



education

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ACCOUNTING P2

SEPTEMBER 2026

MARKS: 150

TIME: 2 hours

**This question paper consists of 13 pages,
a formula sheet and a 13-page answer book.**

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show ALL calculations to ONE decimal point.
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	VAT and Reconciliations	35	25
2	Stock Valuation	40	35
3	Cost Accounting	40	35
4	Budget	35	25
TOTAL		150	120

QUESTION 1: VAT AND RECONCILIATIONS

(35 marks; 25 minutes)

1.1 VAT

The following relates to MaZet Stores for the VAT period ended 31 July 2026. VAT at 15% applies to all goods.

REQUIRED:

Calculate the VAT amount denoted by (i) to (iii) on the table. Indicate the effect of EACH answer on the amount payable to SARS.

(8)

INFORMATION:

A. Amount owed to SARS on 1 July 2026, R5 500

B. Amounts from July 2026 Journals:

DETAILS	EXCLUDING VAT	INCLUDING VAT	VAT AMOUNT	EFFECT
Total sales	R544 500	R626 175	R81 675	Increase
Purchases of stock	174 900	201 135	(i)	?
Drawings of stock	32 000		(ii)	?
Bad debts		7 015	(iii)	?

1.2 CREDITORS' RECONCILIATION AND INTERNAL CONTROL

DB Store is owned by Duka Bronx and he buys goods on credit from Moxx Suppliers. The statement of account received from Moxx Suppliers reflected a balance of R287 600 for June 2026.

REQUIRED:

1.2.1 Use the table in the ANSWER BOOK to indicate how the relevant balances will change when preparing the Creditors' Reconciliation. Indicate the amount as well as a (+) for increase and a (-) for decrease.

(11)

1.2.2 The purchasing manager of DB store ordered six tables for the office. His friend Khomo, the sales manager of Moxx suppliers, invoiced DB Store at R25 000 per table on the purchasing manager's request. The internal auditor has discovered that the tables are trading at an actual price of R6 250 each.

- Explain how the business can prevent this problem from happening in the future, apart from separation of duties. Provide TWO points.
- What action should be taken against the purchasing manager, provide ONE point

(4)

(2)

INFORMATION:**A. Creditors' Ledger Account of DB Stores:**

Creditors' Ledger of DB Stores						
Moxx Suppliers						
Date		Details	Fol.	Debit R	Credit R	Balance R
2026	1	Balance	b/d			135 000
June	12	Invoice 320			162 000	
	14	EFT		67 500		
	19	Debit Note 785		13 680		
	20	Invoice 412			50 000	
	23	Invoice 471			100 500	
	24	Debit Note 1106			16 200	
	28	Invoice 681			42 000	
	29	EFT and discount		154 380		270 140

B. When comparing the Creditors' Ledger to the statement of account received from Moxx Suppliers, the following differences were noted:

- (i) Debit note 785 was incorrectly recorded in the Creditors' Ledger. The statement shows the correct amount of R17 280.
- (ii) Invoice 471 was incorrectly recorded on the statement from Moxx Suppliers as R40 500.
- (iii) The transaction on 24 June 2026 in the Creditors' Ledger is for merchandise returned to Moxx Suppliers.
- (iv) The statement showed interest charged at R1 080. The correct amount of interest is R1 410. No entry was made into the Creditors' Ledger.
- (v) The statement reflects transactions up to 25 June 2026.
- (vi) All other transactions recorded in the Creditors' Ledger appeared correctly in the statement of account received from Moxx Suppliers.

1.3 DEBTORS' AGE ANALYSIS

The information relates to Mabhoko Hardware.

REQUIRED:

- 1.3.1 Explain how Debtors' Age Analysis will assist the business in managing debtors more effectively. (2)
- 1.3.2 Explain THREE separate problems highlighted by the age analysis. Provide evidence for EACH. (6)
- 1.3.3 State TWO strategies that Mabhoko Hardware can use to ensure that only reliable applicants are granted credit. (2)

INFORMATION:

A. Debtors are granted 30 days to settle their accounts.

B. Debtors' age analysis on 28 February 2026

DEBTORS	CREDIT LIMIT	AMOUNT OWING	CURRENT AMOUNT	30 DAYS	60 DAYS	90 DAYS
V Van Ray	9 000	7 500	3 150	4 350		
S Swart	5 250	6 300	5 700	600		
P Palm	10 500	2 175	750		1 425	
O Olyne	19 500	18 750	1 500	4 500	6 750	6 000
	44 250	34 725	11 100	9 450	8 175	6 000

QUESTION 2 : INVENTORY SYSTEM AND VALUATION

(40 marks; 35 minutes)

2.1 INVENTORY VALUATION

Alwande Traders uses the periodic stock system and weighted average method to value stock of travelling bags. Alwande owns the business.

