Province of the
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NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2026

ACCOUNTING P2

MARKS: **150**

TIME: **2 hours**

This question paper consists of 14 pages including a formula sheet and a 10-page answer book.

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INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the 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 Stock Valuation	45	35
2	Reconciliations	30	25
3	Cost Accounting	40	30
4	Budgeting	35	30
TOTAL		**150**	**120**

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QUESTION 1: VAT AND STOCK VALUATION (45 marks; 35 minutes)

CONTIKI COFFEE

Van is the owner of Contiki Coffee, a well-known supplier of high-quality roasted and ground coffee beans as well as world class industrial coffee equipment and machines. Contiki Coffee imports all the equipment from Europe.

1.1 VAT CONCEPTS

REQUIRED:

Choose the correct word/term from the table below that matches each description. Write only the word/term next to the question numbers (1.1.1 to 1.1.3).

payment-based method;	R3 000 000;	output VAT;	R2 300 000;
invoice-based method;	indirect tax;	R1 500 000;	input VAT

1.1.1 Value-added tax collected on sales and services; a liability to the business is an example of … (1)

1.1.2 The default accounting method where VAT is payable to SARS when an invoice is issued or payment is received, whichever comes first (1)

1.1.3 The new compulsory VAT registration threshold, as announced by the minister of finance in his 2026 budget speech (1)

1.2 Differentiate between *VAT-exempt* and *zero-rated* items in South Africa. Include ONE example of each. (4)

1.3 VAT

Contiki Coffee uses the invoice-based method of calculating VAT at a rate of 15%. The business accounts for VAT on a two monthly basis.

REQUIRED:

Calculate the final amount payable to / receivable from SARS for the period ending 31 August 2026. Provide figures and a plus (+) or minus (–) sign for each correction. If there is no change to the balance, indicate with (0). Indicate with a "x", whether the amount is payable to or receivable from SARS.

Example: The owner took roasted coffee beans, at cost price, to the value of R760 (VAT exclusive) for personal use.

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INFORMATION:

Balance payable to SARS R1 260 (before the following information was considered).

1.3.1 Sold coffee beans to the value of R9 380 (VAT exclusive) for cash.

1.3.2 Settle the account of a local supplier of packaging material by paying R103 500 (VAT inclusive).

1.3.3 Contiki Coffee informed a local supplier of coffee beans that trade discount was not considered on the invoice received. The supplier acknowledged the error and adjusted the selling price (VAT exclusive) from R13 500 to R12 900.

1.3.4 A debtor who owed R23 690 was written off as irrecoverable. (9)

1.4 STOCK VALUATION

Contiki Coffee uses the periodic stock system and the specific identification method to value the coffee machines stock and the first-in-first-out (FIFO) method for coffee beans.

REQUIRED:

COFFEE MACHINES:

1.4.1 Calculate the value of closing stock of Conti ACE machines on 28 February 2026. (3)

1.4.2 Van, the owner, recently visited China to attend a trade show. He was impressed with a much cheaper small business coffee machine.

What advice would you give him regarding a change in supplier? Provide TWO points. (4)

COFFEE BEANS:

1.4.3 Calculate the value of the closing stock on 28 February 2026. (5)

1.4.4 Calculate:

- The cost of sales of the coffee beans (5)
- The number of days it will take to sell the closing stock of coffee beans (3)

1.4.5 Van is considering a change in the method of valuing coffee beans. Calculate the value of closing stock using the weighted-average method. (9)

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INFORMATION:

Information for the year ended 28 February 2026.

A. COFFEE MACHINES

STOCK RECORDS

STOCK RECORDS	COFFEE MACHINE MODEL	UNITS PURCHASED	COST PRICE	TOTAL
Opening stock	Conti ACE	5	75 000	375 000
	Conti MC Ultima	1	195 500	195 500
Purchases	Conti ACE	25	75 000	1 875 000
	Conti NG-C	10	86 500	865 000
	Conti MC Ultima	7	195 500	1 368 500
Returns	Conti ACE	2	75 000	150 000

SALES OF COFFEE MACHINES

MODEL	UNITS SOLD	SELLING PRICE
Conti ACE	24	105 000
Conti NG-C	8	121 100
Conti MC Ultima	7	273 700

