases

276 000+3 900 – 15 000 – 1 500 = 263 400

Cost of sales 90 000 + 263 400 + 21 000 +900 -108 000 = 267 300

4.2.2 Trading Account

Feb 2026	1	Opening stock		90 000	Feb 2026	28	Sales 420 000- 30 000 -13 500		376 500
		Purchases		263 400	Feb 2026	28	Closing stock		108 000
		Carriage on purchase (21 000 +900)		21 900					
		Profit and loss		109 200					
				484 500					**484 500**

4.3

4.3.1 A DAJ B STATIONERY /SUNDRY EXPENSE C 20 215 X 100 /130 =15 550 D (54 250 – 28 330 – 520 – 9110 -15 550 =740
4.3.2 The owner of Caledon 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. Involuntary physical search of people Regular inventory recording Rotation of duties Division of duties Installing CCTV cameras

4.4 **ANALYSIS OF TRANSACTIONS**

	Account DR	Account CR	Assets =	Owners' Equity +	Liabilities
4.4.1	Bank	Sales	+ 28 350	+ 28 350	
4.4.	Purchases	Creditors		-2 166	+2 166

2		Control			
4.4.3	Carriage on purchases	Creditor's control		-380	+380

ACTIVITY G 5

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

Opening stock	34 000
Purchases (424 570 + 96 000 – 103 000 – 12 000 – 320)	405 250
Carriage on purchases (500 x 19)	9 500
Closing Stock (275 x 90)	(24 750)
Cost of sales	424 000

5.2	Calculate the average rate of stock turnover for the year ended 2026. Cost of Sales /average stock =424 000/ (34 000 +24 750) =424 000/ 29 375 = 14, 4 times
5.3	Calculate the average stock holding period for the year ended 2026. Average stock /cost of sales x 365 =(34 000 +24 750)/ 424 000 x365 =29 375/424 000 x365 =25,3 days

5.4

	PROBLEM FOR 2026 (with figures)	ADVICE
Golf T-shirts	Too much stock on hand (615 units) increased by 208 units (from 407 to 615). Drop in stock turnover rate 1,9 to 0,9 / high stock not moving/higher mark-up % also contributes to this. Price too high (MU% increased om 50% to 75%/a 25% increase/price increase of R90 per unit R630 R540). Purchasing the same number nits (800) despite having excess stock; contributing to stockpiling. Stock items missing or	Increase advertising or consider changing advertising strategy Consider discounts. Reduce mark-up % Order according to sales/orders received. Reduce mark-up % to increase sales. Have clearance sales. Regular stock-take to assess available stock. Replace stock according to units sold. Security tags on products. Physical inspection or regular stock count. Install cameras/ Sell online

	stolen (42 units = 407 +800 - 550 - 615)	
Shirts	Decrease in units sold: 290 (2 260 - 1 970) or 302 (2 182 - 1880) OR drop in sales from -436 400 - 399 500/by 36 900/ 8,50/0 OR by 86 900 (436 400 349 500) Cash missing or stolen R50 000 (399 500 - 349 500) OR 69 125 (if returns not included). High returns from customers 78(3,5 % of sale to 90 (4,6 % of sales	Increase advertising. Encourage use of EFTs. Request SMS notification for deposits. Reconcile deposits with items sold/sales deposits. Online sales/card payments — less cash handling. Daily depositing/routine. Effect stricter stock return policy. Improve quality to reduce returns/do not buy inferior (cheaper) products. Change styles of shirt/in fashion. Train personnel to give the best possible advice to customers.

VALUE ADDED TAX
ACTIVITY H1

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

The government wants all citizens to be able to afford these goods;
These goods are deemed to be necessary goods that are accessible to the poor;
The government can place a VAT rate on these goods in the future if additional government funding is needed.

1.2

VAT CALCULATIONS:

	WORKINGS	ANSWER
(i)	98 900 – 86 000 **OR** 86 000 x 15% **OR** 98 900 x 15/115	12 900
(ii)	98 000 x 15%	14 700
(iii)	62 790 x 15/115	8 190
(iv)	11 910 x 115/15	91 310

ACTIVITY H2

2.1

	WORKINGS	ANSWER
(a)	12 400 x 15%	1 860
(b)	210 x 115/15	1 610

(c)	(158 700 – 9 200)x 15/115/ 20 700 – 1 200	19 500

2.2

Comment on this practice and give advice to Susan.	
COMMENT	**ADVICE**
• Unethical to use money earned by the business to pay running/operating costs. • The business is an agent for SARS and must make payments regularly. • The company can be fined (penalised) for non-compliance/avoidance/ Manipulation/postponement of VAT payment. • This may lead to a more intensive investigation in the future for irregularities. • It is rollover of cash, which can escalate into a bigger problem	• Keep proper records/ensure that funds are always available for payments. • Take note of submission dates and plan ahead. • Only use company money to pay company obligations/ work within budget.

ACTIVITY H3

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

142 800	184 680
5 520	9 240
2 340	252
43 512	

OR

184 680 – 142 800 + 9 240 – 5 520 – 2 340 + 252 = 43 512

– 184 680 + 142 800 – 9 240 + 5 520 + 2 340 – 252 = 43 512

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.

Unethical. He should not go along with the owner's request. They make use of the invoice basis to record VAT, so it has to be recorded and paid.

ACTIVITY H4

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

	ANSWER
A	R368 000
B	R48 000
C	R2 645
D	R5 480
E	R6 302

4.2

Tax Avoidance	Tax Evasion
Tax avoidance is when a taxpayer arranges his affairs in a legal manner to reduce his tax payable	Tax evasion is illegal activities where a taxpayer frees himself from a tax burden

4.3

Give TWO examples of zero-rated items and TWO examples of VAT exempt items.
ZERO-RATED ITEMS: Brown bread, rice, milk, eggs **VATE XEMPT ITEMS:** School fees, insurance, financial services