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KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

CURRICULUM GRADE 10 -12 DIRECTORATE

NCS (CAPS)

TEACHER SUPPORT

DOCUMENT GRADE 11

ACCOUNTING

STEP AHEAD PROGRAMME

2025

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PREFACE

This support document serves to assist Accounting teachers on how to deal with curriculum gaps and learning losses as a result of the impact of COVID-19 in 2021. It also deals with the challenging topics in the Grade 11 curriculum in Term 1 – 3.

Activities serve as a guide on how various topics are assessed at different cognitive levels to ensure quality informal and formal tasks in Accounting. It covers the following topics:

A.	**Reconciliations**	3 – 7
B.	**Fixed Assets**	4 – 10
C.	**Statement of Comprehensive Income**	11 – 16
D.	**Statement of Financial Position & Financial indicators**	17 – 26
E.	**Cost Accounting**	27 – 33
F.	**Budgeting**	33 – 39
G.	**Value Added Tax**	39 – 40
H.	**Inventory Systems**	40 – 46

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ACIVITY A1

BANK RECONCILATIONS AND INTERNAL CONTROL

CASH RECEIPTS JOURNAL OF CALAWAY TRADERS FOR FEBRUARY 2025 CRJ

Doc	Day	Details	Fol	Bank	Sundry accounts		
					Amounts	Fol	Details
	29	**Total**		**62 330**			
		Monde NGO		9 050			Donation
		P. Plan		4 000			Debtors Control
		BSA Bank		122			Interest on fixed deposit
		TOTAL		75 502			

CASH PAYMENTS JOURNAL OF CALAWAY TRADERS FOR FEBRUARY 2025 CPJ

Doc	Day	Details	Fol	Bank	Sundry accounts		
					Amounts	Fol	Details
	29	**Total**		**83 472**			
		IN-Insur		4 370			Drawings
		MSOS Bank		892			Bank charges
							Interest on overdue
		TOTAL		88 734			

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1.2 **Bank Reconciliation Statement on 28 February 2025.**

	Debit	Credit
Cr Correction of an error		1 800
Outstanding Deposit		9100
Outstanding EFT 510	4 325	
EFT 521	7 500	
Balance as per Bank account	19 195	
Balance as per Bank statement		20 120
	31 020	31 020

INTERNAL CONTROL AND PROBLEM SOLVING

1.3 Rafare to **Information B:** identify the problem and provide a possible solution.

Problem (with a figure):

Bookkeeper using R4 210 of the business bank for his personal affairs

Possible solution: *Any one*

- Division of duties amongst the Bookkeepers
- Random audit checks.
- Creation of clear policies of usage of business funds for person use for bookkeepers.
- Business's payments must be approved by the owner.
- **ANY OTHER LOGICAL ANSWER**

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ACTIVITY A2

2.1.1 CREDITORS' RECONCILIATION AND INTERNAL CONTROL

Phila, the bookkeeper of MotherT does not find it important to do a Creditors Reconciliation Statement because the Handsford Suppliers often send a correct monthly statement. What would you say to him? State **ONE** point.
• Effective way to do internal control over creditors • Errors and omissions can be detected and prevented. • To limit or prevent fraud. • The business is able to detect the correct balance due to each creditor.

2.1.2

	Creditors' Ledger Account of Handsford suppliers In MotherT Traders books	**Statement of Account from Handsford Suppliers**
(i)	**13 250**	**19 140**
(ii)		-6 200
(iii)	+4 390	
(iv)		- 6100 - 610 or *-6710*
(v)	-11 410	
	6 230	6 230

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ACTIVITY A2: BANK RECONCILIATION

3.1

Cash Receipts Journal	Cash Payments Journal
206 200	**222 500**
4 500	720
2 585	1 260
12 500	885
95	1 840
225 880	227 205

3.2 Calculate the correct Bank Account balance on 28 February 2025.

28 100 + 225 880 – 227 205
= 26 775

3.3 Prepare the Bank Reconciliation Statement as at 28 February 2025.

	Debit	Credit
Cr balance as per Bank Statement		11 455
Cr outstanding deposits	Must be separate	8 500
		9 720
DR outstanding EFT's		
EFT 996	3 500	
EFT 1 001	1 240	
Cr amount wrongly debited		1 840
Dr balance as per Bank Account	26 775 see 1.2	
	31 515	31 515

Totals must be equal

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ACTIVITY A4

CREDITORS RECONCILIATION

4.1

	Creditors Ledger of The Chicken Shack	Statement from Percival's Produce
Incorrect Balance	**9 373**	**17 453**
A	-600	
B		-363
C	+1 870	
D		-27
E	+520	
F		-2 310
G	-4 400	
H	+4 560	
I	- 310 - 310 OR – 620	
J		- 4 050
	10 703	10 703

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B. FIXED ASSETS

ACTIVITY B1

1.1

	Land and Buildings	Equipment	Vehicles
Carrying value at the beginning of the year	1 280 000	83 004	80 750
Cost price	1 280 000	162 000	170 000
Accumulated Depreciation	**0**	**(78 996)**	**(89 250)**
Movements	320 000	**(24 090)**	**47 500**
Additions at cost	320 000	**0**	**80 000**
Disposal at carrying value	**0**	(5 000)	**0**
Depreciation	**0**	(19 090)	(32 500)
Carrying value at the end of the year	**1 600 000**	58 914	128 250
Cost price	**1 600 000**	144 000	**250 000**
Accumulated depreciation	**0**	(85 086)	(121 750)

ACTIVITY B2

2.1.1

Calculate depreciation on equipment:	**Answer**
New : 100 000 x 10/100 x 9/12 = 7 500 Old: 330 000 x 10/100 = 33 000	40 500

2.1.2

Calculate the carrying value of the vehicle sold:	**Answer**
780 000 + 140 000 – 440 000 = 480 000 4800 000 x 15/100 x 10/12 = 60 000 480 000 – 215 000 – 60 000	205 000

2.1.3

ASSET DISPOSAL

Dec 2024	31	Vehicle	480 000	Feb 2025	28	Acc.dep on Vehicle: (215 000 + 60 000)	275 000
						Bank	150 000
						Loss on sale	55 000
			480 000				480 000

2.1.4

- Signing in and out of vehicles to track where they are and who used them.
- Putting tracking devices on the vehicles.
- Having log book to record the movement of the vehicle.
- Have a policy on what time should the vehicle be returned on the business premises.
- Lock the vehicles on the business premises at night.

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ACTIVITY B3

3.1.1

Fixed asset register

Item :Delivery Vehicle
Date purchased :01 July 2022
Cost price : R350 000
Purchased from : Hiway Motors
Depreciation : 20% p.a on diminishing balance method

Date	Depreciation	Accumulated depreciation	Carrying value
31 December 2022	35 000	35 000	315 000
31 December 2023	63 000	98 000	217 000
30 September 2024	32 550	130 550	86 450

3.1.2 The purpose of the fixed asset register is to keep track of the book value of assets and determine the depreciation to be calculated and recorded for management and taxation purpose.