B. COFFEE BEANS

STOCK RECORDS

DETAILS	DATE	UNITS	PRICE / UNIT (R)	TOTAL VALUE (R)
Opening stock	01 Mar. 2025	600	380	228 000
Total purchases		5 500		2 190 000
Purchases	31 May 2025	800	380	304 000
	30 Sep. 2025	500	400	200 000
	31 Nov. 2025	4 000	400	1 600 000
	10 Dec. 2025	200	430	86 000
Returns	05 Dec. 2025 15 Dec. 2025	230 120	Purchased: 30 Nov. 2025 Purchased: 10 Dec. 2025	
	Transport cost is non-refundable			
Closing stock	28 Feb. 2026	750		
Sales for the year		5 000	R552	2 760 000

C. Transport cost on purchases

Coffee beans are delivered to the store by TransportGuy at a non-refundable rate of R25 per unit. The transport cost on purchases is included in **Information B.**

D. Returns

350 batches of coffee beans were returned to the suppliers.

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QUESTION 2: RECONCILIATIONS (30 marks; 25 minutes)

LIZZY'S FLOWERS

Lizzy is the owner of Lizzy's Flowers. She allows corporate clients accounts, payable within 60 days after receipt of the statement of account. Karoo Guest House opened an account on 1 June 2026. The Bank Confirmation Letter of Lizzy's Flowers was attached to the contract.

You are the internal auditor of Lizzy's Flowers. The Debtors' Control account and the Debtors' List was prepared by an inexperienced junior bookkeeper. Various errors and omissions were found.

REQUIRED:

2.1 Why is it necessary to compare the Debtors' Control account and the Debtors' List before sending out accounts? Give TWO reasons. (4)

2.2 **Refer to Information B and C.**

Calculate the correct balances of the Debtors' Control account and the Debtors' List on 31 August 2026. Provide figures and a plus (+) or minus (–) sign for each correction. If there is no change to the balance, indicate with (0). (10)

2.3 **Refer to Information D.**

Complete the Debtors' Age Analysis for the statement to be sent to Karoo Guest House. (8)

2.4 **Refer to Information D and E.**

2.4.1 As the internal auditor, state TWO bookkeeping entries you should make to rectify the problem. (4)

2.4.2 Except for division of duties, describe TWO control measures that should be implemented with immediate effect to improve financial control over debtors. (4)

INFORMATION:

A. All bouquets are delivered in a glass vase. The cost of the vase is charged to the debtors' accounts. When the debtor returns the vase, the cost is entered as debtors' allowance.

B.

Pre-adjustment balances on 31 August 2026	R
Debtors' Control account	90 200
Debtors' List from Debtors Ledger	89 200

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C. Errors and omissions

(i) The total of the Debtors' Allowances Journal was undercast by R2 400.

(ii) Interest of R140 must be charged on the overdue account of InStylo Interior Designers.

(iii) No entry was made for an invoice issued to Salon Peters, R1 600.

(iv) Vases returned by Naidoo Weddings, R700, was posted to the wrong side of their account in the Debtors' Ledger.

(v) A payment of R4 300 received from Jaer Tea Garden, was recorded as R3 400 in the Cash Receipts Journal and posted accordingly.

D.

LIZZY'S FLOWERS
www.lizzys.flowers.org.za
071 309 4456

13 Strelitzia Street
Kariega

Statement no: 3
Date: 31 August 2026

KAROO GUEST HOUSE

DATE		TRANSACTION	DEBIT	CREDIT	BALANCE
May	15	Invoice 745	12 000		12 000
June	5	Invoice 988	4 000		16 000
	7	C/N 246		400	15 600
	15	Invoice 1045	6 800		22 400
	29	Receipt 1179: cash payment		5 000	17 400
July	18	Invoice 1675	500		17 900
	20	C/N 355		50	17 850
	31	Interest	60		17 910
Aug	4	Invoice 1843	3 800		21 710
	28	Invoice 1988	5 300		27 010
	31	Interest	100		27 110

Terms:
- 5% discount allowed for payment within 30 days of statement date.
- Interest will be charged on 60 days overdue.