REQUIRED:

- 2.1.1 Explain the difference between the perpetual stock system and the periodic system. (2)
- 2.1.2 Calculate the missing figures (i) to (iii) in the information below. (3)
- 2.1.3 Calculate the value of closing stock on 28 February 2026 using the weighted-average method. (7)
- 2.1.4 Calculate how long (in days) it will take to sell the closing stock travelling bags. Use the closing stock in your calculations. (4)
- 2.1.5 Alwande is considering to change the method of stock valuation.
 - Calculate the value of closing stock using FIFO method. (5)
 - Give ONE reason in favor and ONE reason against changing to the FIFO method. (4)

INFORMATION:

Records of Travelling Bags for the year ended 28 February 2026:

	UNITS	UNIT PRICE	TOTAL
Opening stock (1 March 2025)	300	R1 156	(i)
Purchases	3 230		R3 686 400
April 2025	1 400	R1 050	R1 470 000
July 2025	1 320	R1 200	R1 584 000
November 2025	510	R1 240	R632 400
Goods returned (from July purchases)	150	?	(ii)
Sales	2 730	R1 425	R3 890 250
Closing stock (28 February 2026)	(iii)	?	?

2.2 INTERNAL CONTROL

Nelmond Fashions sells sport wear (sport vest and sport trouser)

REQUIRED:

- 2.2.1 Calculate the number of sport vest stolen. (3)
 Give TWO points of advice on how to prevent theft of sport vests other than security cameras and division of duties. (4)
- 2.2.2 Comment on the stock holding period of EACH product and explain how these would affect the business. Quote figures. (4)
- 2.2.3 Nelmond is not sure whether she is charging the right price for her products. Give her advice on EACH product. Quote figures. (4)

INFORMATION:

Summary for the year ended 30 June 2026.

	Sport trouser	Sport vest
Number of units sold	320	7 200
Opening stock	0	400
Closing stock	280	270
Purchases (less returns)	600	7 380
Weighted average cost per unit	R500	R150
Selling price per unit	R850	R310
Stock holding period	319 days	14 days

QUESTION 3: MANUFACTURING

(40 marks; 35 minutes)

- 3.1 Choose an item from COLUMN B that matches the term in COLUMN A. Write only the letter (A-D) next to the question number (3.1.1 – 3.1.3) in the ANSWERBOOK.

COLUMN A		COLUMN B	
3.1.1	Indirect labour	A	Cleaning detergents used in the factory
3.1.2	Indirect material	B	Raw material stock issued to the factory to be used in production
3.1.3	Direct material	C	Stationery used in the office
		D	Salary paid to the factory foreman

(3)

3.2 MATRIC DANCE DRESS CREATIONS

Matric Dance Dress Creation manufactures one type of matric dance dress. The financial year ended on 28 February 2026.

REQUIRED:

Prepare the following on 28 February 2026.

3.2.1 Direct material cost

- Calculate the correct direct material cost using information B and C (4)
- Provide TWO internal control measures to prevent the problem identified to occur again in future. (2)
- Raw material consists of fabric only. The cost price is R145 per square metre (m^2) and $1,8 \text{ m}^2$ is needed to make one dress. During the year $30\,000 \text{ m}^2$ fabric was dispatched to the factory.

Mulalo is concerned about wastage of fabric in the dress making section.

- Calculate the cost of this wastage to the business (4)
- Identify TWO possible causes of this problem and provide a solution for each. (4)

3.2.2 Calculate the Direct labour cost (5)

3.2.3 Calculate the Factory overheads cost (4)

3.2.4 Calculate Total cost of production of finished goods (4)

INFORMATION:

A. Stock balances, among others, were taken from the General Ledger:

	28 FEBRUARY 2026	1 MARCH 2025
Work-in-progress stock	?	R76 000
Finished goods stock	R190 000	R110 000

B. Information extracted from the financial records on 28 February 2026:

Administration cost	R259 010
Raw/ Direct material cost	318 600
Factory overheads cost	442 080
Selling and distribution cost	410 000
Net wage paid to factory workers (direct labour)	555 300
SARS: PAYE	48 600
UIF deductions	1%
Cost of sales	1 860 000

C. The following information has not been taken into account:

- A problem was identified regarding the valuation of the closing stock of raw materials: 7 000 metres of material on hand, with a unit cost of R8,60 per metre, were erroneously recorded as R6,80 per metre. This must be corrected.
- The employer contributes 1% to UIF on behalf of the employees.

