



education

Department of
Education
FREE STATE PROVINCE

PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING P2

SEPTEMBER 2026

MARKS: 150

TIME: 2 HOURS

This question paper consists of 14 pages, a formula sheet
and an 11-page answer book.



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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided to answer ALL questions.
3. Show ALL workings to earn 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. A Financial Indicator Formula Sheet is attached at the end of this question paper.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Reconciliations	30	20
2	Cost Accounting	40	35
3	Budgeting	40	35
4	Inventory	40	30
TOTAL		150	120

QUESTION 1: RECONCILIATIONS

(30 marks; 20 minutes)

1.1 CREDITORS' RECONCILIATION

The information below is related to Cards Deluxe, a gift shop owned by Victor Manzi. The Creditors' Control Account and Creditors' List were prepared by the creditors' clerk, Storm Torn. The internal auditor compared the Creditors' list with the Creditors' Control Ledger account and noted several errors and omissions.

REQUIRED:

- 1.1.1 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, a '-' for a decrease and '0' for no effect. (20)
- 1.1.2 Provide TWO internal control measures that can be implemented to ensure better management of creditors. (2)

INFORMATION:

A. Balances and totals on 31 July 2026:

Creditors' Control Account balance	R91 265
Creditors' List total in the Creditors' Ledger	R91 175

LIST OF CREDITORS

	Debit	Credit
Cards For Africa Traders	R945	
Trinket Stores		R40 290
Minelli Ltd		R23 780
Block Out Wholesalers		R28 050
	R945	R92 120

B. Errors and omissions:

- (i) Stock purchased on credit from Minelli Ltd for R16 500 was incorrectly posted to the account of Block Out Wholesalers.
- (ii) Goods of R3 850 returned to Trinket Stores were incorrectly treated as a credit purchase and posted accordingly.
- (iii) The statement received from Minelli Ltd showed interest on the overdue account, R525 and Cards Deluxe must still record it.
- (iv) The debit balance of Cards for Africa Traders must be transferred to their account in the Debtors' Ledger.
- (v) Block Out Wholesalers informed Cards Deluxe that the VAT was omitted on invoice 477. VAT is charged at the standard rate of 15%. The correct amount is R15 065 (VAT-inclusive). Block Out Wholesalers will rectify the VAT in August 2026.
- (vi) A discount of R230 received from Block Out Wholesalers was correctly entered in the journal and posted as such, but recorded as R320 in the Creditors' Ledger.

1.2 OR TRADERS

The information below relates to OR Traders for August 2026. Take note that the business uses the official bank statement received monthly on the 26th from BF Bank.

REQUIRED:

Use the table provided in the ANSWER BOOK to indicate how the entries must be treated in the Bank Reconciliation process. Indicate the amounts and details that would appear in the Cash Receipts Journal (CRJ), Cash Payments Journal (CPJ) and Bank Reconciliation Statement.

(8)

Example:

- (a) Service fees charged per Bank statement, R256.
- (b) Cash sales on 28 August 2026 were deposited and recorded by OR Traders, but did not appear on the bank statement, R1 000.

No.	CRJ		CPJ		Bank Reconciliation Statement	
	Amount	Details	Amount	Details	Debit	Credit
E.g. (a)			256	Bank charges		
E.g. (b)						1 000

Information revealed upon comparing the July Bank Reconciliation Statement and the August 2026 Cash Journals with the August 2026 Bank Statement:

- (i) The tenant made a direct deposit for his August rent, R12 500.
- (ii) The owner withdrew R3 000 cash at the ATM to pay wages on 30 August 2026. He neglected to submit the necessary documents to the bookkeeper; therefore, no entry was made.
- (iii) According to the August Bank Statement the debit interest was duplicated, R500. The bank was notified and will correct it in September 2026.

QUESTION 2: COST ACCOUNTING

(40 marks; 35 minutes)

- 2.1 Choose ONE cost account for each of the following descriptions. Write only the cost account next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

direct labour cost; administration cost; selling and distribution cost;
raw materials cost; factory overheads cost;

- 2.1.1 Depreciation on the company vehicle of the CEO.
2.1.2 Bad debts during the financial year.
2.1.3 Import duties levied on purchases of raw materials used in the production process.
2.1.4 Medical aid fund contributions paid on behalf of the factory cleaners. (4)

2.2 ZEBEDEE TRADERS

The following information relates to Zebedee Traders, a business that manufactures school desks. The financial year ended on 30 June 2026.