ACTIVITY B4

4.1.1

New: Vehicle A 350 000 x 10/100 x 6/12= 17 500
Vehicle B 230 000 x 10/100 x 9/12 = 17 250

Sold: 150 000 x 10 /100 x 29/12 = 36 250

Old: (600 000 – 150 000) x 10/100 x 12/12 = 90 000

4.1.2

A	Bank
B	Creditors control
C	350 000
D	230 000
E	Asset disposal
F	150 000
G	1 180 000 – 150 000 = 1 030 000
H	350 000
I	Depreciation
J	150 000 x 10/100 x 3/12 = 3 750
K	Depreciation
L	90 000 + 17 500 + 17 250 = 124 750
M	Asset disposal
N	150 000 x 10/100 x 29/12 = 36 250
O	350 000 + 3 750 + 17 250 – 36250 = 44 250

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4.1.3 **Possible reasons for disposal:**

- The existing asset is too old and might cost a business a lot of money to repair.
- Vehicles may have been involved in an accident and it is too expensive to fix.
- Damaged assets cannot be used by the business anymore as they might be at risk of causing more damage.

ACTIVITY B5

PROBLEM WITH FIGURES	SOLUTION
Meter taxi 001A Is old – bought in 2010 (15 years ago) It is fully depreciated – has a book value of R1 High fuel and repair cost of R1 686 750– R10.50/km 57% of revenue	Replace this vehicle with a new one. Give this driver a new vehicle. Use this vehicle for short trips.
Meter taxi 002B Missing cash as R410 000 of fare not handed in Fuel and repairs are 45% of revenue	Monitors daily takings regularly. Collections must be done daily. Deduct the missing cash from the driver's salary. Introduce EFT's payments.
Meter taxi 003C New vehicle and has travelled less kilometres R60 760km compared to other taxis.	Investigate the reason for the low number of trips. Driver may be on leave/ engaging in fraudulent behaviour. Give this vehicle to a more reliable driver.

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C. FINANCIAL STATEMENT OF COMPREHENSIVE STATEMENT

ACTIVITY C1

AMAJUBA TRADERS

Statement of Comprehensive Income for the year ended 30 June 2025

Sales (1 696 080 – 4 480)	1 691 600
Cost of sales (998 000 – 2 800)	(995 200)
Gross profit	696 400
Other income	84 400
Bad debts recovered	640
Rent Income (95 600 – 14 340)	81 260
Provision for bad debts adjustment (4 444 – 4 144)	300
Trading stock surplus (371 000 +2 800 –18 000 – 358 000)	2 200
Gross operating income	
Operating expenses	
Discount allowed	1 200
Sundry expenses	34 000
Loss due to fire (18 000 x 15/ 100) or (18 000 – 15 300)	2 700
Depreciation	17 250
Salaries and wages (156 000 + 9 000)	165 000
Employer's contribution (54 000 + 90)	54 090
Insurance (56 400 – 2 400)	54 000
Telephone (18 000 x 100/80) or (18 000 + 4 500 *1 mark*)	22 500
Packing material (21 450 – 4 000)	17 450
Bad debts (3 450 + 1 120)	4 570
Bank charges (5 800 + 1 300) OR (5 800 + 420 + 880)	7 100
Operating profit	375 490
Interest income	20 462
Profit before interest expense	395 952
Interest expense (249 800 + 54 000 – 280 000)	(23 800)
Net profit for the year	372 152

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ACTIVITY C2

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 29 FEBRUARY 2025.

Sales (1 248 260- 3 200 + 16 560)	*	1 261 620
Cost of sales sales x 100/180		(700 900)
Gross profit		560 720
Other income		99 000
Provision for bad debts adjustment		5 000
Bad debts recovered		800
Rent income (78 200 + 15 000)		93 200
Gross income		659 720
Operating expenses		(446 130)
Sundry expense		86 700
Telephone		23 650
Salaries and wages (189 240+ 8 000+ 160)		197 400
Insurance (42 840– 14 460)		28 380
Packing material		7 900
Bad debts (8 800 + 800)		9 600
Trading stock deficit (212 000– 9200 - 196 450)		6 350
Depreciation		85 600
Bank charges (340 + 210)		550
Operating profit		213 590
Interest income		16 000
Profit before interest expense		229 590
Interest expense (630 800 – 611 300)		(19 500)
Net profit for the year		210 090

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1.1.2 Trade and other Receivables

Debtors control(115 420 + 9 200)	124 620
Provision for B/D(11 950- 5 000)	(6 950)
Net Trade debtors	117 670
Prepaid expense	14 460
	132 130

1.1.3

Provide TWO possible reasons why rent income decreased.
Floor space was minimized Tenant negotiated for a decrease in rent due to affordability Tenant got a cheaper offer from another landlord

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ACTIVITY C3
ME&U Traders: Statement of comprehensive income
FOR YEAR ENDED ON 29 FEBRUARY 2025

Sales(1 032 000-32 000)	1 000 000
Cost of Sales	(427 000)
Gross Profit	**573 000**
Other operating Income	**111 300**
Rent Income(54 000 + 4 500)	58 500
Commission Income (1 000 000x 5%)	50 000
Bad debts recovered	2 500
Provision for bad debts adjustment	300
Gross operating income	**684 300**
Operating expenses	**(551 950)**
Bad debts	5 000
Salaries and wages(350 000 + 30 000)	380 000
Insurance(30 000 – 2000)	28 000
Packing Material(4 200 +500 -300)	4 400
Bank Charges(1 800 + 250)	2 050
Sundry Expenses(32 300 + 5 000)	37 300
Stationery(5 500 -500)	5 000
Donation(1 100 + 900)	2 000
Depreciation (64 000 + 32 000 + 15 000 + 8 000 + 300)	61 700
Trading stock deficit(820 000 – 815 000)	5 000
Repairs	40 000
UIF contribution(1 500 + 500)	2 000
Medical Aid contribution(2 300 + 2 600)	4 900
Loss on sale of assets(57 600 – 55 000)	2 600
Operating Profit	**132 350**
Interest Income	**53 150**
PROFIT BEFORE INTEREST EXPENSE	**185 500**
Interest expense	**(5 500)**
NET PROFIT FOR THE YEAR	**180 000**

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TANGIBLE ASSETS	Land and Buildings	Vehicles	Equipment
Carrying value	**400 000**	**224 000**	**60 000**
Cost price	**400 000**	**300 000**	**80 000**
Accumulated Depreciation		**(76 000)**	**(20 000)**
Movements			
Addition at Cost Price	**150 000**	**150 000**	**12 000**
Asset disposal at carrying value (100 000 – 42 400)		(57 600)	
Depreciation		**(53 400)**	**(8 300)**
Carrying value	**550 000**	**263 000**	**63 700**
Cost price	**550 000**	**350 000**	**92 000**
Accumulated Depreciation		**(87 000)**	**(28 300)**

