KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P2

PREPARATORY EXAMINATION

SEPTEMBER 2026

MARKS: 150

TIME: 2 HOURS

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

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

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

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

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

DEBTORS AGE ANALYSIS AND CREDITORS RECONCILIATION

1.1 DEBTORS' AGE ANALYSIS

REQUIRED:

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

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

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

INFORMATION:

The credit terms are 30 days.

DEBTORS' AGE ANALYSIS ON 28 FEBRUARY 2026

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

1.2 CREDITORS RECONCILIATION

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

REQUIRED:

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

INFORMATION:

A. Creditors Ledger of Shange Traders

Hlathi Suppliers (CL6)

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

B. Statement received from Hlathi Suppliers

HLATHI SUPPLIERS
STATEMENT OF ACCOUNT No. 732

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

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

Includes transactions up to 25th of each month

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C. Differences noted:

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

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

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

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

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

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

20

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

2.1 BHENGU TRADERS

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

REQUIRED:

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

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

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

2.1.2 Calculate the following for Cricket Pads:

(i) Cost of sales (4)

(ii) Gross profit (3)

(iii) Mark up percentage (3)

(iv) Stock holding period in days (5)

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

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

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

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

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INFORMATION:

A. Stock counts for the financial period:

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

B Carriage on purchases, exchange rate and import taxes:

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

C Purchases during the financial year:

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

D Sales during the financial year:

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

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2.2 ZOOM TRADERS

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

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

REQUIRED:

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

Note: All cameras are sold for cash.

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

50

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

3.1 UMLAZI MANUFACTURERS

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

REQUIRED:

3.1.1 Complete the following notes:

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

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

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

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

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

INFORMATION:

A. Stock balances:

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

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

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

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

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

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

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

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

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

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

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

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

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

E. Business only produced 5 000 vases.

F. Cost of sales amounted to R 1 815 000

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

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

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QUESTION 4: BUDGETING (40 marks; 35 minutes)

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

REQUIRED:

4.1 **Refer to Information G.**

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

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

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

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

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

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

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

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

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INFORMATION:

A. Projected Statement of Comprehensive Income:

Information extracted for the three months ended 30 October 2026:

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

B. Sales:

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

C. Debtors' collection:

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

D. Purchases:

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

E. Directors' fees:

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

F. Loan:

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

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

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

40

TOTAL MARKS: 150

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GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

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

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

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