REQUIRED:

- 2.2.1 **Refer to Information B:**
Calculate the direct labour cost on 30 June 2026. (5)
2.2.2 Complete the Production Cost Statement on 30 June 2026. (13)
2.2.3 Prepare the Abridged Statement of Comprehensive Income on 30 June 2026. (10)

INFORMATION:

A. Stock balances:

	30 June 2026 R	30 June 2025 R
Direct material	49 000	50 000
Work-in-progress	?	0
Finished goods	115 000	75 500

Raw materials issued to the production process according to the Raw material stock account amounted to R593 000.

B. Direct labour:

Net wages paid to factory workers	Deductions	
	SARS: PAYE	UIF
R368 703	R81 945	1%

NOTE:

- UIF deductions were made. The business contributes to the UIF fund on a Rand-for-Rand basis.

C. Extract from the Pre-Adjustment Trial Balance on 30 June 2026:

	R
Office equipment	40 000
Accumulated depreciation on office equipment	5 000
Factory overhead cost	367 500
Administration cost	141 000
Selling and distribution costs	94 600
Cost of sales	975 000

D. Errors and omissions:

- The Creditors' reconciliation revealed that raw materials returned to suppliers, R94 000. Zebedee Traders neglected to enter the returns in their books.
- Advertising includes R15 000 for a three-month contract ending on 31 July 2026.
- The factory foreman was on paid study leave for the entire year. On 1 January 2026, he also received an annual 8% increase to his previous monthly salary of R12 000. His increase was not taken into account.
- Depreciation of 20% on the carrying value must still be provided for office equipment.

NOTE: A new printer was bought on 1 April 2026, R10 000. This was properly recorded.

E. Sales and mark-up percentage:

The business maintains a mark-up percentage of 135% on cost.

NOTE: A trade discount of R70 000 was allowed to cash customers during this financial year.

2.3 UNIT COSTS AND BREAK-EVEN ANALYSIS:

X-Manufacturers is a small business that manufactures sunglasses and is owned by John May. The financial year ended on 30 June 2026.

REQUIRED:

2.3.1 John, the owner, was unable to achieve the expected net profit of R1 002 000 for the year ended on 30 June 2026.

Calculate the number of sunglasses X-Manufacturers should have produced and sold to achieve the expected profit. (5)

2.3.2 The owner is satisfied with the control over fixed costs.

Explain and provide a calculation(s) to support his opinion. (3)

INFORMATION:

	30 June 2026		30 June 2025
Number of units produced and sold	8 800 units		7 500 units
Selling price per unit	R260		R230
Break-even units	3 106 units		3 777 units
	Total cost	Unit cost	Total cost
	R	R	R
Variable costs:	792 000	90	682 500
Direct material cost	272 800	31	210 000
Direct labour cost	352 000	40	277 500
Selling and distribution cost	167 200	19	195 000
Fixed cost:	528 000	60	525 000
Factory overheads cost	290 400	33	300 000
Administration cost	237 600	27	225 000

QUESTION 3: BUDGETING

(40 marks; 35 minutes)

3.1 CASH BUDGET

Hugo is the owner and manager of Hugo Traders, which sells and repairs computers and related computer equipment.

REQUIRED:

- 3.1.1 Complete the Debtors' Collection Schedule for September 2026. (4)
- 3.1.2 Calculate the projected amount for the discount allowed to debtors in August 2026. (2)
- 3.1.3 Calculate the amounts denoted by (i) to (iv) in the extract of the Cash Budget. (14)
- 3.1.4 **Refer to Information G:**
Hugo needs your assistance to interpret the extracted actual and budgeted figures for JULY 2026:
- Comment on the effectiveness of the advertising. Provide ONE point with figures. (3)
 - Comment on the control over delivery expenses. Provide ONE point with figures. (3)

INFORMATION:

A. Total sales:

June	July	August	September
R882 000	R974 000	R950 000	R 975 000

- Credit sales comprise 70% of total sales
 - Debtors pay according to the following trends:
 - 30% in the month of sales, subject to 4% discount
 - 65% in the month following the month of sales
 - The remaining amount will be written off as irrecoverable in the third month after sales
- B.**
- Goods are sold at a mark-up of 60% on cost.
 - The business maintains a fixed stock base level. Stock sold is replaced in the same month.
- C.**
- The cash purchases are 60% of total purchases.
 - Creditors are paid in the month following the month of purchases.