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ACTIVITY C4

5.1.1 CORRECTION OF NET PROFIT

Incorrect Net Profit	**4 987 200**
Trading stock deficit (406 400 – 383 800)	-22 600
Provision for bad debts adj(22 800 – 18 000)	+4 800
Rent income(4 750x2)	-9 500
Insurance(12 000 x4/12)	+4 000
Profit on sale of assets(13 600x2)	+27 200
Advertising	-4 400
Net profit for the year	4 986 700

5.1.2 Trade and other Payables

Creditors Control	**462 000**
SA Medical Aid fund	**12 400**
Income received in advance	**9 500**
Accrued expense	**4 400**
	488 300

5.1.3Current Account

	QINISO	MPUME	
Profit as per statement of comprehensive income	2 886 740	2 099 960	4 986 700
Salaries	420 000	420 000	
Interest on Capital	190 800	224 000	
Bonus	12 000		
Primary Distribution of Profit	622 800	644 000	1 266 800
Final Distribution of Profit 3: 2	2 231 940	1 487 960	3 719 900
Drawings	(265 000)	(230 000)	
Remaining Profit for the year	2 621 740	1 869 960	
Retained income at the beginning of the year	140 000	(4 000)	
Retained income at the end of the year	2 761 740	1 865 960	

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D. STATEMENT OF FINANCIAL POSITION AND FINANCIAL INDICATORS

BASELINE ASSESSMENT

1

1.1	F✓
1.2	E✓
1.3	B✓
1.4	A✓
1.5	C✓

	Account Debit	Account Credit	Amount
2.1	Provision for Bad Debts Adjustment✓	Provision for Bad Debts✓	4 935✓
2.2	Prepaid Expense✓	Insurance✓	1 800✓
2.3	Interest on Capital✓	Current Account: Ted✓	25 100✓
2.4	Salary: Baya✓	Current Account Baya✓	360 000✓
2.5	Appropriation✓	Current Account: Ted✓	89 700✓

ACTIVITY D1

1.1 Calculate and comment on the percentage mark-up achieved by ST Stores for the 2025 financial year.

Calculation

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

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

= 50%

Comment

Although the business did not achieve its target markup of 60% , the 50% markup achieved in 2025 is better than the 46% achieved in 2024.

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1.2 Calculate the amount for cash and cash equivalents, that was recorded in the Statement of Comprehensive Income, for the year ended 2025 for Cash and Cash Equivalents

160 000 X 4.2 = 672 000 – 626 000

416 000 + 210 000

= 46 000

OR

160 000 X 1.6 = 256 000 – 210 000

= 46 000

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1.3 Calculate the following, in days, for the year ended 28 February 2025:

1.3.1 Average stock holding period

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

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

= 93.1 days

1.3.2 Debtors average collection period

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

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

50 days

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

ST Stores has too much stock on hand.

The current ratio increased from 3.8: 1 in 2024 to 4.2: 1 in 2025

Acid test ratio decline from 2: 1 in 2024 to 1.6: 1 in 2025.

Average stock holding period changed from 80 days to 93.1 days

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

In 2024 Debtors were settling their accounts after 35.6 days and creditors were being paid after 30 days.

In 2025, debtors are settling their accounts after 50 days and creditors are being paid after 28 days.

Debtors need to be encouraged to settle their accounts earlier and ST Stores should request that they get 60 days credit term from their suppliers.

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1.6 Complete a calculation, and comment on the businesses risk is as at 28 February 2025.

Calculation: 500 000 : 550 000 + 179 750 500 000 : 729 750 0.7 : 1
Comment: The risk in this business is high. The risk has increased from 0.6: 1 in 2024 to 0.7: 1 in 2025.

1.7 Calculate the percentage return on average equity earned by ST Stores for the financial year ended 28 February 2025. With reference to this calculation, is ST Stores positively or negatively geared? Provide a reason for your answer.

Calculation $\frac{180\ 750}{(135\ 000 + 179\ 750 + 520\ 000 + 550\ 000)/2 \times 100}$ $\frac{180\ 750}{692\ 375 \times 100}$ = 26.1%
Comment Return on average equity increased from 24,6% to 26,1% by 1,5% which is higher than the interest rate on fixed deposit of 12% by 14,1%. Partners are happy with the investment.

ACTIVITY D2

2.1.1.1 CURRENT ACCOUNTS

	SHEZI	SMITH
Net Profit as per Statement of Comprehensive income	237 200	162 800
Salaries (Shezi: 11 000 x 12)	132 000	**108 000**
Interest on capitals	50 000	26 000

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Bonuses	12 000	0
Primary Division	194 000	134 000
Final distribution of remaining profit	43 200	28 800
Drawings (Smith: 10 000 + 4 600 [6 900 x $^{100}/_{150}$])	**(12 000)**	(14 600)
Retained income for the year	225 200	148 200
Balance (01 March 2024)	**33 000**	(15 400)
Balance (28 February 2025)	**258 200**	**132 800**

Interest on Capital: Shezi = 500 000 x 10% Smith = (220 000 x 10% x 6/12) + (300 000 x 10% x 6/12)

Final distribution: (400 000 - (194 000 + 134 000) = 72 000; Shezi: 72 000 x 3/5 = 43 200; Smith: 72 000 x 2/5 = 28 800

2.1.1.2 TRADE AND OTHER PAYABLES

Trade Creditors	65 000
Accrued expenses	3 100
Income received in advance	8 250
Creditors for salaries	45 000
SARS: PAYE	22 500
	143 850

2.1.2 MACKSONS TRADERS
STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2025

ASSETS	
NON-CURRENT ASSETS	1 530 000
Fixed/Tangible assets	1 380 000
Financial assets: Fixed deposit: Siza Bank (225 000 - 75 000)	150 000
CURRENT ASSETS	312 560
Inventory (146 900 – 4 600 + 3 870)	146 170
Trade and other receivables (75 000 – 1 200 + 10 490 + 2 100)	86 390

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Cash and cash equivalents (3 500 + 1 500 + 75 000)		80 000
Total assets	(see TE&L)	**1 842 560**
EQUITY AND LIABILITIES		
OWNERS' EQUITY		1 191 000
Capital (500 000 + 300 000)		800 000
Current accounts (258 200 + 132 800)	(see 2.1.1.1)	391 000
NON-CURRENT LIABILITIES		420 000
Loan: Town Bank (480 000 – 60 000)		420 000
CURRENT LIABILITIES		135 000
Trade and other payables	(see 2.1.1.2)	143 850
Current portion of loan		60 000
Total equity and liabilities		**1 842 560**

ACTIVITY D 4 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

4.1.1

Workings	Answer
Calculate operating Expenses on sales percentage $\frac{972\,000}{2\,700\,000} \times \frac{100}{1}$	**36%**

4.1.2

Calculate the acid test ratio. 126 000 : 216 000 + 360 000	**0,2 : 1**

4.1.3

Calculate the % return on average owners' equity. $\frac{648\,000}{\frac{1}{2}(1\,440\,000 + 1\,590\,000 + 102\,150 + 90\,900)} \times \frac{100}{1}$ **1 611 525**	**40,2%**

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4.1.4

Calculate stock turnover rate. $\frac{1\ 080\ 000}{\frac{1}{2}(480\ 000 + 450\ 000)}$	**2,3 times**

Comment on the liquidity position for 2024. Quote THREE relevant financial indicators (actual ratios or figures) to support your answer.

