

## NATIONAL SENIOR CERTIFICATE

## **GRADE 12**

## **SEPTEMBER 2022**

# ACCOUNTING P2

### **MARKS: 150**

#### **MARKING PRINCIPLES:**

- 1. Unless otherwise stated in the marking guidelines, 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.
- 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 and 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. Note that one comment could contain different aspects.
- 14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 9 pages.

## **QUESTION 1**

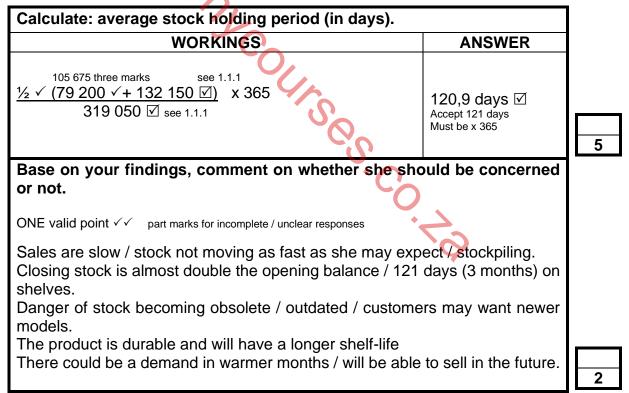
2

## 1.1 INVENTORY VALUATION

## 1.1.1 Calculate the following on 30 April 2022

| Value of closing stock  |                               |
|---|-------------------------------|
| WORKINGS  | ANSWER                        |
| 290 ✓ x 285 = 82 650 ☑ one part correct<br>(470 – amt above)<br>180 ☑ x 275 = 49 500 ☑ one part correct | 132 150 ☑<br>one part correct |
| Cost of sales<br>WORKINGS   | ANSWER                        |
| 79 200 + 376 500 - 1 650 - 2 850 - 132 150  | 319 050 ☑<br>one part correct |

## 1.1.2 Deb is concerned about sales and profitability.



# 1.1.3 Deb wants to change to the weighted average method to value the electric fans as she feels that this will improve profitability. Comment on this proposal. Provide TWO points.

TWO valid points  $\checkmark \checkmark \checkmark \checkmark$  part marks for incomplete / unclear responses

- Unethical to manipulate stock value
- WA generally has a smaller closing stock resulting is a smaller GP figure
- This would make comparisons difficult planning would not be effective.
- This valuation is merely a book-entry and would not affect the stock value in the long run.

4

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## 1.2 VAT

1.2.1 Calculate the amount payable to SARS in respect of VAT for the twomonth VAT period ended 30 June 2022.

3 800 + 86 100 + 1 260 - 1 125 - 142 500 - 3 750 - 6 000 - 540

= 62 755 🗹 one part correct

Accept alternative presentations such as signs reversed, ledger format, input / output totals

## 1.2.2 As a senior manager, what would you say to Brenda regarding this transaction? Provide TWO points.

TWO valid points VV VV part marks for incomplete / unclear responses

- It is fraudulent behaviour to collect VAT and not submit it to SARS.
- The business is an agent of SARS collects VAT on behalf on SARS / money does not belong to the business.
- It is an unethical business practice reflects badly on the image of the business
- Negative publicity will affect sales in the long run.
- If discovered, the business will be fined / sued.



ACCOUNTING P2

### **QUESTION 2**

- 2.1
- 2.1.1
   False √

   2.1.2
   True √

   2.1.3
   False √

## 2.2.1 Update the CRJ and CPJ totals in the table provided, and calculate the correct Bank balance in the General Ledger on 31 July 2022.

| 132 500 |              |
|---------|--------------|
| 1 1 5 0 |              |
| 1 150   | $\checkmark$ |
| 1 840   | $\checkmark$ |
| 740     | $\checkmark$ |
| 136 230 |              |
| _       | 1 840<br>740 |

**Bank Balance:** 

21 800 ✓ + 118 200 ✓ - 136 230 ☑ = 3 770 ☑ one part correct

9

| ILIATION STATEMENT C   | N 31 JULY 2022                               |   |  |
|------------------------|--|---|--|
| í.                     | DEBIT  | CR  | EDIT   |
| atement                | 36 270 ☑<br>balancing figure;<br>could be Cr |   |  |
| osits: 20/07           | .0   |   | 22 500 🗸   |
| 29/07                  |  |   | 12 700 🗸   |
| ot yet reflected       |  | 0   | 9 200 🗸  |
| 778                    | 6 200 🗸                                      | •   |  |
| nt / amount duplicated |  |   | 1 840 🗸  |
| ank account            | 3 770 ☑<br>see 2.2.1                         |   |  |
| For both totals        | 46.240                                       | 2   | 46 240   |
|                        | tatement<br>osits: 20/07                     | DEBIT       tatement     36 270 ☑       balancing figure;     could be Cr       osits: 20/07     29/07       tot yet reflected     6 200 ✓       778     6 200 ✓       nt / amount duplicated     3 770 ☑       ank account     3 770 ☑ | tatement $36\ 270\ \ensuremath{\boxtimes}$ balancing figure;<br>could be Crcould be Crcould be Cr29/07bot yet reflected7786 200 nt / amount duplicatedank account3 770 $\ensuremath{\boxtimes}$<br>see 2.2.1 |

## 2.2.3 Refer to the outstanding deposit of R22 500 dated 20 July 2022. Explain why the accountant should be concerned about this deposit. Provide ONE point.

