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KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P2

PREPARATORY EXAMINATION

SEPTEMBER 2026

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MARKS: 150

TIME: 2 HOURS

This question paper consists of 14 pages including a formula sheet and an Answer Book of 11 pages.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

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

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QUESTION	TOPIC	MARKS	MINUTES
1	Debtors age analysis and creditors reconciliation	20	15
2	Stock Valuation and Internal Controls	50	40
3	Cost Accounting	40	30
4	Cash Budget and Projected Statement of Comprehensive income	40	35
TOTAL		**150**	**120**

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QUESTION 1 **(20 Marks; 15 Minutes)**

DEBTORS AGE ANALYSIS AND CREDITORS RECONCILIATION

1.1 DEBTORS' AGE ANALYSIS

REQUIRED:

1.1.1 Calculate the percentage of total debts that has exceeded the credit terms of 30 days stanmorephysics.com. (3)

1.1.2 The owner, N Nxumalo is concerned that the control over debtors has not been satisfactory. He wants you as the internal auditor, to:

- Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each problem(Names or figures). (4)
- Provide TWO measures that can be implemented by the business in order to recover outstanding amounts that have exceeded the credit terms. (2)

INFORMATION:

The credit terms are 30 days.

DEBTORS' AGE ANALYSIS ON 28 FEBRUARY 2026

NAMES	Credit limit	Balance owing	Current (30 days)	31 – 60 days	61 – 90 days	90 days +
	R	R	R	R	R	R
Cele F	10 000	16 140	6 030	1 350	920	7 840
Gumbi S	13 000	9 550	9 550			
Ndlovu N	9 500	9 120	5 700	3 420		
Makhoba S	12 000	14 190	9 100	2 090	3 000	
		49 000	30 380	6 860	3 920	7 840

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1.2 CREDITORS RECONCILIATION

Shange Traders buys goods on credit from Hlathi Suppliers. The information presented is for February 2026.

REQUIRED:

Reconcile the Creditors Ledger account of Hlathi Suppliers in the books of Shange Traders with the statement received by completing the table provided in the Answer Book. Insert a + or – next to each amount and calculate the final balance. Commence with the provisional balances as provided in the ANSWER BOOK. (11)

INFORMATION:

A. Creditors Ledger of Shange Traders

Hlathi Suppliers (CL6)

DATE		DETAILS	FOL	DEBIT	CREDIT	BALANCE
Feb	1	Balance	b/d			102 600
	5	Invoice No. 44	CJ		13 220	115 820
	10	EFT No. 281	CPJ	45 000		70 820
		Discount	CPJ	2 250		68 570
	18	Debit Note No. 14	CAJ	2 940		65 630
	28	Invoice No. 66	CJ		21 360	86 990

B. Statement received from Hlathi Suppliers

HLATHI SUPPLIERS
STATEMENT OF ACCOUNT No. 732

Customer: *SHANGE Traders* **Statement date:** 25 February 2026

DATE		DETAILS	DEBIT	CREDIT	BALANCE
Jan	28	Account rendered			116 490
	30	Invoice No. 37	10 110		126 600
Feb	1	Receipt No. 114		24 000	102 600
	5	Invoice No. 44	23 220		125 820
	10	Receipt No. 132		45 000	80 820
	12	Invoice No. 56	19 920		100 740
	18	Credit Note No. 74	2 940		103 680
	22	Invoice No. 77	11 580		115 260

Includes transactions up to 25th of each month

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C. Differences noted:

(i) Invoice No. 44 was recorded incorrectly in the creditors ledger.

(ii) The statement of account did not reflect the discount for early payment on the 10th. This will be rectified on the next statement of account.

(iii) It was discovered that Invoice No. 56 on the statement of account is for the goods ordered by the warehouse manager for personal use. The manager is facing disciplinary action stanmorephysics.com.

(iv) Goods valued at R2 940 were returned on the 18th. It is shown as a debit entry in both the creditor's ledger account as well as the statement of account.

(v) Invoice No. 77 on the statement of account was an error made by Hlathi Suppliers. These goods were not purchased by Shange Traders.

(vi) The statement of account was received on 25 February 2026.

20

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QUESTION 2: INVENTORY VALUATION (50 marks; 40 minutes)

2.1 BHENGU TRADERS

Bhengu Stores is a cricket shop that sells cricket pads and cricket balls. The financial year ends on 28 February 2026. The business uses the periodic inventory system to record stock.