Financial indicators (actual ratios or figures):

- Current ratio: This declined from 3,4 : 1 ⟶ 1,1 : 1
- Acid test ratio: This declined from 1,2 : 1⟶ 0,2 : 1
- Stock turnover rate: This declined from 3,9 times ⟶ 2,3 times
- Debtors period: This increased from 40 days ⟶ 48,7 days

4.2

Comment:

Expected response:

The liquidity is not satisfactory. Even though the current assets exceed the current liabilities, a lot of the this is in the form of stock and there is no certainty that the stock will be sold in time to be able to settle the current liabilities.

4.3

The owners are not satisfied with the rate at which the stock is being sold. Explain why they feel this way by quoting a relevant financial indicator and actual figures, ratios or % to support your explanation.

The stock turnover rate has declined from 3,9 times a year to only 2,3 times a year.

This is inadequate for a clothing store. Clothing changes with seasons and should therefore change close to 4 times a year.

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4.4 **Discuss THREE reasons why a business should not have too much stock.**

Three valid reasons

Possible reasons:

- There is a chance that stock could become outdated and then it will be very difficult to sell
- There is an increased chance of theft
- Increased insurance costs
- You will also need more storage room

4.5 **Will the owners of this business be satisfied with the return on equity? Explain by quoting a financial indicator to support your opinion.**

Yes

Explanation for yes:

Even though the % return on average owners' equity decreased from 44% in 2023 to 40,2% in 2024, it is still much higher than the return they would have earned on other investments.

OR:

No

Explanation for no:

The % return on average owners' equity decreased from 44% in 2023 to 40,2% in 2024.

ACTIVITY D5 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

5.1.1	**Solvency for 2025**	
	Workings	**Answer**
	4 052 000 : 1 320 000	**3,1: 1**
5.1.2	**Comment on this ratio. Is this business likely to experience a solvency problem? Briefly explain**	
	Opinion: No **Explanation:** • They have R3,10 assets to cover every R1 liabilities • Assets are significantly more than liabilities	

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5.2.1	**Debt/equity ratio for 2025**	
	Workings	**Answer**
	1 000 000 : 2 732 000	**0,37 : 1** (0,4:1)
5.2.2	**Khanyo is not happy with the debt/equity ratio and feels that it is negatively affecting the performance of the business. State TWO points (financial indicators) to support her opinion**	
	• Interest on the loan (14%) exceeds return on total capital employed (10,1%) – returns are negatively affected by the loan. • The debt/equity ratio has increased from 0, 26:1 to 0,37:1. The degree of risk is increasing. • High interest charges – the loan has increased to R1m and the interest rate of 14% is higher than the ROTCE of 10,1% • The only reason that the Debt/Equity ratio is still reasonable at 0,37 : 1 is that Khanyo has invested extra capital of R800 000 into the business.	

5.3.1	**Khanyo's % return on average owner's equity**	
	Workings	**Answer**
	$\frac{127\,000}{1\,365\,000} \times \frac{100}{1}$	**9,3%**

5.3.2	Khanyo is not happy with the debt/equity ratio and feels that it is negatively affecting the performance of the business. State TWO points (financial indicators) to support her opinion.
	Any THREE relevant aspects • Khanyo's return decreased from 17,3% to 9.3% - it is less than the return of 10,1% for the partnership • Mandla's return decreased from 16,6% to 14,7%, but is still higher than the partnership's return • Mandla has withdrawn R400 000 capital, while Khanyo has contributed an extra R800 000 – this is affecting their returns • Mandla has a large unfavourable balance on his current account, while Khanyo has not drawn all the profits she is entitled to as reflected by her favourable current account balance of R90 000

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5.4.1	**Average debtors' collection period for 2025**	
	Workings	**Answer**
	$\frac{320\,000}{1\,240\,000} \times \frac{365}{1}$	94 days Or (3,1 months)
5.4.2	**Customers are complaining that the business seldom stocks the products they would like to buy. Explain, stating TWO points. Quote figures and financial indicators to support the customers' complaints**	
	• Sales have declined from R4,2m to R3,1m • Trading stock on hand has declined from R440 000 to R180 000 • Stock turnover rate shows stock is being replaced 5,9 times p.a. (lower than 7 times)	

5.4.3	**State TWO points to support Mandla's opinion and TWO points to support Khanyo's opinion.**
	Mandla: • Current ratio has decreased from 3,0:1 to 2,6:1 but current assets (CA) is significantly more than current liabilities (CL) (more than double as much). • Acid-test ratio has increased from 1,2:1 to 2,1:1. This indicates that Debtors and Cash are more than double the CL.
	Khanyo: • Debtors are taking too long to pay (54 days increased to 94 days) • Creditors are being paid too early (25 days decreased to 23 days) • Sales has decreased from R4,2m to R3,1m • Loans are now R1m which will mean more interest to pay and larger loan repayments - it will impact negatively on cash flow in the business.

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E. COST ACCOUNTING

ACTIVITY E1

1.1. CONCEPTS

1.1.1	Indirect labour / factory overhead
1.1.2	Selling and distribution costs
1.1.3	Administration
1.1.4	Direct Materials
1.5.5	Factory overhead

1.2. GENERAL LEDGER OF SOKHOLO MANUFACTURERS

RAW MATERIAL STOCK ACCOUNT

2024 Mar	1	Balance	b/d	72 000	2025 FEB	28	W-I-P		1 191 625
2025 F	28	Bank		850 000			Balance	c/d	54 000
		Carriages		53 000					
		Customs Duties (124 000 +19 125)		143 125					
		Creditors' Control		127 500					
				1 245 625					1 245 625
2025 Mar	1	Balance	b/d	54 000					

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FACTORY OVERHEAD COST ACCOUNT

2025 Feb	**28**	**Foreman's Salary**		**142 000**	2025 Feb	28	W-I-P		579 120
		Indirect labour		**72 000**					
		Indirect Materials (7 000 + 43 000 – 3 800)		46 200					
		Factory rent (320 000 x 0,8)		256 000					
		Sundry Expenses (17 400 x 0,8)		13 920					
		Insurance (42 000 x 4/6)		28 000					
		Water and Electricity		21 000					
				579 120					579 120