The factory overheads cost included the following:

- The full amount of R187 200 for rent expense. Only 2/3 of this expense must be allocated to the factory and the remaining must be split equally between the office and sales department.
- Unused indirect material of R4 500
- R3 720 for a three months insurance contract which end 31 March 2026.

D. 15 500 dresses were produced during the financial year.

3.3 KULUBE MANUFACTURES

You are provided with the information relating to KULUBE Manufacturers. The business manufactures office chairs and tables. The Owner, Siphesihle is happy with the increased profit.

NOTE: Where comments or explanations are required, you should:

- Quote calculations, figures and/or trends
- Give an explanation or a reason in each case

REQUIRED:

- 3.3.1 Siphesihle was not anticipating an increase in profits. Explain to her how this happened. Provide TWO points. Quote figures. (4)
- 3.3.2 Explain why total fixed cost increased but fixed cost per unit decreased. Quote figures. (2)
- 3.3.4 Siphesihle wants to increase production by 800 units during the next financial year while maintaining costs. Calculate the additional profit that he will achieve. (4)

INFORMATION:

	2026		2025	
	UNIT COST (R)	TOTAL (R)	UNIT COST (R)	TOTAL (R)
FIXED COST	R46.00	R1 104 000	R56.00	R1 069 600
Factory overhead cost	R33.00	R792 000	R39.50	R754 450
Administration cost	R13.00	R312 000	16.50	315 150
VARIABLE COST	R86.00	R2 064 000	R63.50	R1 212 850
Direct material cost	R48.20	R1 156 800	R41.90	R800 290
Direct labour cost	R22.00	R528 00	R11.60	R221 560
Selling and distribution cost	R15.80	R379 200	R10.00	R191 000
Selling price per unit		R146.00		R118.50
Number of units produced and sold		24 000		19 100
Break-even point (units)		18 400		19 448

QUESTION 4: BUDGETING

(35 marks; 25 minutes)

4.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.

4.1.1 Bad debt is recorded as payment in a Cash Budget.

4.1.2 A Projected Statement of Comprehensive Income estimates the expected profit/loss for a specified period.

4.1.3 A fixed deposit matured will be shown as receipt in the Cash Budget. (3)

4.2 MOLOTO (PTY) LTD

Bricks Brown is the majority shareholder and CEO. You are provided with information for the period ending 31 July 2026. There are five other shareholders.

Refer to information A - D

- 4.2.1
- Calculate the amounts denoted by (i) to (ii) (4)
 - Calculate the percentage discount allowed to debtors who settle in the month of the sales transactions. (5)

4.2.2 Calculate the following budgeted amounts:

- Total sales for July 2026 (3)
- Payment to creditors for June 2026 (4)
- Additional loan acquired on 1 June 2026 (4)

4.2.3 The directors did not adhere to the Cash Budget during May 2026.

- Identify TWO overpayments in May 2026. Provide figures.
- Provide a valid reason for EACH overpayment identified, to support their decisions. (6)

Refer to information E.

4.3.1 Why are auditors concerned that the agreement with Mbuzini is unethical or possibly a fraud? Provide THREE points. (6)

INFORMATION

A. Sales and debtors' collection:

- Estimates of total sales for 2026:

April	R150 000
May	R165 000
June	?

- 25% of the total sales are on credit.
- Debtors pay according to the following trends:
 - 60% in the month of sales, subject to a cash discount allowed.
 - 38% in the month following the month of sales.
 - The remaining amount will be written off as irrecoverable in the second month following the month of sales.
- Partially completed Debtors' collection Schedule:

MONTHS	CREDIT SALES	MAY	JUNE	JULY
May	R41 250	R23 760	(i)	-
June	(ii)	-	R25 056	R16 530
July	R48 000	-	-	R27 648
				R44 278

B. Purchases of merchandise and payment to creditors

- The mark-up is 50% on cost.
- Stock is replaced in the month of sales. A fixed-based stock level is maintained.
- 20% of stock bought for cash.
- Creditors are paid in full in the month after the month of purchases.

C. Loan and interest.

The loan from Trust Bank will increase on the 1 June 2026. Interest at 20% p.a. is not capitalised and is payable at the end of each month.