REQUIRED:

2.1.1 Calculate the value of the closing stock for the two stock items.

(i) Cricket Pads(using the FIFO-method) (5)

(ii) Cricket balls (using the weighted averaged-method) (7)

2.1.2 Calculate the following for Cricket Pads:

(i) Cost of sales (4)

(ii) Gross profit (3)

(iii) Mark up percentage (3)

(iv) Stock holding period in days (5)

2.1.3 The owner suspects that there is no sufficient control over the stock. Provide figures from the information to confirm his suspicions. Show calculations to support your answers.

(i) He suspects that the Cricket Pads they are selling are not very popular amongst customers. stanmorephysics.com (3)

(ii) He suspects that Cricket balls are being stolen. (5)

2.1.4 The owner approached you to become a partner in the business. Explain THREE changes you would make to the business should you decide to become a partner. Refer to specific information taken from the question for each of the suggested changes. (6)

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INFORMATION:

A. Stock counts for the financial period:

Date	Cricket Pads			Cricket balls		
	Number of units	Per unit	Total value	Number of units	Per unit	Total value
01 Mar 2025	125	R600	R75 000	350	R15	R5 250
28 Feb 2026	420			660		

B Carriage on purchases, exchange rate and import taxes:

Cricket balls: The balls are imported from England. Prices are shown in British pound (£). The exchange rate was R18,50 to the pound throughout the financial year. Import taxes totaled R12 115 for the financial year. Delivery costs are paid for by the manufacturers.

C Purchases during the financial year:

	Cricket Pads			Cricket balls		
Date	Number of units	Purchase price per unit (carriage included)	Total value in rand	Number of units	Purchase price per unit (Import taxes excluded)	Total value in British pound
15 March 2025	120	R650	R78 000	1 200	£0,60	£720
25 Aug 2025	230	R690	R158 700	2 100	£0,55	£1 155
10 Dec 2025	180	R720	R129 600	1 400	£0,50	£700
15 Jan 2026	70	R750	R52 500	1 500	£0,49	£735
Total	600		R418 800	6 200		£3 310

D Sales during the financial year:

- Cricket Pads: 305 units at R900 each = R274 500
- Cricket balls: 5 700 units at R25 each = R142 500

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2.2 ZOOM TRADERS

Zoom Traders sells one type of camera. The owner Ekuvukeni. has three branches situated in Hlathi, Tholanin and Kwamanqanda. The three branches are managed by Buhle, Sugar and Silindo respectively.

Ekuvukeni has obtained the annual figures/amounts from the three branches for the financial period ending 28 February 2026.

REQUIRED:

Identify **ONE** problem in relation to each branch, quoting figures/amounts for each problem identified. In each case, offer the owner advice on how to solve the problem. (9)

Note: All cameras are sold for cash.

INFORMATION			
CAMERAS	**HLATHI (BUHLE)**	**THOLENI (SUGAR)**	**KWAMAQANDA (SLINDO)**
Cameras available for sale	1 960	1 600	1 160
Cameras sold during the year	1 560	300	1 000
Cameras returned during the year	20	20	0
Stock on 28 February 2026	340	1 280	160
Total cash sales	R18 720 000	R3 600 000	R11 360 000
Cost price per camera	R8 000	R8 000	R8 000
Selling price per camera	R12 000	R12 000	R12 000
Advertising costs per year	R40 000	R40 000	R40 000
Salary of manager per month	R25 000	R25 000	R25 000

50

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QUESTION 3: COST ACCOUNTING (40 marks; 30 minutes)

3.1 UMLAZI MANUFACTURERS

Umlazi Manufacturers is a manufacturing business that produces one style vases. The financial year ended on 28 February 2026.

REQUIRED:

3.1.1 Complete the following notes:

- Direct Material cost (4)
- Direct labour cost (9)
- Factory overheads cost (7)

3.1.2 Prepare the Production Cost Statement for the year ended 28 February 2026. (11)

3.1.3 The accountant is of the opinion that the workers are not properly supervised.

- Identify TWO separate problems relating to the supervision of workers. Quote figures to support your answer.
- In EACH case, provide a solution. (6)

3.1.4 Explain why the owner should be concerned about the break-even point. Quote figures. stanmorephysics.com (3)

INFORMATION:

A. Stock balances:

	28 February 2026	1 March 2025
Raw material stock	R 314 550	R 915 200
Work-in-process stock	?	22 416
Finished goods	R195 000	R260 000

B. Raw materials are purchased only on credit. Invoices totaling R723 600 were received for the financial year.

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C. The business employs FIVE factory workers, with the following conditions:

- they must work 8 hours' normal time per day for 5 days a week,
- 48 weeks a year, and
- they must produce two vases an hour during normal and overtime.

