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Province of the
EASTERN CAPE
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Iphondo leMpuma Kapa: Isebe leMfundo
Provinsie van die Oos Kaap: Departement van Onderwys
Porofense Ya Kapa Botjhabela: Lefapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 11

SEPTEMBER 2026

CONTROLLED TEST

MARKS : 100

DURATION: 90 MINUTES

THIS QUESTION PAPER IS CONSIST OF 8 PAGES

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INSTRUCTIONS:

1. Answer ALL questions.
2. Show ALL calculations.
3. Round off amounts to the nearest Rand where necessary.
4. Use a non-programmable calculator.
5. Write neatly and legibly.

QUESTION	CONTENT	MARKS	TIME
1	**BUDGETING (Cash Budget)**	56	55 minutes
2	**INVENTORY SYSTEMS**	44	35 minutes
	TOTAL	100	90 minutes

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QUESTION 1: BUDGETING (54 marks; 50 minutes)

BRIGHT FUTURE TRADERS

The following information appears in the books of Bright Future Traders.

QUESTION 1: BUDGETING (56 Marks; 50 Minutes)

REQUIRED:

1.1. **MULTIPLE-CHOICE QUESTIONS.** **[4]**

Choose the correct answer from the options provided. Write only the letter (A–D) next to the question number (1.1.1–1.1.4) in the ANSWER BOOK.

1.1.1 A Cash Budget mainly records ... (1)

A all income and expenses, including non-cash items such as depreciation.
B only actual and expected cash receipts and cash payments.
C only credit transactions.
D the financial position of the business at a point in time.

1.1.2 Which item would appear in a Projected Income Statement but NOT in a Cash Budget? (1)

A Cash sales
B Depreciation
C Rent income received
D Wages paid

1.1.3 A discount granted to a debtor for prompt payment is recorded in the Cash Budget as ... (1)

A an increase in cash received from debtors.
B a reduction in the cash received from debtors in that month.
C a payment to creditors.
D it is not recorded in the Cash Budget at all.

1.1.4 The deposit paid on the new delivery vehicle in May 2026 will be shown in the Cash Budget as ... (1)

A a cash payment in May.
B a cash receipt in May.
C an expense in the Projected Income Statement only.
D it is not shown because it is a capital item.

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1.2 CONCEPTS AND TERMINOLOGY [21]

1.2.1 Differentiate between a Cash Budget and a Projected Income Statement by explaining the type of transactions each document records. (6)

1.2.2 List THREE items that would appear in a Projected Income Statement but will not appear in a Cash Budget. (3)

1.2.3 State TWO internal control measures the business could implement to improve the collection of debtors, given that the actual collection period (45 days) exceeds the credit policy (30 days). (4)

1.2.4 Explain what is meant by the term "finance cost" in relation to the purchase of the new vehicle on credit. (2)

1.2.5 Explain THREE reasons why it is important for a business to prepare a Cash Budget before the start of a financial period. (6)

1.3 DEBTORS' COLLECTION SCHEDULE. [9]

Complete the Debtors' Collection Schedule of Bright Future Traders for June 2026. Use the information provided below.

1.4 CASH BUDGET (12)

Draw up the Cash Budget of Bright Future Traders for June 2026 only.

1.5 ANALYSIS, INTERPRETATION AND EVALUATION [10]

1.5.1 The owner is considering purchasing a new delivery vehicle in May. Discuss **TWO** points to evaluate whether this is a sound financial decision, based on the information provided. Refer to the bank balance and financing details in your answer. (6)

1.5.2 Recommend TWO practical ways that management can use to improve future cash budgets. (4)

INFORMATION:		
A. Extract from the list of balances on 1 May 2026:		
Fixed deposit: Capfin Bank	R180 000	
Bank overdraft	R18 300	
Prepaid expenses (salaries — advance)	R5 500	

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B. Sales:

	February	March	April	May (Budgeted)	June (Budgeted)
Actual / Budgeted sales	R294 000	R320 000	R284 000	R280 000	R292 000

Credit sales amount to 65% of total sales.

Debtors are paying as follows:

- 30% in the same month of sales, less 5% discount for prompt payment.
- 50% in the month following the sales (30 days).
- 15% in the second month following the sales (60 days).
- The rest will be written off as bad debts in the third month following the sales (90 days).