D. Extract from the cash budget:

	MAY		JUNE	JULY
	Budgeted R	Actual R	Budgeted R	Budgeted R
RECEIPTS				
Cash sales	123 750	142 400	130 500	144 000
Collection from debtors	38 010	26 000		44 178
Loan			?	
Sale of property	0	320 000		
PAYMENTS				
Cash purchases of stock	22 000	18 000	23 200	?
Payment to creditors	80 000	80 000	?	?
Advertisement	5 600	8 400	5 600	5 600
Staff training	-	-	30 000	
Interest on loan	6 000	6 000	7 500	7 500
Vehicle maintenance	12 200	36 350	5 800	5 800

E. Agreement with Mbuzini:

The CEO, Bricks Brown, decided to sell one of the company's properties at book value. This property was originally bought for R320 000 in 2021. According to the sale agreement, the purchaser, Mbuzini, would rent the property back to Moloto (Pty) Ltd for R26 000 per month with effect from 1 June 2026

The auditors of Moloto (Pty) Ltd discovered that the sole owner of Mbuzini is Bricks Brown's wife. They regard this agreement as unethical and possibly a fraud.

35

TOTAL MARKS: 150

GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

 $\frac{\text{Gross profit} \times 100}{\text{Sales}} \quad 1$	$\frac{\text{Gross profit} \times 100}{\text{Cost of sales}} \quad 1$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See Note 3 below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
NOTE: - Trading stock at the end of a financial year may be used if required in a question. - Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant). - 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.	

NAME OF SCHOOL



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NAME OF CANDIDATE

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CLASS

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NATIONAL SENIOR CERTIFICATE

ACCOUNTING

GRADE 12

PAPER 2

SEPTEMBER 2026

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
TOTAL			

This answer book consists of 13 pages

QUESTION 1

1.1 VAT

Calculate the VAT amounts and indicate the effect of EACH.

DETAILS	VAT AMOUNT		EFFECTS
Total sales		R81 675	Increase
Purchases of stock	(i)		
Drawings of stock	(ii)		
Bad debts	(iii)		

8

1.2 CREDITORS' RECONCILIATION

1.2.1

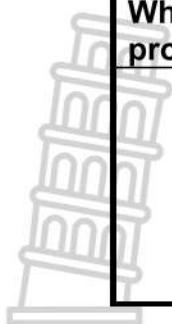
	Creditors' Ledger Account of Moxx Suppliers	Statement of Account
Incorrect balances	270 140	287 600
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		

11

1.2.2

Explain how the business can prevent this problem from happening in the future, apart from separation of duties. Provide TWO points.

4



What action should be taken against the purchasing manager, provide ONE point.

2

1.3 DEBTORS' AGE ANALYSIS

1.3.1 Explain how Debtors' Age Analysis will assist the business in managing debtors more effectively.

2



1.3.2

**Explain THREE separate problems highlighted by the age analysis.
Provide evidence for EACH.**

	Explanation	Evidence
Problem 1		
Problem 2		
Problem 3		

6

1.3.3

State TWO strategies that Mabhoko Hardware can use to ensure that only reliable applicants are granted credit.


--

2

TOTAL MARKS
35

2.1 INVENTORY VALUATION

2.1.1

	2

2.1.2

	3

2.1.3

	7

2.1.4

4	

2.1.5 Calculate the value of closing stock using the FIFO method.

5

Give ONE reason in favor of changing to the FIFO method.

Give ONE reason against changing to the FIFO method.

4

2.2 INTERNAL CONTROL

2.2.1 Calculate the number of sport vest stolen.

3

Give TWO points of advice on how to prevent theft of sport vests.

4

2.2.2

Item	Comment on the stock holding period and give figures.	Explain on how these would affect the business.
Sport trouser		
Sport vest		

4

2.2.3

Nelmond is not sure whether she is charging the right price for her products. Give her advice on EACH product. Quote figures.		
	Advice:	Figures with explanation:
Sport trouser		
Sport vest		

4

TOTAL MARKS

40

QUESTION 3: MANUFACTURING

3.1	3.1.1	
	3.1.2	
	3.1.3	

3

3.2.1 MATRIC DANCE DRESS CREATIONS

Direct material cost

(a)	Calculate the Direct material cost				
	<table border="1"> <tr> <th>WORKINGS</th><th>ANSWER</th></tr> <tr> <td></td><td></td></tr> </table>	WORKINGS	ANSWER		
WORKINGS	ANSWER				

4

(b)	Provide TWO internal control measures to prevent the problem identified to occur again in future.
	