Details relating to total number of hours worked by workers and remuneration rates for the financial year ended 28 February 2026:

	HOURS PER WORKER	RATE PER HOUR	NUMBER OF WORKERS	TOTAL
Normal time	1 680	R47	5	?
Overtime	1 152	R94	5	R 541 440
	2 832			**?**

NOTE: Employers' contribution: 11,5% of normal wage.

D. Factory overhead cost amounted to R160 024 before taking into account the following adjustments:

- The entire water and electricity expenses of R45 600 was allocated to factory instead of only 60% of this expense.

- Rent expenses of R210 000 was allocated according to the following floor space: 10 500 m² : 1 750 m² : 1 750 m² (Factory, administration and selling and distribution respectively)

  Instead of 7000 m² : 3 500 m² : 3 500 m² (Factory , administration and selling and distribution respectively).

- Insurance of R48 000 was omitted from factory overhead costs. This includes a premium of R9 000 paid for the period
  1 January 2026 to 31 May 2026

  This expense must be allocated between the factory and the sales department in the ratio 4 : 2

E. Business only produced 5 000 vases.

F. Cost of sales amounted to R 1 815 000

G. After taking the above information into account the Production levels were as follows:

	2026	2025
Break-even point	6 500 units	7 200 units
Units produced and sold	5 000 units	6 500 units

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QUESTION 4: BUDGETING **(40 marks; 35 minutes)**

You are provided with information relating to Mevamhlophe (Pty) Ltd.

REQUIRED:

4.1 **Refer to Information G.**

4.1.1 Identify TWO items that the bookkeeper recorded incorrectly in the Cash Budget. (2)

4.1.2 Identify TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income. (2)

4.2 Complete the Debtors' Collection Schedule for the period ending October 2026. (9)

4.3 Calculate the missing amounts indicated by **(a)** to **(d)** in the Cash Budget. (18)

4.4 The directors compared the budgeted figures to the actual figures for January 2026.

	BUDGETED	ACTUAL
Sales	R288 000	R489 600
Salaries: Salespersons	R40 000	R12 000
Commission: Salespersons	R0	R66 150
Packing material	R14 400	R17 280

4.4.1 The directors changed the method of payment to the salespersons. Explain how this has benefitted the salespersons and the business. Quote figures. (4)

4.4.2 The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations. (5)

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INFORMATION:

A. Projected Statement of Comprehensive Income:

Information extracted for the three months ended 30 October 2026:

	AUGUST 2026	SEPTEMBER 2026	OCTOBER 2026
	R	R	R
Sales	252 000	288 000	?
Cost of sales	?	(160 000)	?
Rent income	?	?	12 960
Discount received	3 600	4 000	?
Depreciation	5 400	5 400	5 400
Bad debts	2 800	3 350	?
Interest on loan	6 875	6 875	?

B. Sales:

- Sales are expected to increase by 15% in October 2026.
- Credit sales comprise 60% of total sales.
- The mark-up percentage is 80% on cost.

C. Debtors' collection:

- 50% is collected in the month of sale.
- 40% is collected in the month following the month of sale.
- 7% is collected two months after the sale.
- 3% is written off as irrecoverable.

D. Purchases:

- All purchases of stock are on credit.
- Stock is replaced in the month of sale. A base stock is maintained.
- Creditors are paid two months after purchase, subject to a 4% discount.

E. Directors' fees:

- The business had three directors earning the same monthly fee.
- On 30 September 2026 one of the directors resigned.
- The remaining directors will receive an increase of 35% in their monthly fee from 1 October 2026. stanmorephysics.com

F. Loan:

- The loan was reduced by R52 800 on 30 September 2026.
- Interest at 12,5% p.a. is payable every month and is not capitalised.