C. **Purchases and payments to creditors:**

- Goods are sold at cost price plus 100%. All purchases are on credit. Goods are replaced on a monthly basis.
- Creditors are usually paid in the month following the purchase to receive a 10% discount.

D. **Rent income.**

The business leases part of the building. The budgeted rent income for the period 1 June 2025 to 31 May 2026 is R106 800. The monthly rent will increase by 15% on 1 June 2026.

E **Fixed deposit and interest on fixed deposit:**

- The fixed deposit matures on 31 May 2026 and half of this amount is to be re-invested on the same date at Capfin Bank.
- Interest on the fixed deposit is received monthly.

- The interest rate on investments (fixed deposits) is expected to be 9% p.a. for May 2026. It is expected that the interest rate will drop by 1 percentage point on 1 June 2026.

F. **Vehicles and depreciation:**

- Depreciation on vehicles amounts to R12 200 per month.

- It was decided to buy a delivery vehicle during May 2026 from East Cape Motors. A deposit of R80 000 will be paid in May 2026. The balance,

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including finance costs, amounts to R282 500, and will be paid in 60 equal monthly instalments from 1 June 2026.

- The old vehicle was sold for R43 000 cash during May 2026.

G. **Salaries and wages:**

- Wages and salaries are R51 000 per month.
- An employee took an advance on his salary for May 2026 during April 2026.

H. **Drawings:**

The owner will make the following monthly drawings from May 2026: Cash, R10 000, and trading stock at cost price, R3 000.

I May 2026, R28 200. It is expected that operating expenses will increase by 7,5% from June 2026.



[56 marks]

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QUESTION 2: INVENTORY SYSTEMS (44 marks; 40 minutes)

REQUIRED:

2.1 Match the description in **COLUMN A** with the correct term in **COLUMN B**. Write only the letter (A–D) next to the question number (2.1.1–2.1.4) in the ANSWER BOOK. **[4]**

	COLUMN A	COLUMN B
2.1.1	An inventory system where inventory records are updated continuously, after every purchase and sale transaction.	A Periodic inventory system
2.1.2	An inventory system where the cost of sales and closing inventory are only determined at the end of the accounting period, using a physical stock count.	B Perpetual inventory system
2.1.3	The percentage added to the cost price of inventory to determine its selling price.	C Mark-up
2.1.4	A physical count of the actual number of units of inventory on hand at a specific date.	D Physical stock count

POWER SPORTS

Power Sports sells sports equipment at a 50% mark-up on cost. The following information relates to June 2026. The business is using periodic inventory system.

REQUIRED:

2.2. **INVENTORY SHORTAGE/SURPLUS.** **[10]**

2.2.1 Calculate the expected closing inventory in units for June 2026. (5)

2.2.2 Calculate the inventory shortage or surplus in units, and state whether it is a shortage or surplus. (5)

2.2.3 Use the Periodic Inventory system to prepare the Trading Account in the General Ledger and calculate the Gross Profit for June 2026. **[12]**

2.3 **INTERNAL CONTROL** **[18]**

2.3.1 Give **THREE** possible reasons for the shortage/surplus identified in QUESTION 2.2.2. (4)

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2.3.2 Identify THREE weaknesses in the internal control over inventory at Power Sports, with reference to the information provided in B. (6)

2.3.3 Despite the inventory problems, Power Sports' gross profit on sales is 33⅓%. As a consultant, evaluate TWO strategies the owner could implement to improve gross profit margins in the future, other than solely focusing on reducing theft. Provide a reason for each strategy. (8)

INFORMATION

A **Inventory movement:**

Details	**Units**	**Amounts (R)**
Opening inventory	1 250 units	R150 000
Purchases during the month	3 400 units	R408 000
Sales during the month	3 900 units	R702 000
Inventory returned to suppliers	120 units	R14 400
Customers' returns	80 units	R14 400

A physical stock count at month-end showed that 620 units at R120 each were on hand.

B. Additional information:

1. Two employees have keys to the storeroom.
2. Inventory records are updated daily.
3. Stock counts are conducted only twice a year.
4. Damaged inventory is kept together with good inventory.
5. One employee orders inventory and also approves supplier invoices.
6. CCTV cameras in the storeroom have not been working for three months.
7. Customer returns are recorded immediately.

