KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ACCOUNTING P2

JUNE 2026

MARKS: 150

TIME: 2 HOURS

This question paper consists of 12 pages including a formula sheet and an Answer Book of 10 pages.

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	Bank Reconciliation	15	10
2	Stock Valuation and Problem solving.	40	35
3	Cost Accounting	55	45
4	Debtors' and Creditors reconciliation	40	30
TOTAL		**150**	**120**

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QUESTION 1: BANK RECONCILIATION (15 marks: 10 minutes)

The following information relates to Slindo Traders for February 2026.

REQUIRED:

1.1 Calculate the correct Bank Account balance on 28 February 2026. Show figures and indicate "+" or "-" for each amount identified to effect the balance in the bank account. (5)

1.2 Prepare the Bank Reconciliation Statement on 28 February 2026. (6)

1.3 **Refer to information C(iii).**

State TWO internal control measures that the business can use to ensure that this will not happen in future. (4)

INFORMATION:

A. Before the bank statement was received, the Bank Account showed a favourable balance of R19 400 on 28 February 2026.

B. Extract from the Bank Reconciliation Statement on 31 January 2026

Outstanding deposit (Dated 23 January 2026)	R31 560
Outstanding EFT:	
654 (Dated 20 January 2026)	R2 350
810 (Dated 27 January 2026)	R9 450

NOTE:

(i) Outstanding deposit and EFT 654 appear correctly in the February 2026 Bank Statement.

(ii) EFT 810 appeared as R11 450 in the February 2026 Bank Statement, the Bank Statement is correct.

C. The following items must also be taken into account:

(i) Items appearing in the February 2026 Bank Statement but not in the Cash Journals:

- Bank Charges, R1 060
- A deposit of R4 500 made by another business. The bank will correct this error in March 2026.
- Interest on Favourable balance, R313

(ii) Items appearing in the journals but not in the February 2026 Bank Statement:

- A deposit of R21 343 made on 27 February 2026
- EFT 905 (dated 28 February 2026), R14 350

(iii) A deposit appeared in the Bank Statement as R4 500. The CRJ shows this as R5 600, Bank Statement is correct ,the cashier cannot account for the missing amount.

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QUESTION 2 INVENTORY VALUATION (40 marks: 35 Minutes)

2.1 CONCEPTS

Choose the correct term from those given in brackets. Write only the term next to the question numbers (2.1.1 to 2 .1.3) in the ANSWER BOOK.

2.1.1 The most recent purchases will be considered as closing stock in the (FIFO/weighted-average) stock valuation method.

2.1.2 Merchandise purchased is recorded in a Trading Stock Account in the (perpetual/periodic) inventory system.

2.1.3 Carriage on purchases is recorded as an (asset/expense) in the periodic Inventory system. (3 x 1) (3)

2.2 RAMSGATE TRADERS

The information relates to Ramsgate Traders for the financial year ended 28 February 2026. The business is owned by O' Reilly and sells two models of cameras (Smart and Magic) and lens for magic model 200mm

- The stock of cameras (Smart and Magic) is valued using the specific identification method.
- Lens for magic 200mm are valued using the weighted average method.

REQUIRED :

2.2.1 Calculate the value of closing stock of cameras on 28 February 2026 (9)

2.2.2 Calculate the value of closing stock of Lens's for magic 200mm (8)

2.2.3 The owner suspects that Lens's for magic model 200mm are being stolen. Provide a calculation to confirm his suspicions. (5)

2.2.4 O'Reilly is thinking of employing an assistant at a wage of R10 000 per month to control the stock of Lens's for magic 200mm. Explain why this is NOT a good idea. Provide Two points with figures/calculations. (6)

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INFORMATION:

The following information is in respect of the year ended 28 February 2026:

A. CAMERAS: STOCK, BOUGHT AND SOLD

SMART MODEL	BOUGHT			UNITS SOLD
	UNITS	UNIT COST	TOTAL	
Opening stock	20	R5 500	R110 000	14
Purchases	240	R5 750	R1 380 000	170
MAGIC MODEL				
Net purchases:	**270**		**R1 104 000**	**235**
April 2025	180	R4 000	R720 000	140
Returns	(30)	R4 000	(R120 000)	
December 2025	120	R4 200	R504 000	95

B. LENS FOR MAGIC MODEL 200MM

	UNITS	TOTAL AMOUNTS
Opening stock	60	R36 000
Purchases	720	R648 000
Returns	30	R27 000
Closing stock	80	?
Sales	657	

2.3 MANAGEMENT OF INVENTORIES

The information relates to Louwsburg Furnishers for the financial year ended 28 February 2026. The business sells cupboards, tables and chairs. No stock went missing during the year.