D. Extract from the Cash Budget for August and September 2026:

	August	September
	R	R
Cash sales	285 000	292 500
Rent income	22 500	(i)
Cash purchases	356 250	(ii)
Payment to creditors	(iii)	237 500
Salaries of technicians	42 000	(iv)

E. Rent income is expected to increase by 7% p.a. from 1 September 2026.

F. Salaries of technicians:

- The business will have six technicians employed in August 2026 on the same monthly salary.
- Three technicians will receive a 100% annual bonus in September, equal to their August 2026 monthly earnings.
- One technician gave notice of his resignation, effective on 31 August 2026.
- All employed technicians will receive an annual increase of 5% effective 1 September 2026.

G. Extract from the Cash Budget for July 2026:

	Budgeted R	Actual R
Total sales	974 000	730 500
Cash from debtors	400 000	310 000
Advertising	48 700	48 700
Delivery expenses	70 000	59 500

3.2 PROJECTED STATEMENT OF COMPREHENSIVE INCOME

JOINT FORCES TRADING

Andy de Lange owns Joint Forces Traders, which sells bicycles. You are provided with a Projected Statement of Comprehensive Income for June and July 2026. The actual figures are also provided.

REQUIRED:

- 3.2.1 Andy budgeted a 100% mark-up on the cost price. However, due to rising interest rates, which led to a decline in sales, he found it necessary to adjust his pricing policy during the budget period.
- Calculate the actual mark-up percentage that the business achieved in June 2026. (2)
 - Andy feels that the business benefited from the adapted pricing policy. Quote figures from JULY to support his opinion. (2)
- 3.2.2 Andy has experienced cash flow problems over the past two months. Explain why the Projected Statement of Comprehensive Income will not assist him in identifying causes for this problem. (2)
- 3.2.3 On 1 June 2026, the business already had a loan from Constantia Bank at an interest rate of 13% p.a. Interest is not capitalised. An additional loan was taken on 1 July 2026 at the same interest rate.
- Calculate the amount of the additional loan taken on 1 July 2026. (4)
 - Andy decided to use the additional loan, which was acquired on 1 July 2026 to purchase a premises instead of renting a building. Calculate the net savings of this decision. (4)

INFORMATION:

JOINT FORCES TRADERS

Projected Statement of Comprehensive Income for June and July 2026:

	June Projected	June Actual	July Projected	July Actual
Sales	300 000	540 000	298 800	459 000
Cost of sales	(150 000)	(300 000)	(166 000)	(255 000)
Gross profit	150 000	240 000	132 800	204 000
Other income	110 000	130 000	108 000	128 000
Operating expense	(90 000)	(100 000)	(130 000)	(115 000)
Sundry expenses				
Rent expense	45 000	45 000	45 000	0
Maintenance & Insurance	0	0	0	5 000
Municipal Rates	0	0	0	20 000
Operating profit	170 000	270 000	144 000	268 000
Interest expense (13% p.a.)	(2 197)	(2 197)	(15 600)	(15 600)
Net profit for the month	167 803	267 803	128 400	252 400

40



QUESTION 4: INVENTORY

(40 marks; 30 minutes)

The information relates to Gibbs Fitness, a business which sells cricket bats and cricket balls. Herchell Brown is the owner. The periodic inventory system is used.

- Cricket bats are valued using the FIFO (first-in, first-out) method.
- Cricket balls are valued using the weighted-average method.

REQUIRED:

- 4.1 Calculate the value of the closing stock for both stock items on 31 August 2026:
- 4.1.1 Cricket bats (6)
- 4.1.2 Cricket balls (7)
- 4.2 Calculate the following related to cricket bats on 31 August 2026:
- 4.2.1 Cost of sales (4)
- 4.2.2 Gross profit (3)
- 4.2.3 Average stock holding period (SHP)
- NOTE:** Average stock holding period (SHP) for the year ended 31 August 2025 was calculated at 128 days (4)
- 4.3 Herchell is considering using the weighted-average valuation method for cricket bats. The bookkeeper correctly calculated the provisional value of the closing stock of cricket bats using the weighted-average method as R340 160. Herchell believes that this method will provide a tax benefit. Provide a calculation to show the effect this will have on the gross profit from cricket bats. (4)
- 4.4 Herchell is worried about the stock and the store's control procedures.
- 4.4.1 Herchell believes that the SHP on 31 August 2026 did not accurately reflect the sales of the current brand of cricket bats and wants to continue selling these bats. Provide appropriate calculations/figures to support Herchell. (3)
- 4.4.2 Herchell is satisfied that cricket balls are being well controlled. Provide an appropriate calculation/figure to support his opinion. (3)
- 4.5 Herchell asked for your advice to improve the business's performance. Explain TWO strategies that you will implement in the business, based on the specific information given below. (4)
- 4.6 Herschell considers adjusting the valuation of cricket balls to the specific identification method. Advise him why he should not go forward with this plan. Give TWO reasons. (2)