Banking details: SCAN ME

Age Analysis:	90 days	60 days	30 days	Current
	?	?	?	?

E. Gina, owner of Karoo Guest House, complained about the statement of account received. She submitted proof of payment to confirm regular payments as stipulated in the contract.

An investigation revealed that the banking details on the Bank Confirmation Letter and the details on the QR code differs. The debtor's clerk of Lizzy's Flowers changed the QR code, resulting in payment into the clerk's bank account, totalling R17 400.

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

3.1 Choose the cost category from COLUMN B that matches the example in COLUMN A. Write only the letter (A–D) next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Salary of the factory foreman	A	Administration
3.1.2	Delivery expenses	B	Factory overhead
3.1.3	Cleaning material used in the office	C	Indirect material
		D	Selling and distribution

(3)

3.2 **UNIQUE SOCKS**

Miriam Majola is the owner of Unique Socks, a business that manufactures socks, with varying designs, on demand. Therefore, the business does not carry any work-in-progress and deliver stock to the client on the day of completion of the order. The financial year ended on 30 June 2026.

REQUIRED:

3.2.1 **Refer to Information A and B.**

Calculate the direct material cost. (5)

3.2.2 **Refer to Information C.**

Calculate the direct labour cost. (6)

3.2.3 **Refer to Information A–D.**

Calculate the factory overhead cost. (13)

INFORMATION:

A. Balances extracted from the financial records:

	2026	2025
Raw materials	206 300	180 500
Indirect materials	13 600	15 000
Factory equipment	1 600 000	1 600 000
Accumulated depreciation on factory equipment	?	765 000

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B. Direct and indirect material

(i) Raw material to the value of R970 000 were purchased during the year.

(ii) Transport of goods is outsourced to IBM Couriers as follow:
- Delivery of raw material to the factory, R29 100
- Delivery of finished goods to the customer, R14 550

(iii) Indirect material purchased during the year amounted to R21 300.

C. Labour

Factory workers:	5 workers Gross salary per month: R10 500/worker. UIF and Skills Development Levy (SDL) was contributed by the employer at 1% each per month. 3 workers agreed to an optional pension contribution. The employee and the employer contribute each 6% of gross salary.
Factory cleaners:	2 cleaners Gross annual wage: R60 000/cleaner.
Factory manager:	Gross salary per month, R80 000. Entitled to 13th payment in June each year. Monthly deductions: Medical Aid R5 000; PAYE 26%. Company contribution to medical aid is 0,5 : 1 per month.

D. General expenses

Rent expense	The property is situated on land of 1 500 m^2 of which 1 000 m^2 is allocated to the factory. The total yearly rent amounts to R450 000.
Insurance	The insurance premium is paid on a yearly basis and amount to R174 000. The insurance is allocated as follows : Factory : Administration : Sales in a ratio of 3 : 1 : 2.
Water and electricity	The factory uses 95% of the water and electricity, stated as R75 000, in the year-end trial balance.
Depreciation	Depreciation is calculated at 10% per year on the diminishing balance method.

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3.3 LILA'S CATERING

Lila Kombani owns a small business that produces pies and fat cakes which she supplies to local school tuck shops.

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 Determine the 2026 level of safety (units above break-even point) for fat cakes. (2)

3.3.2 Lila is convinced that she can produce and sell more fat cakes. Calculate the number of extra fat cakes that she must produce to gain an additional R10 450 profit. Assume all other factors remain unchanged. (3)

3.3.3 Lila is concerned about the financial performance of her business and the fact that a new competitor entered the market.

- By comparing the profit made, identify which product has been negatively impacted by the new competitor. No figures required. (1)

- Explain what the term *economies of scale* means and quote figures from the table below to motivate your understanding. (3)

3.3.4 Considering that the inflation rate was 5% in 2026, identify ONE individual unit cost for each of the products that are concerning. (4)