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G. Extract from the Cash Budget prepared by the bookkeeper:

	SEPTEMBER 2026	OCTOBER 2026
	R	R
RECEIPTS		
Cash sales	**(a)**	132 480
Cash from debtors	155 280	**?**
Rent income	12 000	12 960
Discount received	3 600	5 600
Fixed deposit	56 000	0
PAYMENTS		
Payments to creditors	156 000	**(b)**
Directors' fees	216 000	**(c)**
Salaries of salespersons	40 000	40 000
Repayment of loan	52 800	0
Interest on loan	6 875	**(d)**
Delivery expenses	27 500	27 500
Audit fees	60 000	0
Bad debts	3 200	3 600
Depreciation	17 400	17 400

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40

TOTAL MARKS: 150

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GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	

NOTE:
1. Trading stock at the end of a financial year may be used if required in a question.
2. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant).
3. If there is a change in the number of issued shares during a financial year, the weighted-average number of shares is used in practice.

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PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P2

ANSWER BOOK

PREPARATORY EXAMINATION

SEPTEMBER 2026

NAME:	
GRADE:	

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

N.B. This answer book consists of 11 pages.

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QUESTION 1

1.1.1 **Calculate the percentage of total debts that has exceeded the credit terms of 30 days.**

3

1.1.2 **Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each problem (Names or figures).**

PROBLEM	DEBTOR AND FIGURE

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4

Provide TWO measures that can be implemented by the business in order to recover outstanding amounts that have exceeded the credit terms stanmorephysics.com

2

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1.2 **CREDITORS RECONCILIATION**

NO.	CREDITOR'S LEDGER	STATEMENT BALANCE
Balance	**86 990**	**115 260**
i)		
ii)		
iii)		
iv)		
v)		
vi)		
TOTAL		

11

TOTAL MARKS
20

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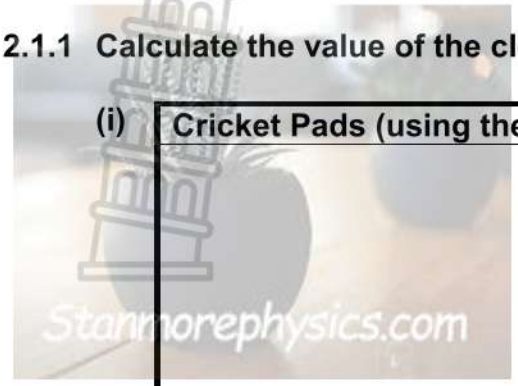
QUESTION 2

2.1.1 Calculate the value of the closing stock for the two stock items:

(i) **Cricket Pads (using the FIFO-method):**



5

(ii) **Cricket balls (using the weighted average method).**

7

2.1.2 Calculations the following for Cricket Pads:

(i)

COST OF SALES	
WORKINGS	**ANSWER**

4

(ii)

GROSS PROFIT	
WORKINGS	**ANSWER**

3

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(iii)

MARK UP PERCENTAGE	
WORKINGS	ANSWER

3

(iv)

STOCK HOLDING PERIOD IN DAYS	
WORKINGS	ANSWER

5

2.1.3 The owner suspects that there is no sufficient control over the stock. Provide figures from the information to confirm his suspicious. Show calculations to support your answers. stanmorephysics.com

(i) **He suspects that the Cricket Pads they are selling are not very popular amongst customers.**

3

(ii) **He suspects that Cricket balls are being stolen.**

6

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2.1.4

Explain THREE changes you would make to the business should you decide to become a partner. Refer to specific information taken from the question for each of the suggested changes.	
	6

2.2

Identify ONE problem in relation to each branch, quoting figures/amounts for each problem identified. In each case, offer the owner advice on how to solve the problem.			
Branch	**Comment and figures**	**Advice**	
HLATHI (BUHLE)			
THOLENI (SUGAR)			
KWAMANQANDA (SLINDO)			9

TOTAL MARKS
50

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QUESTION 3

3.1.1 DIRECT MATERIAL COST

Opening stock		
		4

DIRECT LABOUR COST

Normal time		
		9

FACTORY OVERHEADS COST

Total / Balance	**160 024**	
		7

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3.1.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2026

Prime cost	
Total manufacturing cost	
Work-in-process (1 March 2025)	
Total cost of production of finished goods	