INFORMATION:

A. Inventory:

	Cricket bats			Cricket balls		
	No. of units	Per unit R	Total value R	No. of units	Per unit R	Total value R
01/09/2025	80	2 200	#176 000	1 600		180 000
Purchases:	350		815 250	10 000		1 098 000
25/10/2025	50	2 200*	110 000	4 000	104	416 000
25/01/2026	70	2 250*	157 500	1 000	110	110 000
26/04/2026	105	2 300*	241 500	2 000	112	224 000
25/07/2026	125	2 450*	306 250	3 000	116	348 000
		*Excluding carriage at R50 per bat				
Available stock	430		991 250	11 600		1 278 000
31/08/2026	145	?	?	550	?	?

B. Purchases:

(i) Cricket bats:

These bats are manufactured in Durban. Carriage is charged at R50 per cricket bat. An amount of R17 500 was paid for carriage on the 350 cricket bats purchased. #Carriage on purchases is included in the opening stock figure of R176 000.

(ii) Cricket balls:

These balls are locally manufactured. The business supplies many stores in South Africa with cricket balls. The business returned 1 000 balls from the April 2026 batch because they did not meet the required sample standards.

C. Sales during the year:

- Cricket bats:** 285 units at R3 600 each = R1 026 000
- Cricket balls:** 10 050 units at R160 each = R1 608 000

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit} \times 100}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses} \times 100}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
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)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE: 1. Trading stock at the end of a financial year can be used if required in a question. 365 days is only applicable if relevant to the whole year. 2. Credit purchases July 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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PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING P2

SEPTEMBER 2026

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
4			
TOTAL			

This answer book consists of 11 pages.

QUESTION 1

1.1 CREDITORS' RECONCILIATION

1.1.1 CREDITORS' CONTROL ACCOUNT IN THE GENERAL LEDGER:

Balance		R91 265
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		
Final balance		

9

CREDITORS' LIST:

Cards For Africa Traders (– 945	
Trinket Stores (40 290	
Minelli Ltd (23 780	
Block Out Wholesalers (28 050	

11

1.1.2 Provide TWO internal control measures that can be implemented to ensure better management over creditors.

2

1.2

No.	CRJ		CPJ		Bank Reconciliation Statement	
	Amount	Details	Amount	Details	Debit	Credit
(a)			256	Bank charges		
(b)						1 000
(i)						
(ii)						
(iii)						

8

TOTAL MARKS
30

QUESTION 2

2.1	2.1.1		
	2.1.2		
	2.1.3		
	2.1.4		
			4

2.2 ZEBEDEE TRADERS

2.2.1	Calculate the direct labour cost on 30 June 2026.		
	WORKINGS	ANSWER	
			5

2.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2026.

Prime cost		
Work-in-progress on 1 July 2025	0	
Cost of production of finished goods		
		13

2.2.3 ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026.

Cost of sales	(975 000)	
Net profit for the year		10

2.3.1 Calculate the number of sunglasses X-Manufacturers should have produced and sold to achieve the expected profit.

WORKINGS	ANSWER
	

5

2.3.2 The owner is satisfied with the control over fixed costs. Explain and provide a calculation(s) to support his opinion.

3

TOTAL MARKS

40

QUESTION 3

3.1 HUGO TRADERS

3.1.1 Complete the Debtors' Collection Schedule for September 2026.

MONTH	CREDIT SALES R	AUGUST 2026 R	SEPTEMBER 2026 R
July	681 800	443 170	
August	665 000	191 520	
September	682 500		
RECEIPTS FROM DEBTORS		634 690	

4

3.1.2 Calculate the projected amount for the discount allowed to debtors in August 2026.

WORKINGS	ANSWER

2

3.1.3 Calculate the amounts denoted by (i) to (iv) in the extract of the Cash Budget.

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

14

3.1.4

Comment on the effectiveness of the advertising. Provide ONE point with figures.

Comment on the control over delivery expenses. Provide ONE point with figures.

6

3.2 JOINT FORCES TRADING

3.2.1

Calculate the actual mark-up percentage achieved in June 2026.

WORKINGS

ANSWER

2

Andy feels that the business benefited from the adapted pricing policy. Quote figures from JULY to support his opinion.

2

3.2.2

Andy has experienced cash flow problems over the past two months. Explain why the Projected Statement of Comprehensive Income will not assist him in identifying causes for this problem.