2

(c)	Mulalo is concerned about wastage of fabric in the dress making section.				
(i)	Calculate the cost of this wastage to the business				
	<table border="1"> <tr> <th>WORKINGS</th><th>ANSWER</th></tr> <tr> <td></td><td></td></tr> </table>	WORKINGS	ANSWER		
WORKINGS	ANSWER				

4

(ii)	Identify TWO possible reasons of this problem and provide a solution for each.						
	<table border="1"> <tr> <th>REASONS</th><th>SOLUTIONS</th></tr> <tr> <td></td><td></td></tr> <tr> <td></td><td></td></tr> </table>	REASONS	SOLUTIONS				
REASONS	SOLUTIONS						

4

3.2.2	Calculate Direct labour cost	
	WORKINGS	ANSWER

5

3.2.3	Calculate Factory overheads cost	
	WORKINGS	ANSWER
	442 080	

4

3.2.4	Calculate Total cost of production of finished goods	
	WORKINGS	ANSWER

4

3.3.1	Siphesihle was not anticipating an increase in profits. Explain to her how this happened. Provide TWO points. Quote figures.	

4

3.3.2 Explain why total fixed cost increased but fixed cost per unit decreased. Quote figures.

2

3.3.3 Siphesihle wants to increase production by 800 units during the next financial year while maintaining costs. Calculate the additional profit that he will achieve.

WORKINGS

ANSWER

4

TOTAL MARKS

40

QUESTION 4

4.1	4.1.1	
	4.1.2	
	4.1.1	

3

4.2 MOLOTO (PTY) LTD

4.2.1 Calculate the amounts denoted by (i) to (ii) in the Debtors' collection schedule.

	WORKINGS	ANSWER
(i)		
(ii)		

4

Calculate the percentage discount allowed to debtors who settle in the month of the sales transactions.

WORKINGS	ANSWER

5

4.2.2 Calculate the following budgeted amounts:

	WORKINGS	ANSWER
Total sales for July 2026		
Payment to creditors during June 2026		
Additional loan to be acquired on 1 June 2026		

11

4.2.3 The directors did not adhere to the Cash Budget during May 2026. Identify TWO overpayments. Provide figures. Give a valid reason for EACH overpayment.

	Overpayment (with figures)	Reason
Point 1		
Point 2		

6

4.2.4

Why are auditors concerned that the agreement with Mbuzini is unethical or possibly a fraud? Provide THREE points.

Point 1

Point 2

Point 3

6

TOTAL MARKS

35

TOTAL : 150



education

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

**ACCOUNTING P2
SEPTEMBER 2026
MARKING GUIDELINES**

Stanmorephysics.com

MARKS: 150

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. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. 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.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 13 pages.

QUESTION 1

1.1 VAT

Calculate the VAT amounts and indicate the effect of EACH.

DETAILS	VAT AMOUNT		EFFECTS
Total sales		R81 675	Increase
Purchases of stock	(i)	R26 235 ✓	Decrease ✓
Drawings of stock	(ii)	R4 800 ✓✓	Increase ✓
Bad debts	(iii)	R915 ✓✓	Decrease ✓

8

1.2 CREDITORS' RECONCILIATION

1.2.1

	Creditors' Ledger Account of Moxx Suppliers	Statement of Account
Incorrect balances	270 140	287 600
(i)	- 3 600 ✓✓	
(ii)		+ 60 000 ✓✓
(iii)	-16 200 one mark ✓✓ - 16 200 one mark - 32 400	
(iv)	+ 1 410 ✓	+ 330 ✓
(v)		+ 42 000 ✓
(vi)		- 154 380 ✓
	235 550 *✓	235 550

11

*one part correct for both totals; must include opening balance; could be different amounts
Accept brackets for negative sign; if no sign assume positive.
Accept correct identifiable amounts presented in wrong line/s.
Foreign entries, -1 per line if a mark has been scored on that line.

1.2.2 Explain how the business can prevent this problem from happening in the future, apart from separation of duties. Provide TWO points.

Any TWO valid points ✓✓ ✓✓ Do not accept separation of duties

- Orders and payments to be authorized by senior personnel.
- Establishment of procurement committee / obtain multiple quotations per order to enhance the procurement process / ensure supplier reliability and fair pricing through a proper vetting process.
- Regularly compare competitor prices using updated catalogues.
- Conduct frequent audits of purchasing transactions.
- Employees must disclose personal ties with suppliers to avoid biasness.

4

What action should be taken against the purchasing manager, provide ONE point.

Any ONE valid point ✓✓

Do not accept dismiss the purchasing manager

- Disciplinary hearing / verbal or written warning / temporary suspension / lay charges against him.
- Recover the excess amount added during the purchase of tables / deduct money from his salary to cover financial loss.
- Reassign the purchasing manager to different section or department / demote him to another department.
- Limit the purchasing manager's contact with suppliers to prevent misconduct.
- Blacklist the purchasing manager from future employment of similar position.