TOTAL MARKS: 100

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GRADE 11 : ACCOUNTING

TERM3 CONTROLLED TEST 2

ANSWER BOOK

SCHOOL NAME	
NAME OF LEARNER	

QUESTIONS	TOTAL MARK	MARK OBTAINED	SCHOOL MODERATED MARK	DISTRICT MODERATED MARK
1	56			
2	44			
TOTAL MARK	100			

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QUESTION 1 : BUDGETING (56 Marks; 55 minutes)

1.1 Multiple -Choice Questions

QUESTIONS	ANSWER	
1.1.1		
1.1.2		
1.1.3		4
1.1.4		
ANSWER		

1.2 CONCEPTS AND TERMINOLOGY [21]

1.2.1	Differentiate between a Cash Budget and a Projected Income Statement by explaining the type of transactions each document records.	6

1.2.2	List **THREE** items that would appear in a Projected Income Statement but will not appear in a Cash Budget.	3

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1.2.3	State **TWO** internal control measures the business could implement to improve the collection of debtors, given that the actual collection period (45 days) exceeds the credit policy (30 days).	**4**

1.2.4	Explain what is meant by the term "finance cost" in relation to the purchase of the new vehicle on credit.	**2**

1.2.5	Explain THREE reasons why it is important for a business to prepare a Cash Budget before the start of a financial period.	**6**

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1.2	Complete the Debtors' Collection Schedule of Bright Future Traders for May and June 2026.

Month	Credit Sales		June
March	208 000		
April			
May			
June	189 800		
Total			

9

1.4 Cash Budget of Bright Future Traders for May and June 2026 [12]

	June 2026 (R)
RECEIPTS	
Cash received from debtors	
Fixed deposit matured	
Total receipts	
PAYMENTS	
Total payments	

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Cash surplus / (deficit)	**63 803**
Bank balance at beginning	**106820**
Bank balance at end	**170 623**

12

1.5.1	The owner is considering purchasing a new delivery vehicle in May. Discuss **TWO** points to evaluate whether this is a sound financial decision, based on the information provided. Refer to the bank balance and financing details in your answer.



6

1.5.2	Recommend **THREE** practical ways that management can use to improve future cash budgets.



4

56

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QUESTION 2 : INVENTORY SYSTEMS (40 Marks ; 35 Minutes)

2.1	Match the description in **COLUMN A** with the correct term in **COLUMN B**. Write only the letter (A–D) next to the question number (2.1.1–2.1.4) in the ANSWER BOOK.		
2.1.1			**4**
2.1.2			
2.1.3			
2.1.4			

2.2	**INVENTORY SHORTAGE/SURPLUS.**	**[10]**

2.2.1	The expected closing inventory in units.	
Item		**Units**
Opening inventory		
+ Purchases		
- Purchases returned to suppliers		
- Sales		**5**
+ Customers' returns		
Expected closing inventory		

2.2.2	The inventory shortage or surplus in units (indicate **shortage** or **surplus**).	
Item		**Units**

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2.2.3	Use the Periodic Inventory system to prepare the Trading Account in the General Ledger and calculate the Gross Profit for June 2026.

DR **TRADING ACCOUNT** **CR**

DETAILS	FOL	AMOUNT	DETAILS	FOL	AMOUNT

12

2.3 INTERNAL CONTROLS **[18]**

2.3.1	Give **TWO** possible reasons for the shortage/surplus identified in QUESTION 2.2.2.

4

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2.3.2	Explain **THREE** weaknesses in the internal control over inventory at Power Sports, with reference to the information provided in **B.**	**6**

2.3.3	Despite the inventory problems, Power Sports' gross profit on sales is 33⅓%. As a consultant, evaluate **TWO** strategies the owner could implement to improve gross profit margins in the future, other than solely focusing on reducing theft. Provide a reason for each strategy.	**8**

44	

TOTAL MARK	

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GRADE 11 : ACCOUNTING

TERM:3 CONTROLLED TEST

MARKING GUIDELINE

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MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
10. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

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QUESTION 1 : BUDGETING - BRIGHT FUTURE TRADERS (56 Marks; 55 minutes)

1.1 Multiple -Choice Questions [4]

Question	Answer
1.1.1	B ✓
1.1.2	B ✓
1.1.3	B ✓
1.1.4	A ✓

1.2	Concepts and Terminology	[21]

ANSWER

1.2.1	Differentiate between a Cash Budget and a Projected Income Statement by explaining the type of transactions each document records.	(6)