2

3.2.3

Calculate the additional loan on 1 July 2026.

WORKINGS	ANSWER

4

Andy decided to use the additional loan, which was acquired on 1 July 2026 to purchase a premises instead of renting a building. Calculate the net savings of this decision.

4

TOTAL MARKS

40

QUESTION 4

GIBBS FREE ENERGY

Calculate

GIBBS FITNESS

Calculate the closing stock value for cricket bats (FIFO method):

6	

Calculate the closing stock value for cricket balls (weighted-average method):

7	

CRICKET BATS:

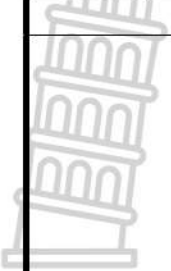
Calculate cost of sales:

4

Calculate gross profit:

3	

4.2.3 Average stock holding period (SHP) on 31 August 2026:

WORKINGS	ANSWER
	

4

4.3 Herchell is considering using the weighted-average valuation method for cricket bats. The bookkeeper correctly calculated the provisional value of the closing stock of cricket bats using the weighted-average method as R340 160. Herchell believes that this method will provide a tax benefit. Provide a calculation to show the effect this will have on the gross profit from cricket bats.

WORKINGS	ANSWER
	

4

4.4 CALCULATIONS:

4.4.1 Herchell believes that the SHP on 31 August 2026 did not accurately reflect the sales of the current brand of cricket bats and wants to continue selling these bats. Provide appropriate calculations/figures to support Herchell.

3

4.4.2 Herchell is satisfied that cricket balls are being well controlled. Provide an appropriate calculation/figure to support his opinion.

3

4.5 Herchell asked for your advice to improve the business's performance. Explain TWO strategies that you will implement in the business, based on the specific information given below.



4

4.6 Herschell considers adjusting the valuation of cricket balls to the specific identification method. Advise him on why he should not go forward with this plan. Give TWO reasons.

2

TOTAL MARKS

40

TOTAL: 150



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PREPARATORY EXAMINATION

GRADE 12

ACCOUNTING P2

SEPTEMBER 2026

MARKS: 150

MARKING GUIDELINE

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 a 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. Unless otherwise stated, give full marks for the correct answer. If the answer is incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in marking guidelines for component parts within workings that earn no part marks, these will 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 different 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 question)
8. This memorandum is not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
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 before awarding the mark.
11. 'Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +, -, x, ÷ as per candidate's calculation (if valid) or per marking guidelines.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios. If only one line is presented, assume it is the numerator.
13. 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 □.
14. Be aware of candidates who provide alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 12 pages.

QUESTION 1

1.1 CREDITORS' RECONCILIATION

1.1.1 CREDITORS CONTROL ACCOUNT IN THE GENERAL LEDGER:

Balance		R91 265	
(i)		No entry	OR 0
(ii)	– R3 850 one mark – R3 850 one mark	OR – R7 700	
(iii)		+ R525	
(iv)		+ R945	
(v)		+ R1 965	
(vi)		No entry	OR 0
Final balance		R87 000	*

CREDITORS' LIST:

Cards For Africa Traders (– 945 + 945)	NIL or 0	
Trinket Stores (40 290 – [3 850 + 3 850] see (II) above)	32 590	*
Minelli Ltd (23 780 + 16 500 + 525)	40 805	*
Block Out Wholesalers (28 050 – 16 500 + 90 + 1 965 See (V) above)	13 605	*
	87 000	*

printed totals do not constitute as "one part correct"

1.1.2 Provide TWO internal control measures that can be implemented to ensure better management over creditors.

Any two valid points Do not accept "Division of duties", but examples by implication acceptable

- Assess the efficiency of the creditors' clerk to prevent errors from occurring.
- Reconcile the balance on the creditors control account with the total of the creditors' list monthly/statement of account, and individual creditors.
- Make sure to adhere strictly to credit terms to avoid interest charges on overdue accounts.
- Conduct regular internal audits to limit error or fraud./Check documents (e.g. invoices and credit notes) to ensure accuracy of calculations and entries.