ONE valid point  $\checkmark\checkmark$  part marks for incomplete / unclear responses

- Deposit is late / not good business practice to keep cash (security risk)
- Poor internal controls checks and balances / supervision
- Possible lack of division of duties person taking advantage / negligent
- May contribute to poor management of cash liquidity problems in future
- Possible rolling of cash

## 2

## 2.3 MOLLY'S DELI

## 2.3.1

| Incorrect balance on 1 August 2022  | 41 800           |
|-------------------------------------|------------------|
| A                                   | 8 600 🗸          |
| В                                   | (17 800) 🗸       |
| C two or 0                          | (9 000) 🗸 🗸      |
| D                                   | 600 🗸 🗸          |
| E – 2 240 one mark – 2 240 one mark | (4 480) 🗸 🗸      |
| Balance after errors and omissions  | 19 720 🗹         |
|                                     | one part correct |

2.3.2 Molly was disappointed that she did not benefit from the discount. How can Molly improve the internal control process to ensure that this does not happen in the future? Provide TWO points.

TWO valid points  $\checkmark \checkmark \checkmark \checkmark$ 

- Improve supervision and authorisation for all payments
- Keep a schedule of payments that must be made (checklist)
- Implement division of duties so that Janice does not have too many tasks
- Offer training to Janice would also reduce errors in posting.

4

| TOTAL<br>MARKS | 35 |  |
|----------------|----|--|
|----------------|----|--|

ACCOUNTING P2

### **QUESTION 3**

| 3 | • | 1 |  |
|---|---|---|--|
| v |   | • |  |

6

 3.1.1
 C ✓

 3.1.2
 D ✓

 3.1.3
 A ✓

 3.1.4
 B ✓

4

# 3.2.1 Calculate: DIRECT LABOUR COST $5 \times 1550 \times 60 = 465\ 000 \checkmark \square \text{ one part correct}$ $225 \times 96 \checkmark \checkmark = 21\ 600 \square \text{ one part correct}$ $486\ 600 \square \text{ operation}$ UIF 1% = 4866 \square 1% of total above $491\ 466 \square \text{ operation}$ 8

## 3.2.2 FACTORY OVERHEAD COST NOTE

| Provisional total                                       | 203 720            |   |
|---|--------------------|---|
| Indirect labour 60 000 x 25%                            | + 15 000 🗸         |   |
| Indirect material                                       | - 1 800 <i>v</i> v |   |
| Insurance 19 200 / 4                                    | + 4 800 √√         |   |
| Water and electricity - 47 400 + 33 180 OR 47 400 x 30% | - 14 220 🗸         |   |
|   |                    |   |
| one part correct  | 207 500 🗹          | 9 |

## 3.2.3 PRODUCTION COST STATEMENT ON 28 FEBRUARY 2022

| Direct material cost   | PC – DLC  | 321 034                      | $\checkmark$   |   |
|--|-----------|------------------------------|----------------|---|
| Direct labour cost   | see 3.2.1 | 491 466                      | $\checkmark$   |   |
| PRIME COST   |           | 812 500                      |                |   |
| Factory overhead costs   | see 3.2.2 | 207 500                      | $\checkmark$   |   |
| Total manufacturing cost   | operation | 1 020 000                    | $\checkmark$   |   |
| Work-in-progress (opening balance)   |           | 18 750                       |                |   |
|  | operation | 1 038 750                    | $\checkmark$   |   |
| Work-in-progress (closing balance)   |           | (38 750)<br>Balancing figure | $\checkmark$   |   |
| Cost of production of finished goods<br>42 300 $\checkmark$ + 1 004 500 $\checkmark$ - 46 800 $\checkmark$ |           | 1 000 000                    | three<br>marks | 9 |

#### **UNIT COSTS AND BREAK-EVEN** 3.3

#### Comment on the control over direct material cost per unit and selling 3.3.1 and distribution cost per unit. Quote figures. In each case, provide a ossible reason for the change

| possible reason | for the change.   |  |  |
|-----------------|---|--|--|
| COST            | DECISION $\checkmark$ $\checkmark$ with figures $\checkmark \checkmark \checkmark \checkmark$ |  |  |
| Direct material | Decrease from R140 to R120 (by 14,3%)   |  |  |
| cost            | Opted for a cheaper material / supplier   |  |  |
|                 | Buying local / reducing transport costs   |  |  |
|                 | Possible better training / reduced wastage / more efficient workforce.                        |  |  |
| Selling and     | Increased from R60 to R90 (by 50%)  |  |  |
| distribution    | Effort to promote sales   |  |  |
| cost            | Attempt to broaden the target market  |  |  |
|                 | Motivation for sale staff (commission)  |  |  |
| 4               | Free (or reduced cost) of delivery  |  |  |

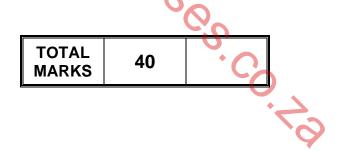
#### Explain whether Cage (the owner) should be satisfied with the level of 3.3.2 production achieved and the break-even point. Provide TWO points. Quote figures.