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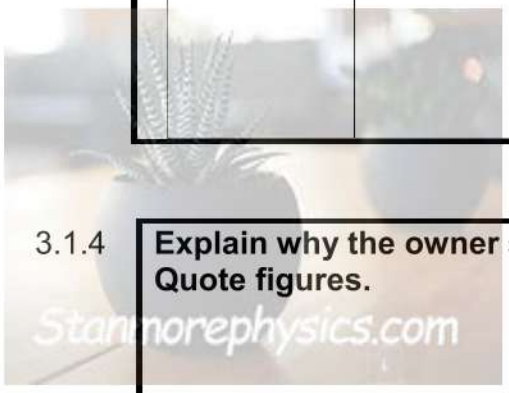
3.1.3 **The accountant is of the opinion that workers are not properly supervised.**

	Identify separate problems	Solution
Problem 1		
Problem 2		

6

3.1.4 **Explain why the owner should be concerned about the break-even point. Quote figures.**



3

TOTAL MARKS
40

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QUESTION 4

4.1.1 TWO items recorded incorrectly in the Cash Budget: | 2

4.1.2 TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income: | 2

4.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	SEPTEMBER	OCTOBER
July	120 000	8 400	
August	151 200	60 480	
September	172 800	86 400	
October			
		155 280	

9

4.3 AMOUNTS FOR THE CASH BUDGET

	WORKINGS	AMOUNT
(a)	Cash sales for September	
(b)	Payments to creditors for October	
(c)	Directors' fees for October	
(d)	Interest on loan for October	

18

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4.4.1 **The directors changed the method of payment to the salespersons.**

Explain how this has benefited the salespersons. Quote figures.

Explain how this has benefited the business. Quote figures.

4

4.4.2 **The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations.**

5

TOTAL MARKS
40

TOTAL MARKS: 150

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PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P2

MARKING GUIDELINES

PREPARATORY EXAMINATION

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MARKS: 150

MARKING PRINCIPLES:

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

This marking guideline consists of 10 pages.

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QUESTION 1

1.1.1 **Calculate the percentage of total debts that has exceeded the credit terms of 30 days.** 3

(6 860 + 3 920 + 7 840) = 18 620
18 620 ☑ /49 000 ✓ x 100
= 38% ☑
Or 14% + 8% + 16%

1.1.2 **Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each problem (Names or figures).** 4

Any TWO
Problem ✓ ✓
Debtor and figure ✓ ✓

PROBLEM	DEBTOR AND FIGURE
Exceeding credit limit	Cele F exceeds by R6 140. Makhoba S exceeds by R2 190.
Owing for more than 30 days Or Exceeding credit term	Ndlovu N owes R3 420 for more than 30 days. Makhoba s owes R5 090 for more than 30 days. Cele F owes 10 110 for more than 30 days.
They continue to sell on credit to debtors who do not pay in time	Cele by R6 050 Ndlovu R5 700 Makhoba R6 030

Provide TWO measures that can be implemented by the business in order to recover outstanding amounts that have exceeded the credit terms. 2

Any TWO relevant ✓ ✓

- Send a reminder.
- Should consider not selling anything, unless the account is settled.
- Account should be handed over to a lawyer (debt collectors).
- Charge interest on the amounts over 30 days.
- Check the books in order to be certain no error has been made by the business.
- Allow discounts to debtors for prompt payment of accounts.
-

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1.2 **CREDITORS RECONCILIATION**

NO.	CREDITOR'S LEDGER	STATEMENT BALANCE
Balance	**86 990**	**115 260**
i)	+10 000 ✓✓	
ii)		- 2 250 ✓
iii)	+1 9 920 ✓	
iv)		(5 880) - 2940 - 2940 1 mark each) ✓✓
v)		- 11 580 ✓✓
vi)		+ 21 360 ✓
TOTAL	116 910 ✓☑ for both totals	116 910

(accept brackets)

11

TOTAL MARKS
20

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QUESTION 2

2.1.1 Calculate the value of the closing stock for the two stock items:

(i) Cricket Pads (using the FIFO-method):

(70 x R750) ✓ + (180 x R720) ✓ + (170 ✓ x R690✓)
= R299 400 ☑ one part correct
OR
52 500 one mark + 129 600 one mark + 117 300 two marks
= R299 400 one method mark

5

(ii) Cricket balls (using the weighted average method).

$$\frac{5\,250\ ✓ + 61\,235\ ✓ + 12\,115\ ✓}{350\ ✓ + 6\,200\ ✓} \text{ (3 310 x 18,50)} \times 660 ✓$$