1.2

No.	CRJ		CPJ		Bank Reconciliation Statement	
	Amount	Details	Amount	Details	Debit	Credit
(a)			256	Bank charges		
(b)						1 000
(i)	12 500 ₪	Rent income ₪				
(ii)			3 000 ₪	Wages ₪	3 000 ₪	
(iii)			500 ₪	Interest on Overdraft ₪		500 ₪

8

-1 foreign (max -1) (only if marks are scored elsewhere for the same figure)

-1 superfluous items (max -1);

ensure that the candidate do not get full marks for including any incorrect figure/s

TOTAL MARKS
30

QUESTION 2

accept abbreviations

2.1	2.1.1	Administration cost	☐	Admin
	2.1.2	Selling and Distribution Cost	☐	S&D
	2.1.3	Raw Material cost	☐	RMC
	2.1.4	Factory Overhead cost	☐	FOH

4

2.2 ZEBEDEE TRADERS

2.2.1 Calculate the direct labour cost on 30 June 2026.

WORKINGS	ANSWER
$450\ 648 \times \frac{1}{99}$ two marks $368\ 703 + 81\ 945 + 4\ 552 + 4\ 552$ $9\ 104$ two marks OR $450\ 648 \times \frac{2}{99}$ two marks OR $450\ 648 \times \frac{101}{99}$ two marks OR $455\ 200 \times 101\%$ three marks one mark Ensure that only one option is marked consistently.	$459\ 752$ ☐ one part correct

5

2.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2026.

Direct material cost (593 000 – 94 000)	499 000	☐ *
Direct labour cost see 2.2.1	459 752	☐
Prime cost	958 752	☐ *
Factory overhead cost (367 500 + 5 760 ☐)	373 260	☐ *
Total manufacturing cost	1 332 012	☐ *
Work-in-progress on 1 July 2025	0	
	1 332 012	
Work-in-progress on 30 June 2026	(317 512)	☐
Cost of production of finished goods (975 000 + [115 000 – 75 500] ☐)	1 014 500	☐ *
	*one part correct	

13

2.2.3 ABRIGGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 June 2026

Sales [975 000 x 235/100] ☐ – 70 000 ☐ 2 291 250	2 221 250	☐ *
Cost of sales	(975 000)	
Gross profit	1 246 250	☐
Other expenses	(236 100)	
Administration cost (141 000 + 5 500 ☐) 5000 one mark + 500 one mark	146 500	☐ *
Selling and distribution costs (94 600 – 5 000)	89 600	☐ *
Net profit for the year	1 010 150	☐ *
	*one part correct	

10

2.3 X-MANUFACTURERS

2.3.1 Calculate the number of sunglasses X-Manufacturers should have produced and sold to achieve the expected profit.

WORKINGS	ANSWER
$\frac{528\,000 + 1\,002\,000}{R260 - 90}$ OR $\frac{1\,002\,000}{170} = 5\,895^{\#} + 3\,106$ #units rounded up OR $1\,002\,000 - (8\,800 - 3\,106) \times 170$ $= 34\,020/170$ $= 201^{\#} + 8\,800$ #units rounded up Ensure that only one option is marked consistently.	9000/9001 units one part correct

5

2.3.2 The owner is satisfied with the control over fixed costs. Explain and provide calculation(s) to support his opinion.

Comment must explain or imply economies of scale □ □

The owner is satisfied because of the advantage of economies of scale.

Comparative figures □

- The units produced and sold increased (from 7 500) to 8 800/by 1 300/by 17,3%, and the Total Fixed cost increased (from R525 000) to R528 000/by R3 000/by 0,6% only./The fixed cost per unit decreased (R70) to R60 per unit.

3

TOTAL MARKS

40

QUESTION 3

3.1 HUGO TRADERS

3.1.1 Complete the Debtors' Collection Schedule for September 2026.

MONTNH	CREDIT SALES R	AUGUST 2026 R	SEPTEMBER 2026 R
July	681 800	443 170	Superfluous entry; Lose method on total
August	665 000	191 520	432 250 □
September	682 500		196 560 □□
RECEIPTS FROM DEBTORS		634 690	628 810 □*

4

3.1.2 Calculate the projected amount for the discount allowed to debtors in August 2026.

WORKINGS	ANSWER
$199\,500 \times 4\%$ $665\,000 \times 30\% \times 4\%$	7 980 □□
OR $199\,500 - 191\,520$ $191\,520 \times 4/96$	

2

3.1.3 Calculate the amounts denoted by (i) to (iv) in the extract of the Cash Budget.

	WORKINGS	ANSWER
(i)	$22\,500 \times 107/100$ 2	24 075 □□
(ii)	$[975\,000 \times 100/160] \square \times (60/100) \square$ 609 375 one mark	3 365 625 □* one part correct
(iii)	$[974\,000 \times 100/160] \square \times (40/100) \square$ 608 750 one mark	3 243 500 □* one part correct
(iv)	$42\,000/6$ $(7\,000 \square \times 105/100 \square \times 5 \square) + (7\,000 \square \times 3 \square)$ 36 750 three marks 21 000 two marks OR $(7\,350 \square \times 5 \square) + (7\,000 \square \times 3 \square)$ 36 750 three marks 21 000 two marks OR $(7\,000 \times 2 \times 3) + (350 \times 3) + (7\,350 \times 2)$ 42 000 1050 14 700 6 Ensure that only one option is marked consistently.	57 750 □* one part correct

14

3.1.4 Comment on the effectiveness of the advertising. Provide ONE point with figures. Comment on the control over delivery expenses. Provide ONE point with figures.