- Cash Budget: records/deals only actual and expected CASH receipts and cash payments ✓✓ — i.e. transactions that involve an actual movement/flow of cash ✓
- Projected Income Statement: records ALL income earned and expenses incurred for the period ✓✓ — including non-cash items such as depreciation, bad debts, and accruals, whether or not cash has changed hands ✓

Mark allocation: 3 marks per valid point of difference, max 4. Accept any other correct, well-explained distinction

1.2.2	List **THREE** items that would appear in a Projected Income Statement but will not appear in a Cash Budget.	(3)

- Depreciation ✓ — Bad debts written off ✓ — Profit/loss on sale of asset ✓ (accept any three valid non-cash items, e.g. discount allowed/received, accrued income/expenses)

Mark allocation: 1 mark each, any THREE valid non-cash / accrual items, max 3.

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1.2.3	State TWO internal control measures the business could implement to improve the collection of debtors, given that the actual collection period (45 days) exceeds the credit policy (30 days).	**(4)**

- Perform credit (affordability/reference) checks before granting credit to new debtors ✓✓
- Send statements/reminders promptly and follow up overdue accounts (e.g. phone calls, letters of demand, interest on overdue accounts, handing over to attorneys/debt collectors) ✓✓

Any TWO measures, 3 marks each. Accept any other valid, well-explained control measure:

1.2.4	Explain what is meant by the term "finance cost" in relation to the purchase of the new vehicle on credit.	**(2)**

- The extra amount charged by the supplier/financier for allowing the business to pay for the vehicle over time (i.e. the cost of buying on credit/instalment sale) ✓✓

1.2.5	Explain THREE reasons why it is important for a business to prepare a Cash Budget before the start of a financial period	**(6)**

- Helps management plan and control cash flow, avoiding cash shortages. ✓✓
- Identifies periods of surplus/deficit in advance so financing/investment can be arranged timeously. ✓✓
- Supports decision-making, e.g. whether the business can afford to buy assets, extend credit, or needs an overdraft. ✓✓
- It is an internal control measure. ✓✓

Any relevant answer

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1.3 Complete the Debtors' Collection Schedule of Bright Future Traders for **June 2026**. **(9)**

Month	Credit Sales	June
March	**-**	-
April	184 600 ✓ x 15% ✓	27 690 ✓
May	*182 000 ☑ x (50%) ✓	91 000 ☑
June	**189 800 x** (30% less 5% disc.) ✓	54 093 ☑
	Total collected in June	**172 783** ☑

1.4 Cash Budget of Bright Future Traders for May and June 2026 [12]

	June 2026 (R)
RECEIPTS	
Cash sales	102 200 ✓
Cash received from debtors **(see 1.2)**	172 783 ☑
Rent income **(106800/12)+ 15%**	10 235 ☑
Interest on fixed deposit **(180000/2)*8/100*1/12**	600 ✓ ☑
Fixed deposit matured	-
Sale of old vehicle	-
Total receipts	**285 818** ☑
PAYMENTS	
Payments to creditors	126 000 ✓
Salaries and wages	51 000 ✓
Drawings (cash)	10 000 ✓
Operating expenses	30 315 ✓
Deposit on new vehicle	-
Instalment on vehicle loan	4 700 ✓

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Re-investment: Fixed deposit	-
Total payments	**222 015** ☑
Cash surplus / (deficit)	**63 803**
Bank balance at beginning	**106 820**
Bank balance at end	**170 623**

1.5.1	The owner is considering purchasing a new delivery vehicle in May. Discuss **TWO** points to evaluate whether this is a sound financial decision, based on the information provided. Refer to the bank balance and financing details in your answer.	**[6]**

- The business is already in a bank overdraft position (R18 300 on 1 May) ✓✓ and taking on a further monthly instalment of R4 700 for 60 months could strain cash flow / worsen the overdraft further ✓ (accept: it depends on whether June's net cash flow of R63 803 is sufficient to absorb this new commitment)
- The finance cost embedded in the deal (balance of R282 000 vs a cash cost) makes the vehicle more expensive than paying cash ✓✓ — the owner should compare this to the cost of alternative financing (e.g. a bank loan) or consider whether the vehicle is really necessary now ✓

Any TWO valid, well-explained points (3 marks each). Accept any other reasonable point referencing the bank balance and/or financing terms:

1.5.2	Recommend **TWO** practical ways that management can use to improve future cash budgets.	**[4]**

- Compare budgeted figures with actual figures every month and investigate/act on significant variances (budgetary control). ✓✓
- Base estimates on realistic, up-to-date trends (e.g. inflation, seasonal patterns) rather than guesswork. ✓✓
- Prepare rolling/more frequent budgets so the business can react quickly to changing conditions. ✓✓

Mark allocation: 2 marks per valid, practical recommendation, max 6 (any THREE).