= R7 920 ✓

7

2.1.2 Calculations the following for Cricket Pads:

(i) Cost of sales

75 000✓ + 418 800✓ - 299 400 ☑
= 194 400 ☑ one part correct stanmorephysics.com

4

(ii) Gross profit

274 500 ✓ – 194 400 ☑= 80 100 ☑ one part correct

3

(iii) Mark up percentage

80 100☑/194 400☑ x 100/1
= 41.2% ☑ one part correct

3

(iv) Stock holding period in days

$$\frac{½✓(75\,000✓ + 299\,400☑)}{194\,400\ ☑} \times \frac{365}{1} \text{ OR } \frac{½\,(125 + 420)}{305}$$

= 351,5 days ☑ one part correct 326,1 days

5

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2.1.3 The owner suspects that there is no sufficient control over the stock. Provide figures from the information to confirm his suspicious. Show calculations to support your answers.

(i) He suspects that the Cricket Pads they are selling are not very popular amongst customers.

Reference to stock holding period ✓
Any relevant comment ✓✓

The stock holding period is 351.5 days.
The business is purchasing additional stock with the older stock still unsold.
New brands of Cricket Pads will make stock on hand irrelevant

3

(ii) He suspects that Cricket balls are being stolen.

350 ✓+ 6 200✓ - 5 700✓ - 660✓= 190✓☑**Balls stolen**

6

2.1.4

Explain THREE changes you would make to the business should you decide to become a partner. Refer to specific information taken from the question for each of the suggested changes.

Any THREE valid answers ✓✓ ✓✓ ✓✓

- Implement stricter control measures to cut down on theft.
- Prevent pile up of Cricket Pads.
- Advertise more and do better marketing to increase sales.
- See if Cricket balls can't be purchased locally in order to prevent import tax and the influence of increasing exchange rates. stanmorephysics.com
- Consider importing Cricket Pads as it seems that clients do not like the local products.

6

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2.2 **Identify ONE problem in relation to each branch, quoting figures/amounts for each problem identified. In each case, offer the owner advice on how to solve the problem.**

Branch	Comment and figures ✓✓ ✓✓ ✓✓	Advice ✓ ✓ ✓
HLATHI **(BUHLE)**	Theft occurring. There are 40 cameras missing (380 – 340) Value of shortage of R320 000 (8 000 x 40)	Improve internal control Do regular physical stock takings and stock checks
THOLENI **(SUGAR)**	Too much stock on hand. Only 300 out of 1 600 have been sold. Stock will become obsolete / out of date, 1 280 left over	Restrict amount of stock on hand as this could lead to theft or out of date stock. Instead of paying Sugar a set monthly income he should pay her on commission based on sales. Changing marketing strategies
KWAMANQANDA **(SLINDO)**	R640 000 not accounted for	Improve internal control Division of duties

9

TOTAL MARKS
50

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QUESTION 3

3.1.1 DIRECT MATERIAL COST

Opening stock		R915 200 ✓	
Purchases		723 600 ✓	
Closing stock		(314 550) ✓	
Issued to factory	Operation one part correct	1 324 250 ☑	4

DIRECT LABOUR COST

Normal time (1 680✓ x R47✓ x 5✓)	Operation one part correct	R 394 800 ☑	
Overtime		541 440 ✓	
Employer's contribution (R394 800☑ x 11,5%✓)	Normal time	45 402 ☑	
	Operation one part correct	981 642 ☑	9

FACTORY OVERHEADS COST

Total / Balance	**160 024**	
Electricity (45 600) 40/100	-18 240	✓✓
Rent expenses (210 000) x 3500/14 000 or (157 500 – 105 000	-52 500	✓✓
Insurance (48 000 – 5 400) 4/6	+28 400	✓✓
	117 684 ☑	7

3.1.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 February 2026.

Direct material cost	See 3.1.1	1 324 250 ☑	
Direct labour cost	See 3.1.1	981 642 ☑	
Prime cost	DMC+DLC	2 305 892 ☑	
Factory overhead cost	See 3.1.1	117 684 ☑	
Total manufacturing cost	PC+FOHC	2 423 576 ☑	
Work-in-process (1 March 2025)		22 416 ✓	
		2 445 992	
Work-in-process (28 February 2026)	Operation	(695 992) ☑	
Total cost of production of finished goods (1 815 000 ✓+ 195 000✓ – 260 000✓)		1 750 000 ☑	11

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3.1.3 **The accountant is of the opinion that workers are not properly supervised.**