WORK – IN – PROGRESS STOCK ACCOUNT

2024 Mar	**1**	**Balance**	**b/d**	**81 000**	2025 Feb	28	Finished Goods Stock		2 552 745
		Direct Material Cost	GJ	1 191 625			Balance	c/d	62 000
		Direct Labour Cost	GJ	763 000					
		Factory Overhead Cost		579 120					
				2 614 745					2 614 745
2025 Mar	1	Balance	b/d	62 000					

ACTIVITY E2

COLUMN A	COLUMN B
2.1.1.	E
2.1.2.	C
2.1.3.	B
2.1.4.	D
2.1.5.	A

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2.2. NDABA MANUFACTURERS

Calculate:

2.2.1 Direct material cost	
WORKINGS	**ANSWER**
56 700 + 522 000 – 11 200 – 62 300	505 200
2.2.2. Direct labour cost	
6 x 1 640 x R40 = 393 600 525 x R64 = 33 600 393 600 x 10% = 39 360	466 560

2.2.3. FACTORY OVERHEAD COST

TOTAL BEFORE ERRORS AND OMISSIONS	**321 580**
Indirect labour 64 800 x 65%	+ 42 120
Rent expense 88 200 – 126 000	– 37 800
Water and electricity 41 000 – 28 700	+ 12 300
TOTAL	338 200

2.2.3. GENERAL LEDGER OF NDABA MANUFACTURERS

WORK-IN-PROGRESS STOCK ACCOUNT

2024 Mar	1	Balance	b/d	71 300	2025 Feb	28	Finished goods stock Balancing figure		1 333 500
2025 Feb	28	Direct material cost		505 200			Balance	c/d	47 760
		Direct labour cost		466 560					
		Factory overhead cost		338 200					
				1 381 260					1 381 260
2025 Mar	1	Balance	b/d	47 760					

2.3. NCUBE'S FACTORY

2.3.2. Calculate the break-even point for the year ended 30 June 2025.

$$\frac{575\,000}{535 - 410} = 4\,600 \text{ units}$$

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2.3.3. Explain whether JOHN should be satisfied with the level of production achieved for this financial year. Quote figures.

Comment on production and BEP figures (production and BEP
The business produced 5 000 units, which is 400 more than the BEP / Nelson should be satisfied as he is making a profit on 400 units.

2.3.4. Identify TWO costs that should be of concern to JOHN. Quote figures. In EACH case, provide a possible solution to address the concern.

COST IDENTIFIED	SOLUTION TO ADDRESS THE CONCERN
Direct material cost increased from R155 to R180 / 16,1%	Buy cheaper material; look for local suppliers / train workers to reduce wastage
Selling and distribution increased from R50 to R66 / 32%	Assess the impact of advertising; advertise to a select market; charge for delivery; pay commission for increased sales

ACTIVITY E3

3.1.1 GENERAL LEDGER OF CHAMPION MANUFACTURERS

RAW MATERIALS STOCK

2024 Mar	01	Balance	107 000	2025 Feb	29	Creditors' control	16 000
2025 Feb	29	Bank	265 400			Raw Material Issued/ Work in process	428 900
		Creditors' control	158 000			Balance	85 500
			530 400				530 400
2025 Mar	01	Balance	85 500				

Work-in-process Stock

2024 Mar	01	Balance		25 800	2025 Feb	28	Creditors' control	800 000
2025 Feb	29	Direct Labour Cost		214 749			Balance	86 414
		Direct Materials Cost /Raw material stock		428 900				
		Factory Overhead Cost		216 965				
				886 414				886 414
2025 Mar	01	Balance		86 414				

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Finished Good Stock

2024 Mar	01	Balance		126 400	2025 Feb	29	Cost of sales		901 000
2025 Feb	29	Work in process stock		800 000			Balance		25 400
				926 400					926 400
2025 Mar	01	Balance		25 400					

3.1.1. Calculate the gross profit for the year.

R1 520 000 – R901 000 = R619 000

3.1.2. Calculate the mark-up percentage.

$$\frac{619\,000}{901\,000} \times \frac{100}{1} = 68{,}7\%$$

3.2.1. EDWARD Manufacturers manufactures toddlers' tracksuits

3.2.1. From the list below, select only the THREE FIXED COSTS

Salary foreman
Factory Rent
Salary of the Accountant

3.2.2. Calculate the break-even value of Edward Manufacturers.

$$\frac{R945\,000}{115}\ R160 - R45$$

$$\frac{R945\,000}{R45}$$

= 21 000 units

3.2.3. In your opinion, should Edward Manufacturers change to a cheaper supplier? Give TWO reasons for your answer.

No

- Lose goodwill
- Poor quality of material
- Customers will go elsewhere – less profit
- Eventually cheaper quality and cheaper price

Yes

- Emphasis is on profit
- A demand can be created; then the business should be able to supply it.

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ACTIVITY E4

4.1.

4.1.1	Factory overhead cost
4.1.2	Selling and distribution cost
4.1.3	Administration cost
4.1.4	Direct labour cost

4.2. UNDER THE MOON MANUFACTURES

GENERAL LEDGER OF GALANE MANUFACTURERS

4.2.1. WORK-IN-PROGRESS STOCK

2024 Mar.	1	Balance b/d	33 150	2025 Feb.	28	Finished goods stock		1 206 350
2025 Feb.	28	Direct material cost (516 000+ 16 000 – 20 000)	512 000			Balance c/d		38 300
		Direct labour cost	519 650					
		Factory overheads	179 850					
			1 244 650					1 244 650
2025 Mar.	01	Balance b/d	38 300					

4.2.2. FINISHED GOODS STOCK

2024 Mar	**01**	**Balance**	**b/d**	**15 250**	2025 Feb	29	Cost of sales (1 800 000 = 100 000) ÷ 1,6		1 187 500
2025 Feb	28	Work in process		1 206 350			Balance	c/d	34 100
				1221 600					1 221 600
2025 Mar	01	Balance	b/d	34 100					

4.2.3. FACTORY OVERHEADS

2025 Feb.	28	Indirect labour (24 350 + 65 060)	89 410	2019 Feb.	28	Work-in-progress	179 850
		Indirect material cost (3 480+21 560 –2 630	22 410				
		Rent expense 39 200 x 65/100	25 480				
		Insurance 8 700 x 2/3	5 800				
		Water and electricity 16 500 x 4/6	11 000				
		Sundry factory expenses	25 750				
			179 850				179 850

4.3.1. Calculate the direct material cost per unit.

2 070 000 / 13 800 = R150

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4.3.2. Calculate the break-even point 31 May 2025

1 514 000
259 – 155
= 14 558 units

4.3.3. Explain why the owner would NOT be happy with the business current production level. Quote figures or indicators.

- The business produced 758 units less than the BEP (14 558 – 13 800).
- The business made a loss on 758 units.
- The business produced 758 units less than the break-even point.