REQUIRED:

Provide ONE different problem (with figures) relating to EACH product and ONE solution to EACH problem (9)

INFORMATION:

	CUPBOARDS	TABLES	CHAIRS
Opening stock (units)	200	140	1 300
Purchases (units)	2 500	3 050	6 000
Selling price per unit	R1 750	R850	R350
Credit sales (units)	800	2 400	2 100
Returns by customers (units)	(500)	(10)	0
Cash sales (units)	1 000	600	2 250
Closing stock (units)	1 400	200	2 950
Cash received from cash sales	R1 750 000	R470 000	R787 500

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QUESTION 3: MANUFACTURING (55 marks; 45 minutes)

3.1 KZN BAGS

The following information relates to the financial year ended 28 February 2026. The business manufactures one type of school bags.

REQUIRED:

3.1.1 Calculate the factory overhead cost for the financial year end. Use the table provided in the Answer Book. (9)

3.1.2 Complete the Production Cost Statement on 28 February 2026. (13)

3.1.3 Complete the Abridged Statement of Comprehensive Income for the year ended 28 February 2026. (9)

INFORMATION:

A. Stock balances:

	28 Feb 2026	28 Feb 2025
Work in progress stock	?	R 35 100
Factory consumable stores	R 3 900	0
Finished goods	R1 220 000	R900 000

B. Extract of transactions for year ended 28 February 2026 (before adjustments in Information C)

Raw material issued to the factory for production	R?
Consumable stores purchased for the factory	29 800
Production wages	525 000
Employer's contributions for workers in production	44 900
Rent expense for the office section	12 200
Water and electricity	54 400
Salaries: Factory foreman (including benefits)	102 400
Salaries: Sales staff (including benefits)	60 300
Insurance	33 500
Sundry expenses: Factory	47 040
Sales department	10 200

C. Additional information and adjustments:

- The following production wages were omitted from the Wages Journal for the last week of February 2026:

Net wage due to employee	R11 315

Total deductions for this employee amounts to 27% of his gross wage. The employer pays 11% of the gross wages to the Pension Fund and 1% to the UIF.

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- Rent is shared between the factory, sales, and administration in the ratio 6:3:2 respectively. Only the administration portion was recorded.

- The February 2026 water and electricity account of R5 600 must still be paid. Note that 75% of this expense relates to the factory the remaining balance is shared equally between Administration and Selling and distribution

- Insurance includes an additional premium of R5 700 paid for the period 1 January 2026 to 30 June 2026. This expense is allocated between the factory and sales department in the ratio 4: 1.

D. The following cost items were correctly calculated after information C was considered.

- Selling and distribution costs R470 000
- Administration costs R380 000

E. Prime cost for the year after adjustments amounted to R1 380 000.

F. Total sales for the year amounted to R 3 346 000.

G. The business produced 2 500 bags at a cost of R620 each.

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3.2 STYLE MANUFACTURERS

Style Manufacturers is owned by John Stones. The information relates to **Phone cases** and **Pencil cases** for the year ended 28 February 2026 with comparison figures for 28 February 2025.

REQUIRED:

3.2.1
- Calculate the break-even point for **Phone cases** for 28 February 2026. (4)
- Comment on whether John should be satisfied with the break-even points and levels of production for the past two years. Quote figures to support your opinions. (4)

3.2.2 Identify ONE variable cost for each product, that would be of concern to John. Quote figures. Provide ONE possible reason for the problem, in each case. (6)

3.2.3 John was concerned about the increase in the fixed cost per unit of **Pencil cases**. What would you say to him? Provide ONE point and quote figures to support your answer. (2)

3.2.4 John feels that she can improve the sales of **Pencil cases.** Provide TWO suggestions on how this can be achieved. Quote figures. (4)

3.2.5 Assume that costs and workers' efficiency will remain unchanged in 2027. If production and sales of **Pencil cases increased** by 500 units, calculate how much additional profit he can expect. (4)

INFORMATION ON BAGS FOR THE FINANCIAL YEAR END:

	PHONE CASES		PENCIL CASES	
	28 February 2026 UNIT COST R	28 February 2025 UNIT COST R	28 February 2026 UNIT COST R	28 February 2025 UNIT COST R
Direct Material Cost	150,00	120,00	142,00	140,00
Direct Labour Cost	102,00	98,00	160,00	102,00
Selling and Distribution Cost	52,00	50,00	35,00	35,00
VARIABLE COST PER UNIT	**304,00**	**268,00**	**337,00**	**277,00**
Factory Overhead Cost	70,00	68,00	125,00	75,00
Administration Cost	30,00	30,00	50,00	45,00
FIXED COST PER UNIT	**100,00**	**98,00**	**175,00**	**120,00**
Selling price per unit	R 400,00	R 400,00	R 540,00	R 450,00
Number of units produced and sold	4 500 units	4 500 units	1 200 units	2 000 units
Break-even point	?	3 341 units	1 035 units	1 388 units

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QUESTION 4 DEBTORS' AND CREDITORS RECONCILIATION (40 Marks; 30 Minutes)

4.1 DEBTORS' AGE ANALYSIS

The information below relates to Bulwer Hardware.