MARKS	**56**

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QUESTION 2 : INVENTORY SYSTEMS (44 Marks ; 35 Minutes)

2.1	Match the description in **COLUMN A** with the correct term in **COLUMN B**. Write only the letter (A–D) next to the question number (2.1.1–2.1.4) in the ANSWER BOOK.	**[4]**

2.1.1 B — Perpetual inventory system ✓

2.1.2 A — Periodic inventory system ✓

2.1.3 C — Mark-up ✓

2.1.4 D — Physical stock count ✓

2.2 INVENTORY SHORTAGE/SURPLUS. **[10]**

2.2.1	**The expected closing inventory in units.**	**[5]**

Item	Units
Opening inventory	1 250
+ Purchases	3 400 ✓
- Purchases returned to suppliers	(120) ✓
- Sales	(3 900) ✓
+ Customers' returns	80 ✓
Expected closing inventory	**710 units** ☑

2.2.2	The inventory shortage or surplus in units (indicate **shortage** or **surplus**).	**[5]**

Item	Units
Expected closing inventory (calculated above)	710 ✓
Actual closing inventory (physical count)	620 ✓
Inventory SHORTAGE ✓	90 units ✓☑

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2.2.3	Use the Periodic Inventory system to prepare the Trading Account in the General Ledger and calculate the Gross Profit for June 2026.	[12]

DR **TRADING ACCOUNT** **CR**

DETAILS	FOL	AMOUNT	DETAILS	FOL	AMOUNT
Opening inventory		150 000✓	Sales ✓		687 600✓
Purchases (408 000 - 14 400)		393 600✓☑	Trading inventory (closing: 620 x R120) ✓		74 400 ✓☑
Gross profit (P&L) ✓		**218 400** ☑			
Total		**762 000** ☑			**762 000** ☑

2.3.1	Give **TWO** possible reasons for the shortage/surplus identified in QUESTION 2.2.2.	[4]

- Theft of inventory by customers (shoplifting). ✓✓
- Theft of inventory by employees. ✓✓
- Damaged or spoiled goods that were not written off/recorded. ✓✓

Mark allocation: any THREE valid reasons, marks shared across them to a maximum of 4

2.3.2	Explain **THREE** weaknesses in the internal control over inventory at Power Sports, with reference to the information provided in **B.**	[6]

- Two employees have keys to the storeroom — access is not restricted to one responsible person, increasing the risk of theft. ✓✓
- Stock counts are only conducted twice a year — this is too infrequent to detect theft, errors or damage timeously. ✓✓
- One employee both orders inventory and approves supplier invoices — there is no segregation of duties, creating an opportunity for fraud. ✓✓

(Accept, as alternatives: damaged inventory stored with good inventory — risk of selling damaged stock or distorted counts; non-functional CCTV for three months — no deterrent/evidence of theft.)

Mark allocation: 2 marks per weakness explained WITH reference to the specific information in part B, max 6 (any THREE).

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2.3.3	Despite the inventory problems, Power Sports' gross profit on sales is 33⅓%. As a consultant, evaluate **TWO** strategies the owner could implement to improve gross profit margins in the future, other than solely focusing on reducing theft. Provide a reason for each strategy.	**[8]**

- Increase the selling price / mark-up percentage where the market allows it✓✓ — this directly increases the profit earned per unit sold without any change in cost price, though the owner must weigh this against the risk of losing price-sensitive customers. ✓✓

- Source stock from cheaper and/or more reliable suppliers, or negotiate bulk-purchase/settlement discounts✓✓ — this reduces the cost price of inventory and widens the margin without having to raise selling prices, keeping the business price-competitive. ✓✓



(Accept other valid strategies, e.g. reviewing the product mix toward higher-margin lines, or reducing wastage/damage through better handling — each with a sound reason.)

Mark allocation: any TWO strategies × 4 marks each (2 for the strategy, 2 for a sound supporting reason/evaluation), max 8. Strategies that amount to 'reduce theft' do not qualify, per the instruction

TOTAL MARK	**100**