F. BUDGETING

ACTIVITY F1

1.1 CONCEPTS ON BUDGETS

1.1.1 Explain the difference between the cash budget and a projected income.

Cash Budget

- Project or estimate the expected bank balance at end of budget period.
- Project / estimate / monitor / control expected cash receipts and payments over the budget period.

Projected Income Statement

- Project and estimate the expected net profit for the budgeted period.

Project / estimate / monitor / control expected income and expenses for budget period

1.1.2 Mention two expenses that will not be included under payments in the Cash Budget.

- Repayment on loan.
- Increase in Fixed deposit.
- Purchases on fixed assets

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1.2 CASH BUDGET AND PROJECTED INCOME STATEMENT

No.	JULY 2025			
	Cash Budget		Projected Income Statement	
	Receipt	Payment	Income	Expense
Example		R2 200		R2 200
1.2.1	90 000		90 000	56 250
1.2.2	6 600		6 600	
1.2.3	57 000			3 000
1.2.4		9 000		1 500
1.2.5	1 800			700
1.2.6		8 450		450
1.2.7		2 250		2 250

1.3.1 DEBTORS' COLLECTION SCHEDULE FOR THE PERIOD OCTOBER TO NOVEMBER 2025.

MONTH	CREDIT SALES	OCTOBER	NOVEMBER
August	**R270 000**	**R40 500**	
September	**R252 000**	**R151 200**	37 800
October	**R288 000**	**R50 688**	172 800
November	312 000		54 912
		R242 388	265 512

1.3.2 CASH BUDGET FOR OCTOBER AND NOVEMBER 2025

	OCTOBER R	NOVEMBER R
CASH RECEIPTS		
Cash sales	192 000	**208 000**
Cash from debtors	242 388	265 512
Interest on fixed deposit	4 800	3 360
Fixed deposit matured	216 000	
TOTAL RECEIPTS	655 188	476 872
CASH PAYMENTS		
Payments to creditors	**196 875**	183 750
Cash purchases	90 000	**97 500**
Salaries	55 000	46 700
Vehicle instalment		15 000
Advertising	**11 500**	
Vehicles	120 000	
Sundry operating expenses	13 800	**14 490**
TOTAL PAYMENTS	487 175	366 040
CASH SURPLUS/(DEFICIT)	168 013	110 832
Bank balance at beginning of the month	(153 650)	14 363
Bank balance at the end of the month	14 363	125 195

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ACTIVITY F2

2.1.1 DEBTORS' COLLECTION SCHEDULE

MONTH	CREDIT SALES	SEPTEMBER	OCTOBER
July	71 400	**R8 568**	
August	67 200	**R39 960**	8 064
September	84 000	25 000	46 200
October	62 160		18 648
		70 728	72 912

2.1.2 CASH BUDGET

	SEPTEMBER R	OCTOBER R
CASH RECEIPTS		
Cash sales	**28 000**	20 728
Fixed Deposit	**80 000**	
Cash from debtors	70 728	72 912
Interest on fixed deposit	2 000	
TOTAL RECEIPTS	180 728	93 632
CASH PAYMENTS		
Cash Purchases	**40 000**	29 600
Payment to creditors	**30 400**	38 000
Sundry expenses	**8 600**	9 030
Salaries and wages	32 000	33 920
Motor expenses	10 000	10 000
Instalment on loan		40 000
Interest on loan	2 400	2 000
TOTAL PAYMENTS	123 400	162 550
CASH SURPLUS/(DEFICIT)	57 328	(68 918)
Bank balance at beginning of the month	(4 288)	53 040
Bank balance at the end of the month	53 040	(15 878)

2.1.3	**Name TWO items from the cash budget in question 2.1.2 that will not appear in the projected statement of comprehensive income.** Cash from debtors/fixed deposit/payment to creditors/instalment on loan

2.1.4	**Give TWO reasons why it is important to compare actual figures with budgeted figures.** • To assist whether forecasts are realistic • To improve future forecasts • To identify and investigate deviations • For effective cash and profit control • To determine the effectiveness of current controls

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2.1.5	**You have noticed that the actual motor vehicle expenses for August 2025 was R5 000 more than the budgeted amount. Suggest TWO possible explanations for this overspending.** • Unexpected increase in fuel prices • Emergency repairs • Abuse of vehicles by personnel • Unforeseen increase in sales to be delivered

ACTIVITY F3

3.1 Explain TWO points why it is necessary for a business to prepare a Cash Budget.
• Cash management – anticipating future receipts and payments and planning accordingly. • To justify certain expenditure / payments – such as purchase of assets • To assist with management decisions to expand, cut back, promote • To determine trends – good or bad, and take corrective action • To motivate for loans / overdrafts facilities.

3.2 Provide TWO examples of items that will not be included in a Cash Budget
Depreciation / bad debts / discount allowed / discount received / trading stock deficit / profit or loss on sale of asset / provision for bad debts

3.3 DEBTORS COLLECTION SCHEDULE

MONTH	CREDIT SALES	AUGUST	SEPTEMBER
June	**279 000**	**33 480**	
July	**288 000**	**158 400**	**34 560**
August	**306 000**	**89 046**	**168 300**
September	**315 000**		**92 610**
		280 926	**295 470**

3.4 CASH BUDGET FOR PERIOD ENDING SEPTEMBER 2025

CASH RECEIPTS	**AUGUST**	**SEPTEMBER**
Cash Sales	102 000	105 000
Cash from Debtors	280 926	295 470
Fixed deposit	40 000	
Interest on fixed deposit	1000	
TOTAL RECEIPTS	423 926	400 470
CASH PAYMENTS		
Cash purchases of Stock	108 800	112 000
Payments to Creditors	148 800	153 600
Sundry expenses	7 600	7 790
Salaries and wages	36 000	38 880
Motor Expenses	5 000	5 000
Repayment on loan		30 000
Interest on loan	2 600	2 275
TOTAL PAYMENYS	308 800	349 545
CASH SURPLUS/DEFICIT	115 126	50 925
Bank (Opening Balance)	(32 126)	83 000
Bank (Closing Balance)	83 000	133 925

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3.5 Explain any TWO reasons that indicates whether the business is effective in managing its cash resources or not. Quote figures.
• Poor collection from debtors – trend show that debtors are not attracted to the discount as 55% still pay after 30 days (the normal credit terms) • High % of goods purchased on credit (60%) and better terms not negotiated. • The business managed to use the fixed deposit to reduce (wipe off) the overdraft and also pay part of the loan. • Giving a better than inflation increase to workers to motivate them to improve sales and profitability.