REQUIRED:

4.1.1 Explain why the debtors' age analysis is considered to be an effective internal control measure. State ONE point. (2)

4.1.2 Explain TWO different problems highlighted by the debtors' age analysis. In EACH case, provide the name of a debtor and figure(s). (4)

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 MONTH	30 DAYS	60 DAYS	90 DAYS
N Zwane	6 000	5 000	2 100	2 900		
L Zungu	3 500	4 200	3 800	400		
F Cele	7 000	1 450	500			950
K Xulu	13 000	12 500	1 000	3 000	4 500	4 000
O Walker	3 000	3 000	1 900		1 100	
		26 150	9 300	6 300	5 600	4 950
		100%	36%	24%	21%	19%

4.2 DEBTORS' RECONCILIATION

Information from the records of Mood Traders for February 2026 is presented. Some errors and omissions were noted. **See information B**.

REQUIRED:

4.2.1 Calculate the correct Debtors' Control Balance on 28 February 2026. Show figures and indicate '+', '-' or 'No change' at EACH adjustment. (6)

4.2.2 Calculate the correct total of the debtors' list on 28 February 2026. (10)

INFORMATION:

A. Balances on 28 February 2026 before errors and omissions were taken into account:

(i) Debtors' Control R25 700
(ii) Debtors list:

	DEBIT	CREDIT
Z Botha	R5 700	
N Ndlovu	R11 100	
O Appollis		R1 900
R Mofokeng	R15 900	
	R32 700	R1 900

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B. Error and omissions:

(i) The total of the Debtors' Journal was undercast by R2 700.

(ii) Interest of R350 must be charged on the overdue account of N Ndlovu.

(iii) An amount of R3 100 received from Z Botha was incorrectly recorded as R1 300 in the Cash Receipts Journal and posted as such to the General Ledger and the Debtors' Ledger.

(iv) Trading stock returned by R Mofokeng was posted to the wrong side of his Debtors' Ledger Account, R1 200.

(v) No entry was made for a credit sales invoice issued to O Appollis, R1 500.

4.3 CREDITORS' RECONCILIATION

Twist Traders buys goods on credit from Lemon Suppliers. The business received a statement for February 2026 from the creditor.

REQUIRED:

4.3.1 Reconcile the Creditors Ledger account of LEMON Suppliers in the books of Twist Traders with the statement received.
Commence with the opening balances as provided in the ANSWER BOOK. (12)

4.3.2 State THREE consequences for the business if they do not pay the amount due to creditors on time. (6)

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INFORMATION:

A. Creditors' Ledger in Twist Traders records

LEMON SUPPLIERS (CL7)					
Date			**Debit**	**Credit**	**Balance**
2026	01	Account rendered			35 920
Feb	05	Invoice 346		11 808	47 728
	07	Debit note 69	816		46 912
	13	EFT 666	22 788		24 124
		Discount	3 532		20 592
	14	Invoice 135		6 929	27 521
	16	EFT- 675	1 000		26 521
	23	Invoice 378		7 188	33 709
	24	Invoice 396		8 829	42 538
	28	Invoice 407		4 526	47 064

B. Statement of account received on 28 February 2026:

LEMON SUPPLIERS **PO Box 2245, Ekuvukeni township 2920** **Tel: 034 759 9902**					
Twist Traders **5 Zwane street** **Ekuvukeni A section 947**				**Date: 25 February 2026** **Credit limit :R90 000** **Payment terms: 60 days**	
DATE		**DETAILS**	**DEBIT**	**CREDIT**	**BALANCE**
2026	01	Balance			35 920
Feb	05	Invoice 346	10 296		46 216
	07	Credit Note 109	816		47 032
	13	Receipt 410		22 788	24 244
	16	Receipt 440		1 000	23 244
	23	Invoice 378	7 188		30 432
	24	Invoice 396	9 810		40 242
	25	Interest	29		40 271

C. Additional Information:

i. Invoice 346 on 5 February 2026 was correct according to the statement.

ii. LEMON Suppliers statement showed an error of recording of goods returned on 7 February 2026.

iii. Twist Traders qualified for discount with the payment on 13 February 2026. LEMON Suppliers granted only R2 532 as discount. They will show this on their statement next month.

iv. Invoice 135 for R6 929 was recorded incorrectly in the Creditors' Ledger Account of LEMON Suppliers. This purchase was from PP Suppliers.

v A trade discount of 10% was deducted on Invoice 396. LEMON Suppliers did not take this into account. This will be rectified on the next statement.

vi. The statement shows transactions up to 25 February 2026.

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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 and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note 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

- In this case, 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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