INFORMATION:	**PIES**		**FAT CAKES**	
	2026	**2025**	**2026**	**2025**
Total units produced and sold	55 875	50 500	20 000	16 000
Break-even units	59 600	29 400	12 000	14 000
Lila's selling price	R18,00	R15,00	R25,00	R22,00
Competitor's selling price	R12,00	-	R30,00	-
VARIABLE COST / UNIT	**R12,00**	**R10,00**	**R15,50**	**R14,00**
Direct material cost	6,00	5,80	9,00	8,60
Direct labour cost	3,50	1,80	4,00	3,80
Selling and distribution cost	2,50	2,40	2,50	1,60
FIXED COST / UNIT	**6,40**	**5,00**	**5,70**	**7,00**
Factory overhead cost	4,50	3,20	3,70	5,10
Administration cost	1,90	1,80	2,00	1,90

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QUESTION 4: BUDGETING (35 marks; 30 minutes)

4.1 Answer the following questions by writing the answer(s) next to the question numbers (4.1.1 to 4.1.3) in the ANSWER BOOK.

4.1.1 What is the main purpose of a Cash Budget? (2)

4.1.2 Name TWO items from a Projected Statement of Comprehensive Income, that will not appear in the Cash Budget. (2)

4.1.3 Which expense of a public company does not appear in the Projected Statement of Comprehensive Income? (2)

4.2 **BILTONG STOP (PTY) LTD**

Biltong Stop (Pty) Ltd is a company that supplies Eastern Cape Retailers with high quality biltong. The last day of the financial year is 31 August 2026.

REQUIRED:

Where comments or explanations are required, you should quote trends with figures.

4.2.1 **Refer to Information A.**

Complete the Creditor's Payment Schedule for the period September to November 2026. (8)

4.2.2 **Refer to Information B and C.**

Show the amounts for the transactions in the appropriate columns for the Cash Budget (September–November 2026) and/or the Projected Statement of Comprehensive Income (three months ending 30 November 2026) in the ANSWER BOOK. Provide figures and a plus (+) or minus (–) sign for each entry. (15)

4.2.3 **Refer to Information C.**

Explain what the Managing Director (MD) of the company would say to the Chief Financial Officer (CFO) regarding the control of EACH of the following item during August 2026:

- Packaging material
- Delivery fees and vehicle repairs
- Audit fees (6)

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INFORMATION:

A. Stock and purchases

Stock is replaced monthly. All purchases are on credit.
An increase of 12% in purchases is forecast for November 2026.

It is expected that creditors will be paid as follows:

- 10% are paid in the month of purchases to receive a 4% discount
- 80% are paid in the month after purchases
- 10% are paid in the second month after purchases

B. Projected Statement of Comprehensive Income and Cash Budget

(i) 15% of total sales is cash sales. Goods are sold at a mark-up of 50% on cost price.

(ii) Provisional income tax payments of R380 000 have been made in June 2026. The statement of account received from SARS indicate income tax payable for the financial year as R410 500. Payment will be made on 15 September 2026.

(iii) Prepare to issue 40 000 additional shares to existing shareholders at R15,70 each during October 2026. Dividends of R45 600 will be declared and paid on 30 November 2026.

(iv) A new delivery vehicle will be bought at the end of October. A deposit of R30 000 will be made, and the remaining debt of R792 000, will be paid over a 36-month period. Depreciation is calculated at a rate of 20% on cost price.

C. Management of expenses

	BUDGET	ACTUAL	BUDGET		
	AUGUST		SEPT.	OCT.	NOV.
Total Sales	7 500 000	8 145 000	7 470 000	7 800 000	?
Cost of sales	5 000 000	5 430 000	4 980 000	5 200 000	5 824 000
Packaging	400 000	434 400	398 400	416 000	465 920
Deliveries and vehicle repairs	750 000	977 400	747 000	780 000	349 440
Audit fees	280 000	280 000	70 000	0	0
Depreciation	23 650	23 650	23 650	23 650	??

- Packaging is budgeted at 8% of cost price.
- The auditors quoted their fees as R280 000, for the financial year ending 31 August 2026. After receiving their invoice, a payment was made in August. The remainder of the invoice will be paid in September.

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TOTAL: 150

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GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Cost of sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales/Credit purchases}} \times \frac{365}{1}$ (See note 2 below)
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (See note 3 below)
$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net profit after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	

NOTE:

1. Trading stock at the end of a financial year may be used if required in a question. 365 days is applicable only if relevant to the whole year.
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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