2

1.3 DEBTORS' AGE ANALYSIS

1.3.1 Explain how Debtors' Age Analysis will assist the business in managing debtors more effectively.

Valid explanation ✓✓

part marks for incomplete / unclear answer

- Helps the business to identify slow or defaulting debtors / possible bad debts.
- Highlights debtors in good standing so that their credit rating can be reviewed
- It can expose the problem of allowing debtors who exceeded their credit limit.
- Exposes weaknesses in internal control processes so that corrective measures can be taken.

2

1.3.2 Explain THREE separate problems highlighted by the age analysis. Provide evidence for EACH.

Evidence must be shown. May be in explanation column; accept name or explanation amount.

	Explanation ✓ ✓ ✓	Evidence ✓ ✓ ✓
Problem 1	Certain debtors are exceeding the <u>credit terms</u> (Slow payers) possible bad debts.	P Palm (60 days) 1 425 O Olyne (90 days) (6 000; 12 750)
Problem 2	Debtors are exceeding <u>credit limit</u> .	S Swart: 20% above limit R1050
Problem 3	Granting slow-paying debtors to continue purchasing.	P Palm (60 days) 1 425 O Olyne (90 days) (6 000; 12 750)

6

1.3.3 State TWO strategies that Mabhoko Hardware can use to ensure that only reliable applicants are granted credit.

Any TWO valid strategies ✓ ✓ TWO different options from the list:

- Perform credit checks (references / listing / credit bureau)
- Check employment history / salary advice / bank statement.
- Contact details (residential address / valid contact numbers or email)

2

TOTAL MARK

35

QUESTION 2

2.1 INVENTORY VALUATION

2.1.1	Explain the difference between the perpetual stock system and the periodic system. Any valid differences with comparison ✓✓ Expected responses <table> <tr> <th>Perpetual stock system</th><th>Periodic stock system</th></tr> <tr> <td>Cost of sale calculated at the point of sale</td><td>Cost of sale calculated at end of financial period</td></tr> <tr> <td>Stock can be determined/ identified at any time (from records)</td><td>Stock valued determined / identified by stock count</td></tr> <tr> <td>Cost of sale account used</td><td>Purchases account used</td></tr> <tr> <td>Stock bought regarded as an assets</td><td>Stock bought regarded as an expense</td></tr> </table>	Perpetual stock system	Periodic stock system	Cost of sale calculated at the point of sale	Cost of sale calculated at end of financial period	Stock can be determined/ identified at any time (from records)	Stock valued determined / identified by stock count	Cost of sale account used	Purchases account used	Stock bought regarded as an assets	Stock bought regarded as an expense
Perpetual stock system	Periodic stock system										
Cost of sale calculated at the point of sale	Cost of sale calculated at end of financial period										
Stock can be determined/ identified at any time (from records)	Stock valued determined / identified by stock count										
Cost of sale account used	Purchases account used										
Stock bought regarded as an assets	Stock bought regarded as an expense										

2

2.1.2 Calculate the missing figures (i) to (iii)

(i)	346 800 ✓
(ii)	180 000 ✓
(iii)	650 ✓

3

2.1.3 Calculate the value of closing stock on 28 February 2026 using the weighted-average method.

See 2.1.2(i) +3 686 400 See 2.1.2(ii) See 2.1.2(iii)

$$\frac{4\,033\,200 \checkmark - 180\,000 \checkmark}{300 \checkmark + 3\,230 \checkmark} \times 650 \checkmark$$

$$= 1\,140 \times 650 = 741\,000 \checkmark \text{ one part correct}$$

7

2.1.4 Calculate how long (in days) it will take to sell the closing stock of travelling bags. Use the closing stock in your calculations.

See 2.1.3

$$\frac{741\,000 \checkmark}{3\,853\,200 \checkmark - 741\,000 \checkmark} \times 365 = 86.9 \text{ OR } 87 \text{ Days} \checkmark \text{ one part correct}$$

OR
 See 2.1.2 (iii)

$$650 / \frac{2\,730}{3\,230} \times 365 = 86.9 \text{ OR } 87 \text{ Days}$$
 One m.mark two marks One m. mark

4

2.1.5 Calculate the value of closing stock using the FIFO method.

$$632\,400\checkmark + (140\checkmark\checkmark \times R1\,200\checkmark) = R800\,400\checkmark \text{ one part correct}$$

168 000 three marks

5

Give ONE reason in favor of changing to the FIFO method.