Compare the variance (actual vs budget) of Advertising and sales □□ Comment on effectiveness □ - Actual and budgeted amounts for Advertising are the same. (no variance/R0) □ - Actual sales (R730 500) were less than budgeted sales (R974 000)/by R243 500/by 25%□ Budgeted Advertising was 5% of Sales and Actual 6,7% but Sales were still less than budgeted. □□ - Advertising was therefore not effective. □	Compare the variance (actual vs budget) of Delivery expenses and sales □□ Comment on control □ - Actual Delivery expenses (R59 500) were lower than budgeted (R70 000)/by R10 500/by 15% □ - Actual sales (R730 500) were less than budgeted sales (R974 000)/by R243 500/by 25%□ Budgeted Delivery expenses were 7,2% of Sales and Actual 8,1% but Sales were still less than budgeted. □□
---	---

6

MAX 3 marks

- Delivery expenses were therefore not well controlled. □

MAX 3 marks

3.2 JOINT FORCES TRADING

3.2.1 Calculate the actual mark-up percentage achieved in June 2026.

WORKINGS	ANSWER
$\frac{240\,000}{300\,000} \times \frac{100}{1}$	80%□□* one part correct

2

Andy feels that the business benefited from the adapted pricing policy. Quote figures from JULY to support his opinion.

Any valid explanation □ figures □

- Gross profit exceeded projected amount of R132 800 in July by R71 200 (to R204 000)/by 53,6%
- Sales exceeded projected amount of R298 800 in July by R160 200 (to R459 000)/by 53,6%
- Net profit exceeded projected amount of R128 400 in July by R124 000 (to R252 400)/by 96,6%

2

3.2.2 Andy has experienced cash flow problems over the past two months. Explain why the Projected Statement of Comprehensive Income will not assist him in identifying causes for this problem.

Any ONE valid explanation □ □

- The Projected Statement of Comprehensive Income reflects profit, not cash flow.
- Certain income items may not have been collected, or expenses may not occur.
- Receipts from debtors are not reflected in the projected Statement of Comprehensive Income.
- Payments to creditors are not reflected in the projected Statement of Comprehensive Income.
- Cash problems will not be identified in the Projected Statement of Comprehensive Income; therefore, it is necessary to compile a Cash Budget.

2

3.2.3 Calculate the additional loan on 1 July 2026.

WORKINGS	ANSWER
$13\,403 \square \times 100/13 \square \times 12 \square$ OR $15\,600 \times 100/13 \times 12 = 1\,440\,000$ two marks $2\,197 \times 100/13 \times 12 = (202\,800)$ one mark Ensure that only one option is marked consistently.	$1\,237\,200 \square^*$ one part correct

4

Andy decided to use the additional loan, which was acquired on 1 July 2026 to purchase a premises instead of renting a building. Calculate the net savings of this decision.

Expenses saved □ additional expenses □ net saving □ □

- Net saving of R6 597
(Rent 45 000 – Rates R20 000 – Maintenance & Insurance R5 000 – interest R13 403)

FOR TWO MARKS MAX:

- Savings on rent amounted to R45 000 p.m., which increased the profit.
- Rates R20 000 and Maintenance & Insurance R5 000 must now be provided for, and interest on the additional loan amounted to R13 403, which led to a decrease in profit.

4

TOTAL MARKS

40

QUESTION 4

4.1 GIBB FITNESS

4.1.1 Calculate the closing stock value for cricket bats (FIFO method):

1	WORKINGS	ANSWER
	$20 \times 2\,300 = R46\,000$ $125 \times 2\,450 = R306\,250$ $145 \times 50 = R7\,250$ OR $20 \times 2\,350 = 47\,000$ two marks $125 \times 2\,500 = 312\,500$ two marks Ensure that only one option is marked consistently.	 R359 500* one part correct must include two batches