	Identify separate problems Problems ✓ ✓ Figures ✓ ✓	**Solution** ✓ ✓
Problem 1	The workers do not work the normal time hours according to the employment conditions – only 1 680 instead of 1 920. OR The workers worked too much overtime as compared to normal time - 69% / 1 152/1680.	Workers should be monitored accordingly to ensure they work the correct number of normal hours. / Workers must first work the correct numbers of normal time before booking overtime.
Problem 2	The level of production is too low. For the 2 832 hours worked, they should have produced a total number of 28 320 (2 832 x 5 x 2) vases. The business only produced 5000 vases.	Monitor workers to ensure they produce two vases per hour. / Pay workers for each vases completed. / Complete uncompleted tasks under normal hours.

6

3.1.4 **Explain why the owner should be concerned about the break-even point. Quote figures**

Any valid point ✓✓ **figures** ✓
(Comparison between units produced and sold with break-even)

Produced and sold 5 000 units below the BEP of 6 500 units, made a loss on 1500 units.

For two marks (max):

Units produced decreased by 1 500 (from 6 500) to 5 000 by 23.1%

3

TOTAL MARKS
40

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QUESTION 4

4.1.1 TWO items recorded incorrectly in the Cash Budget:

Any TWO of: ✓ ✓
If more than two items given, -1 for invalid item; max -1

Discount received
Depreciation
Bad debts

2

4.1.2 TWO items in the Cash Budget that would NOT appear in a Projected Income Statement:

Any TWO of: ✓ ✓
If more than two items given, -1 for invalid item; max -1

Cash from debtors
Fixed deposit matures
Payments to creditors
Repayment of loan

2

4.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	SEPTEMBER	OCTOBER
July	120 000	8 400	
August	151 200	60 480	✓✓ 10 584
September	172 800	86 400	✓✓ 69 120
October	✓✓ 198 720	50% of credit sales	☑☑ 99 360
		155 280	Operation one part correct ☑ 179 064

9

4.3 AMOUNTS FOR THE CASH BUDGET

	WORKINGS	AMOUNT
(a)	**Cash sales for September** 288 000 ✓ x 40% ✓ or 132 480 x 100/115 **3** 172 800 one mark x 40/60 one mark	R115 200 ☑ One part correct
(b)	**Payments to creditors for October** 252 000 ✓ x $^{100}/_{180}$ ✓ x $^{96}/_{100}$ ✓ **4** 140 000 two marks – 5 600 one mark 241 920 two marks	R134 400 ☑ One part correct
(c)	**Directors' fees for October** 216 000 ✓ x $^{2}/_{3}$ ✓✓ x $^{135}/_{100}$ ✓ **5** 144 000 three marks + 50 400 one mark (72 000 + 25 200) x 2 or 72 000 x 135/100 =972 000 x 2 one mark two marks one mark	R194 400 ☑ One part correct
(d)	**Interest on loan for October** Could use solve for x method ✓ ✓ ✓ ✓ 6 875 – (12,5% x 52 800 ÷ 12) **6** 550 three marks 6 600 two marks 4 400 two marks one mark one mark one mark one mark (660 000 – 52 800) x 12,5% ÷ 12 607 200 two marks	✓☑ R6 325 One part correct

18

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4.4.1 **The directors changed the method of payment to the salespersons.**

Explain how this has benefitted the salespersons. Quote figures.

Explanation ✓ Figures ✓

Although the salaries were reduced from R40 000 to R12 000, they received a commission of R66 150 (total: R78 150) / 95,4% or R38 150 more than their budgeted salaries.

Explain how this has benefitted the business. Quote figures.

Explanation ✓ Figures ✓

Actual sales are higher than the budgeted sales by R201 600 (489 600 – 288 000); sales are 70% higher than budget.

4

4.4.2 **The directors are not concerned about the overspending on packing material. Explain why this is so. Quote figures or calculations.**

Explanation ✓ Both items i.e. Sales & Packing materials must be mentioned
Figures ✓✓ ✓✓

Candidates must quote percentages – if totals are quoted, award only one mark for each item
Candidates must compare percentages of these two items to earn full marks

Sales were 70% over budget, while packing materials were only 20% over budget.

OR

Packing materials were budgeted at 5% of sales, while actual packing materials were only 3,5% of sales.

Response for one mark:
Packing materials will increase if sales increase.

5

TOTAL MARKS
40

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