Any valid reason ✓✓ Incomplete/ unclear reason 1 mark

- Gross profit will be higher because closing stock would be higher
- Sport wear are discrete products/ easy to count or identify vest individually
- Value of vest is continuously changing and valued at more recent/ realistic prices

Give ONE reason against changing to the FIFO method.

Any valid reason ✓✓ Incomplete/ unclear reason 1 mark

- No need to change as profit will be the same in the long term
- Unethical business practice to manipulate the profit by changing the method of stock valuation
- Tax would increase in first year as a result of increased profit
- The change would affect comparisons across financial years

4

2.2 INTERNAL CONTROL

2.2.1 Calculate the number of sport vest stolen.

$$[400 + 7\,380 - 270]\checkmark - 7\,200\checkmark = 310\checkmark \text{ part correct}$$

3

Give TWO points of advice on how to prevent theft of sport vests.

Any TWO valid points ✓✓ ✓✓

- Count stock regularly/ randomly and check against stock records
- Order smaller quantities, but more frequently
- Improve physical security e.g controls at entrance
- Claim on insurance policy

Expected responses for 1 marks : stock count/insurance

4

2.2.2

Item	Comment on the stock holding period and give figures.	Explain on how these would affect the business.
	Advice with figures Explanation with Figures ✓ ✓	Effect ✓ ✓
Sport trouser	Too many trouser are on hand to support the sales, 319 days	Could end up not selling these items as fashion changes Cash tied up in stock
Sport vest	Too few vest are being kept on hand 14 days.	They are likely to run out of stock and not meet the demand/ lose customers

4

2.2.3

Nelmond is not sure whether she is charging the right price for her products. Give her advice on EACH product. Quote figures.		
	Advice: ✓✓	Figures with explanation: ✓✓
Sport trouser	Reduce the selling price	Sold only 320 units / 53% of stock sold/ 319 days holding period/ 70 % mark-up / R350 gross profit on cost of sales R500
Sport vest	Maintain/ increase the selling price	Sold 7 200 units/ 93 % of stock sold/ only 14 days holding period

4

TOTAL MARKS

40

QUESTION 3: MANUFACTURING

3.1	3.1.1	D	✓
	3.1.2	A	✓
	3.1.3	B	✓

3

3.2.1 MATRIC DANCE DRESS CREATIONS

Direct material cost

(a)	Calculate the Direct material cost	
	WORKINGS	ANSWER
	318 600 ✓ – 12 600 ✓ ✓	306 000 ✓

4

(b)	Provide TWO internal control measures to prevent the problem identified to occur again in future.
	Any TWO valid answer ✓✓
	• Proper staff training • Regular stock reconciliation / count • Segregation of duties

2

(c)	Mulalo is concerned about wastage of fabric in the dress making section.				
(i)	Calculate the cost of this wastage to the business				
	<table><tr><th>WORKINGS</th><th>ANSWER</th></tr><tr><td>$(30\,000\text{ m}^2 - 27\,900\text{ m}^2) \times 145$</td><td>304 500 ✓ Part correct</td></tr></table>	WORKINGS	ANSWER	$(30\,000\text{ m}^2 - 27\,900\text{ m}^2) \times 145$	304 500 ✓ Part correct
WORKINGS	ANSWER				
$(30\,000\text{ m}^2 - 27\,900\text{ m}^2) \times 145$	304 500 ✓ Part correct				

4

(ii)

Identify TWO possible reasons of this problem and provide a solution for each.

Any TWO valid reasons ✓✓ solutions ✓✓

REASONS	SOLUTIONS
Unskilled workers	Train workers, supervise regularly
Theft of fabric	Buy in smaller quantities, install cameras, internal controls, stock count, physical security
Poor quality material	Source other suppliers, check deliveries

4

3.2.2	Calculate Direct labour cost	
	WORKINGS	ANSWER
	$555\,300 \checkmark + 48\,600 \checkmark + 6\,100 \checkmark + 6\,100 \checkmark$ UIF ded UIF cont Same as ded	$616\,100 \checkmark$ One part correct

5

3.2.3	Calculate Factory overheads cost	
	WORKINGS	ANSWER
	$442\,080 - 62\,400 \checkmark - 4\,500 \checkmark - 1\,240 \checkmark$	$373\,940 \checkmark$ One part correct

4

3.2.4	Calculate Total cost of production of finished goods	
	WORKINGS	ANSWER
	$190\,000 \checkmark + 1\,860\,000 \checkmark - 110\,000 \checkmark$	$1\,940\,000 \checkmark$ One part correct

4

3.3.1	Siphehile was not anticipating an increase in profits. Explain to her how this happened. Provide TWO points. Quote figures.	
	Any TWO valid points $\checkmark \checkmark$ figures (with trends) $\checkmark \checkmark$	
	- Units produced and sold increased 19 100 to 24 000/ by 4 900 units/ 25,7% - Break-even point decreased from 19 448 to 18 400/ by 1048/ 5,4%	
	FOR FOUR MARKS	
	BEP 18 400 units lower than units produced and sold 24 000. The business profit increased from 348 units to 5 600 units in the current year.	