EXAMPLER CASE STUDY

1	**State which GAAP principle is applicable in PARAGRAPH A** **Going Concern**
2	**Refer to Projected Statement of Comprehensive Income, calculate the recent profit mark-up % that Siphesihle uses for her business**. 240 000 / 300 000 X 100 = 80% Or: use figures from any of the other columns
3	**Compare budgeted and actual figure of Trading Stock deficit for January 2025. Give one possible reason for difference between budgeted and actual amounts** **Comparison** Deficit is more than budgeted by R18 000 **Reason** Trading stock stolen by customers due to poor economic conditions Trading stock stolen by employees due to poor economic conditions
4.	**Siphesihle is always worried about the internal control over three expenses in particular: Stationery, Telephone and Motor Vehicle Expenses (especially as the petrol price increased unexpectedly by 25% at the beginning of January).** **Comment on Stationery** Well controlled in January, but R3 000 over-budgets in February. This is possibly due to wastage/theft. **Comment on Telephone**: Abuse is apparent. R2 000 over budget in January and R4 000 over budget in February. Not well controlled. **Comment on Motor vehicle expenses:** Well controlled. The variance is only 10% (1 200/ 12 000) whilst the price of petrol increased by 25%.

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5.	**With reference to Paragraph E, explain why the Projected Statement of Comprehensive Income will not help him in identifying the reasons for this problem**. Cash problems will be identified in the Cash Budget. The projected Statement of comprehensive Income reflects profit. Certain income items might not have been collected, while payments for debts are not reflected in the Projected Statement of comprehensive Income.

6.1	**Calculate the amount of the loan**. 37 500/ 0.15 X 12= R3 m
6.2	**What advice would you give her regarding accessing funds in order to repay the loan? Name TWO points**. • Liquidate the investment as the interest is only 6% • Admit a partner/member • Sell off unused property • Any other valid point
7.1	**Siphesihle is concerned about the support she is getting from her customers. She is concerned about losing 'goodwill'** **Quote figures from the question which indicates that she appears to be losing customers.** Jan. actual sales R396 000 Budgeted R540 000 OR Feb. actual sales R360 000 Budgeted R594 000 OR Feb. actual sales R360 000 are less than Jan R396 000
7.2	**Identify FOUR points, with appropriate figures from the Projected Statement of comprehensive Income, which indicate that she has made mistakes in dealing with her customers.** • Advertising only R1 080 per month compared to R5 000 budget • Discount allowed is nil, despite R2 000 monthly budget – not granting discount, or debtors are paying too slowly to gain the benefit • The 80% mark-up at all times might be a problem in relation to prices of competitors – offer trade discounts • Security spent is 50% of the budget of R7 000 – this is causing shop-lifting as evidenced by trading stock deficits which were not budgeted. • Bad debts R11 880/R10 800 exceed the budget R6 480/R7 128 – indicates poor screening or poor collection.

	The shop assistants earn equal wages. Two of the six shop assistants resigned at the beginning of February. They have not been replaced
8.1	**Calculate the monthly salary earned by each shop assistant in January.** R24 000 / 6 = R4 000
8.2	**Calculate the % salary increase that Siphesihle granted the shop assistants in February**. R16 800 / 4 = R4 200 R4 000 x 4 = R16 000 Increase = R4 200 – R4 000 = R200 R16 800 – R16 000 = R800 % increase = 200 / 4000 x 100 = 5% R800 / R16 000 = 5%

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8.3	**Give TWO reasons why they would not be happy with this increase. Quote evidence to support your answer**. • The manager received a 25% increase while the assistants received 5% • The 5% increase is significantly less than the inflation rate of approximately 11%. • The assistants who resigned were not replaced. The remaining assistants are probably having to work harder for a small increase.

G. VALUE ADDED TAX

ACTIVITY G1

1.1 Explain the difference between Tax Avoidance and Tax Evasion.
Tax avoidance is when a taxpayer arranges his affairs in a legal manner to reduce his tax payable. **Tax evasion** is illegal activities where a taxpayer frees himself from a tax burden. **(Accept any other correct relevant response)**

1.2 Give TWO examples of zero-rated items and TWO examples of VAT exempt items.
ZERO-RATED ITEMS: Brown bread, rice, milk, eggs **EXEMPT ITEMS:** School fees, insurance, financial services **(Accept any other correct relevant response)**

1.3 Calculate the following figures on the table provided.

Number	Cost Price (No VAT)	% mark-up	Selling price	VAT	Marked Price
	R		R	R	R
1	400	50%	**500**	75	**575**
2	150 000	**40%**	210 000	**31 500**	241 500
3	**900**	33 1/3%	1 200	180	**1380**
4	1 400	120%	**3 080**	**462**	3 542

ACTIVITY G2

2.1.1 What is the VAT current standard rate?
15%

2.1.2 Calculate the missing amounts on the table provided.

a) 14 400 x 15/100	2 160
b) 14 400 x 115/100	16 560
c) 7 500 x 100/15	50 000
d) 7 500 x 115/15	57 500
e) 2 875 x 100/115	2 500
f) 2 875 x 15/115	375

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2.2 What advice would you offer Zama? Provide ONE point of advice that you would offer Zama, and TWO reasons for the advice offered.	
ADVICE	**REASONS**
She should avoid such activities / Do not be party to corruption / such behaviour may be tempting but will have long-term consequences	This is unethical and illegal SARS will impose penalties / or take legal action against the business / the image of the business will be tarnished
	Defrauding SARS; the money from VAT is not the businesses money (an agent) Inflating VAT input to pay less is corruption

ACTIVITY G3

3.1 What does VAT stand for?
Value Added Tax

3.2 Calculate the VAT amount that is either receivable from or payable to SARS on 30 October 2025.		
28 200+ 6 300 - 1 950 + 1 500 - 300 - 3 000 = 30 750 (Amount payable to SARS) **OR**		
No.	**OUTPUT**	**INPUT**
	28 200	
3.2.1	6 300	
3.2.2		1 950
3.2.3	1 500	
3.2.4		300
3.2.5		3 000
TOTAL	36 000	5 250
VAT PAYABLE TO SARS = 36 000 - 5 250 = 30 750		

H. INVENTORY

ACTIVITY H1

1.1 State whether the statements are TRUE or FALSE. Write only TRUE or FALSE next to the question numbers in the answer book.

1.1.1 TRUE
1.1.2 FALSE
1.1.3 FALSE
1.1.4 TRUE
1.1.5 FALSE

1.2

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1.2.1 Calculate the cost of sales

Opening stock	481 000
Purchases (378 000 – 1 548 – 800 – 1 280)	374 372
Carriage on purchases (2 792 + 360)	3 152
Custom duties	5 400
Cost of goods available for sale	863 924
Closing Stock	(160 920)
Cost of sales	703 004

1.2.2 Calculate the stock turnover rate.

$$\frac{703\,004}{\frac{1}{2}(481\,000 + 160\,920)}$$

2,2 times

ACTIVITY H2

2.1 2.1.1 Calculate:

Total Purchases	
Workings	**Answer**
715 000 + 174 000 – 3 200 - 900	884 900
Total Sales	
Workings	**Answer**
900 650 + 1 140 000 – 46 200 – 2 000	1 992 450

2.1.2

Dr	**TRADING ACCOUNT**		**Cr**
DETAILS	**AMOUNT**	**DETAILS**	**AMOUNT**
Opening Stock	400 200	Sales	1 992 450
Purchases	884 900	Closing stock	265 000
Custom duties	46 100		
Carriage on purchases	170 000		
Profit and Loss	756 250		
	2 257 450		2 257 450

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2.1.3 Cotton is concerned about the high transport costs he has to pay on stock purchases (refer to carriage on purchases). Give Cotton advice on how he can solve this problem.