6

4.1.2 Calculate the closing stock value for cricket balls (weighted-average method):

2	WORKINGS	ANSWER
	$\frac{[180\,000 + 1\,098\,000] - 1\,000 \times 112}{11\,600 - 1\,000}$ $\frac{(1\,278\,000 - 112\,000)}{10\,600} = R110 \times 550$ $(1\,600 + 10\,000 - 1\,000)$ two marks	 R60 500* one part correct

7

4.2 CRICKET BATS:

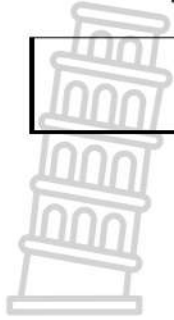
4.2.1 Calculate cost of sales:

1	WORKINGS	ANSWER
	$176\,000 + 815\,250$ $991\,250 + 17\,500 - 359\,500$ see 4.1.1 1 008 750 two marks	 R649 250* one part correct

4

4.2.2 Calculate gross profit:

2	WORKINGS	ANSWER
	$1\,026\,000 - 649\,250$ see 4.2.1	 R376 750* one part correct



		3



4.2.
3

Average stock holding period (SHP) on 31 August 2026:

WORKINGS	ANSWER
267 750 two marks $\frac{1}{2}(176\ 000 \square + 359\ 500 \square \text{ see 4.1.1}) \quad \underline{365}$ $649\ 250 \square \text{ see 4.2.1} \quad \times \quad 1$ OR 225 two marks $\frac{1}{2}(80 + 145) \quad \underline{365}$ $285 \quad \times \quad 1$ 'x 365' does not constitute 'one part correct'. Numerator and denominator must be marked as such. Ensure that only one option is marked consistently.	150,5 days□* one part correct Do not accept 365 as "one part correct" OR 144 days if units

4

4.3

Herchell is considering using the weighted-average valuation method for cricket bats. The bookkeeper correctly calculated the provisional value of the closing stock of cricket bats using the weighted-average method as R340 160. Herchell believes that this method will provide a tax benefit. Provide a calculation to show the effect this will have on the gross profit from cricket bats.

WORKINGS	ANSWER
see 4.2.2 see 4.1.1 $376\ 750 \square - (359\ 500 \square - 340\ 160 \square)$ 19 340 two marks OR 991 250 + 17 500 $1\ 026\ 000 - (1\ 008\ 750 - 340\ 160)$ one mark one mark one m. mark Ensure that only one option is marked consistently.	R357 410 □* one part correct

4

4.4 CALCULATIONS:

4.4.1 Herchell believes that the SHP on 31 August 2026 did not accurately reflect the sales of the current brand of cricket bats and wants to continue selling these bats. Provide appropriate calculations/figures to support Herchell.

Valid comment ☐ calculation/figure ☐ ☐

- Bats generated a profit of R376 750 for the financial year
- The April (105) and July (125) purchases of bats were significantly higher than the rest of the year's purchases.
- 150,5 days (OR 144 days) SHP see 4.2.4 due to a change in purchasing policy.
- 66,3% of available bats were sold ($285/430 \times 100$)
- Sold 23,8 bats per month.

3

4.4.2 Herchell is satisfied that cricket balls are being well controlled. Provide an appropriate calculation/figure to support his opinion.

Valid comment ☐ valid calculation/figure ☐ ☐

$$1\ 600 + 10\ 000 - 1\ 000 - 10\ 050 - 550 = 0$$

He should not be concerned; stock records are 100% accurate.

3

4.5 Herchell has asked for your advice to improve the business's performance. Explain TWO strategies that you will implement in the business, based on the specific information given below.

Any TWO valid strategies ☐ ☐ ☐ ☐

- Avoid stockpiling, as the balls are manufactured locally, it would be easy to purchase as needed/order according to customer needs.
- An advertising/marketing strategy to encourage higher turnover of cricket bats, e.g. sell combo deals including a ball with a bat.
- Explore the possibility of purchasing cricket bats locally at a lower price/saving on delivery costs.
- Investigate stocking on various brands of different cricket bats in order to reach a wider target market.
- Revise the mark-up policy on cricket bats. The current selling price may be higher than that of competitors.

4

4.6 Herschell considers adjusting the valuation of cricket balls to the specific identification method. Advise him on why he should not go forward with this plan. Give TWO reasons.

Any TWO valid points of advice



Accept short valid answers

- Swopping between valuation methods may seem like manipulation of figures, since it can result in lower closing stock, higher cost of sales and lower gross profit.
- He must inform SARS to get approval.
- Comparability of figures between years will be compromised.
- Keeping track of specific batches purchased in large numbers could be challenging.

2

TOTAL MARKS

40

TOTAL: 150