TWO valid points (with figures)

part marks for incomplete / unclear responses

- Production increased by 1 000 units but BEP increased by 1 420 units.
- Made a profit on 1 500 units last year, but on only 1 080 units this year
- Profit last year was R195 000 and dropped to R159 840 this year.





#### **QUESTION 4**

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4.1 Explain why:

#### 4.1.1 Bad debts will not appear in a cash budget.

It is a non-cash item.  $\checkmark$  any valid explanation to indicate non-cash item

#### 4.1.2 A cash budget is an effective internal control mechanism.

ONE valid point √√ part marks for incomplete / unclear responses

Effective control over cash resources / monitoring of cash receipts and payments / reconciling cash (bank) balance for planning / ensuring good liquidity / identifying cash flow problems and taking steps to rectify them.

## 2

1

#### 4.2.1 DEBTORS COLLECTION SCHEDULE

| Month                 | Credit sales | AUGUST  | SEPTEMBER   |
|-----------------------|--------------|---------|-------------|
| JUNE                  | 360 000      | 64 800  |             |
| JULY                  | 364 000      | 109 200 | 65 520 √√   |
| AUGUST                | 382 200      | 183 456 | 114 660 🗸 🗸 |
| SEPTEMBER             | 354,900      |         | 170 352 🗸 🗸 |
| RECEIPTS FROM DEBTORS |              | 357 456 | 350 532 🗹   |
| one part correct      |              |         |             |
| Calculate:            |              |         |             |

| 7 | 7 |
|---|---|

#### 4.2.2

| 2 Calculate: Be alert to alternative methods for calculate |  |                                 | _ |
|--|--|---------------------------------|---|
|  | WORKINGS   | ANSWER                          |   |
|  | (i) Rent income: August                              | 2                               |   |
|  | 13 878 x 100/108                                     | 12 850 √ ☑<br>one part correct  |   |
|  | (ii) Payment to creditors: September                 | 2                               |   |
|  | 320 000 x 75%  | 240 000 √ ☑<br>one part correct |   |
|  | (iii) Repayment of Ioan: September                   | 5                               |   |
|  | 550 two marks<br>(3 300 – 2 750) ✓✓ x 12 ✓<br>0,11 ✓ | 60 000 🗹<br>one part correct    |   |
|  | (iv) Ordinary share dividends: Septen                | nber 4                          |   |
|  | (480 000 ✓+ 75 000 ✓✓) x 0,15                        | 83 250 ☑<br>Must be x 0,15      |   |

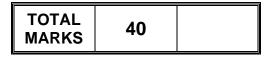
| 4.2.3 | Calculate: % increase in salaries and wages.  |                 |   |
|-------|---|-----------------|---|
|       | WORKINGS  | ANSWER          |   |
|       | <u>8 058 √</u><br>134 300 √ x 100   | 6% ✓            |   |
|       |   |                 | 3 |
| 4.2.4 | Provide TWO reasons why the company decides to training. Any TWO valid reasons $\checkmark\checkmark$   | invest in staff |   |
|       | Improve the image of the business / more efficient labour for<br>Giving back to the community that supports the business.<br>CSR – corporate social responsibility (as outlined in the King<br>Good corporate governance.<br>Good publicity – better profits (more customers) |                 | 2 |
| 4.2.5 | Comment on the new approach regarding cash and cred   | lit sales.      |   |
|       | Due to drop in sales, decided to sell more on credit $\checkmark\checkmark$   |                 | 2 |
|       | Explain TWO disadvantages of the approach adopted.  |                 |   |
|       | TWO disadvantages of credit sales VV  |                 |   |
|       | Could lead to cash flow problems – debtors pay later<br>Controlling debtors – additional administrative duties – ser<br>etc.  | ding statements |   |

Possibility of bad debts / debt collectors / legal action

## Comment on actual and budgeted figures for the following items:

| ADVERTISING<br>Quote figures<br>Comment √√<br>Figure (related to<br>sales) √ | Budgeted for 3% of sales; actual is 4% of sales /<br>Sales is less than budgeted by 40% but advertising only<br>20% less than budgeted.<br>Advertising was not effective – did not achieve the<br>desired sales.                                     | 3 |
|--|--|---|
| PACKING<br>MATERIAL<br>Comment ✓ ✓<br>Figure (related to<br>sales) ✓         | Budgeted for 6% of sales; actual is 5,5% of sales /<br>Sales is less than budgeted by 40% but packing material<br>is 44,9% less than budgeted.<br>Packing material is well controlled – effective use is<br>made. No wastage or mismanagement noted. | 3 |

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**TOTAL: 150** 

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