- Sourcing stock from local suppliers to reduce transportation distances and costs.
- Negotiate with transport companies or logistics providers for bulk shipping discounts.
- Explore alternative modes of transport, such as rail or sea freight.
- Consolidate multiple stock purchases into fewer shipments whenever possible
- Better inventory management – plan deliveries more efficient and avoid last-minute, costly deliveries.
- Negotiate better rates with transporters

ACTIVITY H3

3.1 CONCEPTS

3.1.1 Perpetual inventory system

3.1.2 Expense

3.1.3 Periodic inventory system

3.1.4 Asset

3.2 Explain 3 differences between perpetual and periodic stock system

Perpetual Inventory System	**Periodic Inventory systems**
• Stock purchases recorded in trading stock account (asset)	• Stock purchases recorded in purchases account
• Expenses incurred in purchasing of goods (e.g carriage on purchases) are charged to the trading stock account	• Expenses incurred in purchasing of goods (e.g carriage on purchases) are recorded in carriage on purchases account(expense)
• Returns and allowances on stock purchased recorded in Trading stock account	• Returns and allowances on stock purchased recorded in purchases account
• Donations and stock taken by the owner are credited to the Trading stock account	• Donations and stock taken by the owner are credited to the Purchases account
• Balance of trading stock shows value of stock on hand	• Physical stock take (periodically) determines stock on hand
• Cost of sales is calculated on a continuous basis, therefor cost of sales account will show the total cost price of goods sold	• There is no cost of sales account a calculation required to determine cost of sales.

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3.3 3.3.1 Calculate the average stock holding period in days

Workings	**Answer**
$\frac{½(142\ 400 + 30\ 400) \times 365}{144\ 420}$ COS = 142 400 + 24 000 – 2080 + 10 500 – 30 400 = 144 420	218,4 days

3.3.2 Calculate how long (in days) it will take to sell the closing stock of lunch bags.

Workings	**Answer**
$\frac{190}{2\ 157} \times \frac{365}{1}$	32 days

3.3.3 Calculate the number of face shield missing

Workings	**Answer**
890 + 1 500 – 13 – 190 – 2 157 =	30 Units

Give TWO solutions to solve the problem.

- Count stock regularly and compare against stock records
- Improve / employ security to control at exit points
- Install security cameras at strategic points (CCTV)
- Order smaller quantities, but more frequently as required
- Staff screening / lockers for staff (if they are suspected)
- Tracking devices / security tags on products

Insure goods so that you can claim on insurance policy

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3.4 PROBLEM SOLVING: MANAGEMENT OF STOCK

Identify ONE problem in each tuck shop, and provide ONE solution or advice in each case. In each case relevant figures must be quoted.

	PROBLEM IDENTIFIED WITH FIGURES	ADVICE OR SOLUTION
SHOP A	High stock (300 opening and 200 closing) They still received 400 units although they had stock on hand	Monitor sales and stock accordingly Stock control should be done daily. Control where stock is displayed. Could be within reach of children
SHOP B	Juice cash deposited is Short by R500 Chips too much unsold stock compared to opening balance (150 opening and 330 closing)	Do daily conciliations with managers. (Till control) Monitor sales to order appropriately

ACTIVITY H4

4.1

4.1.1 Provide ONE advantage and ONE disadvantage of each stock system.

	ADVANTAGE	DISADVANTAGE
PERPETUAL INVENTORY SYSTEM	Better control of stock – physical count will detect any losses. Theft can be detected and internal controls can be improved	Computer system is the most efficient means to operate this system – expensive. Manual would take much time and will result in many errors.
PERIODIC INVENTORY SYSTEM	Cheaper system to maintain. Suitable for a business with a variety of goods and services where it is difficult to determine the cost price	Theft will not be detected easily – less control. Will require more security measures. Final stock figure is only determined by counting the goods.

4.1.2 Analysis of transactions:

NO	ACCOUNT DEBITED	ACCOUNT CREDITED	ASSET	EQUITY	LIABILITY
(ii)	Carriage on purchases	Bank	- 92 200	- 92 200	0
(iii)	Creditor's control	Creditors allowances	0	+ 45 300	- 45 300

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4.1.3 Calculate the cost of sales for the financial year ended 31 October 2024.

134 600 + 622 400 + 92 200 – 45 300 – 5 500 – 3 750 – 98 350 = 696 300

4.2 MANAGEMENT OF STOCK – PROBLEM SOLVING

	PROBLEM (WITH FIGURES)	SUGGESTIONS
MBABE BRANCH	Missing units of stock (50 – 35) = 15 units Low advertising – 0,7% of sales	Need more effective stock control Check stock against records Set up security Budget more for advertising and assess if it is increasing sales
NKODIBE BRANCH	Low sales volume 40/160 units Holding too much stock 120 units High advertising R6 720, not yielding results (15% of sales) High salary for sales person R7 500	Pay the salesperson a commission to improve sales Transfer stock to Dutch branch. Monitor advertising to ensure that there is no abuse – extend the market
DUTCH BRANCH	No stock to meet demand (would run out) – nil (85 – 85) Deposit of sales money is short by R13 440	Monitor deposits, request notification from bank, division of duties, change managers, transfer more stock to this branch

4.3

4.3.1

LEDGER OF APLHA STATIONERY SHOP

TRADING ACCOUNT

2025 Feb	28	Opening stock	245 000	2025 Feb	28	Sales	1 532 900
		Purchases (960 000– 26 000 +54 000 -3 200)	984 800			Closing stock	302 000
		Carriage on purchases	39 800				
		Customs duty	21 600				
		Profit and Loss (Gross profit)	543 700				
			1 834 900				1 834 900

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4.3.2 Calculate the cost of sales for the financial year ended 28 October 2024.

245 000 + 984 800 + 39 800 + 21 600 – 302 000 = 989 200

4.3.3 Calculate the mark-up % achieved

Workings	**Answer**
$\frac{543\ 700}{989\ 200} \times \frac{100}{1}$	55 %

4.3.4 The business aims at a mark-up % of 65%. Give TWO possible reasons for the actual mark-up % being different from the intended mark-up%.

- Discount was allowed on sales to increase turnover.
- Incorrect pricing of stock
- Strong competition pushes the selling price down
- Suppliers increased their prices, thereby increasing the cost price.

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