4

3.3.2 Explain why total fixed cost increased but fixed cost per unit decreased. Quote figures.

Any ONE valid point with figures (with trends) ✓✓

Economies of scale was achieved due to increased production from 19 100 to 24 000

Fixed cost increased from R1 069 600 to R1 104 000 while fixed cost per unit decreased from 56 units to 46 units.

2

3.3.3 Siphesihle wants to increase production by 800 units during the next financial year while maintaining costs. Calculate the additional profit that he will achieve.

WORKINGS	ANSWER
800 ✓ X 60 ✓✓	48 000 ✓ One part correct

4

TOTAL MARKS

40

QUESTION 4

4.1	4.1.1	False ✓
	4.1.2	True ✓
	4.1.1	True ✓

3

4.2 MOLOTO (PTY) LTD

4.2.1	Calculate the amounts denoted by (i) to (ii) in the Debtors' collection schedule.	
	WORKINGS	ANSWER
(i)	41 250 x 38/100	R15 675 ✓✓
(ii)	16 530 x 100/38 OR 25 056 x 100/60 x 100/96 OR 130 500 x 25/75	R43 500 ✓✓

4

Calculate the percentage discount allowed to debtors who settle in the month of the sales transactions.	
WORKINGS	ANSWER
990 three marks $\frac{41\,250 \times 60\% - 23\,760}{24\,750} \times 100$ 24 750 ✓✓ - 23 760 ✓ OR: July $\frac{1\,152}{28\,800} \times 100$ 1 152 three marks 28 800 one mark June: $\frac{1\,044}{26\,100} \times 100$ 1 044 three marks 26 100 one mark	4% ✓ one part correct as % sign not necessary

5

4.2.2 Calculate the following budgeted amounts:

	WORKINGS	ANSWER
Total sales for July 2026	$48\,000 \checkmark + 144\,000 \checkmark$ OR $48\,000 \times 100/25$ OR $144\,000 \times 100/75$	R192 000 ☒ one part correct
Payment to creditors during June 2026	$165\,000 \checkmark \times 100/150 \checkmark \times 80\% \checkmark$ OR $22\,000 \times 80/20$ one mark two marks	R88 000 ☒ one part correct
Additional loan to be acquired on 1 June 2026	$1\,500 \checkmark \times (100/20 \times 12) \checkmark \checkmark$ OR $1\,500 \times 12 / 20 \times 100$ one mark one mark one mark OR $450\,000 - 360\,00$ two marks one mark	R90 000 ☒ one part correct

11

4.2.3 The directors did not adhere to the Cash Budget during May 2026. Identify TWO overpayments. Provide figures. Give a valid reason for EACH overpayment.

	Overpayment ☒ (with figures) ☒	Reason ☒
Point 1	Advertising Paid R8 400 or R2 800 more than budgeted / 50% over the budget.	Wanted to increase sales / special clearance sales required greater advertising / change the mechanism of advertising
Point 2	Vehicle maintenance Paid R36 350 or R24 150 more than the budgeted / 50 % over the budget.	To get a reasonable price when vehicle was sold / in order use vehicle until replaced / vehicle are old or damaged / use more frequently for free deliveries to increase sales.

6

4.2.4

Why are auditors concerned that the agreement with Mbuzini is unethical or possibly a fraud? Provide THREE points.

Any THREE valid concerns ✓✓ ✓✓ ✓✓

Point 1	- The property was sold at carrying value (which is its original cost / historical cost concept) - Property appreciates value and should have been sold at market-related price.
Point 2	- The company could have benefited from a large profit on sale of asset and an improved profitability. - Total assets are depleted / valuable assets disposed.
Point 3	- Corruption / under-handed / unethical deal to enrich CEO and his wife (nepotism); no transparency or improvement of the Board of Directors in this decision. - Consciously placing the business at financial risk / cash flow problems due to rent of R26 000 per month that must be paid and not budgeted for.

6

#the same point (concern) can be stated differently / repeated

Award marks for appropriate responses not included in the list above

TOTAL MARKS

35

TOTAL : 150