



NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2022

ACCOUNTING P2 MARKING GUIDELINE

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

1.1 INVENTORY VALUATION

1.1.1 Calculate the following on 30 April 2022

Value of closing stock	
WORKINGS	ANSWER
$290 \checkmark \times 285 = 82\ 650 \checkmark$ one part correct (470 – amt above) $180 \checkmark \times 275 = 49\ 500 \checkmark$ one part correct	$132\ 150 \checkmark$ one part correct

5

Cost of sales	
WORKINGS	ANSWER
$79\ 200 \checkmark + 376\ 500 \checkmark - 1\ 650 \checkmark - 2\ 850 \checkmark - 132\ 150 \checkmark$ see above	$319\ 050 \checkmark$ one part correct

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1.1.2 Deb is concerned about sales and profitability.

Calculate: average stock holding period (in days).	
WORKINGS	ANSWER
$\frac{105\ 675 \text{ three marks} \text{ see 1.1.1} + \frac{1}{2} \checkmark (79\ 200 \checkmark + 132\ 150 \checkmark)}{319\ 050 \checkmark \text{ see 1.1.1}} \times 365$	$120,9 \text{ days} \checkmark$ Accept 121 days Must be x 365

5

<p>Base on your findings, comment on whether she should be concerned or not.</p> <p>ONE valid point $\checkmark \checkmark$ part marks for incomplete / unclear responses</p> <p>Sales are slow / stock not moving as fast as she may expect / stockpiling. Closing stock is almost double the opening balance / 121 days (3 months) on shelves. Danger of stock becoming obsolete / outdated / customers may want newer models. The product is durable and will have a longer shelf-life There could be a demand in warmer months / will be able to sell in the future.</p>	2
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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 ✓✓ ✓✓ 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

1.2 VAT

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

$$\begin{array}{cccccccc}
 \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark \\
 3\ 800 & + & 86\ 100 & + & 1\ 260 & - & 1\ 125 & - & 142\ 500 & - & 3\ 750 & - & 6\ 000 & - & 540 \\
 \\
 & = & 62\ 755 & \checkmark & \text{one part correct}
 \end{array}$$

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

9

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

TWO valid points ✓✓ ✓✓ 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.

4

TOTAL MARKS	35	
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QUESTION 2

2.1

2.1.1	False ✓
2.1.2	True ✓
2.1.3	False ✓

3

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.

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
116 400	132 500
1 800 ✓✓	1 150 ✓
	1 840 ✓
	740 ✓
118 200	136 230

Bank Balance:
 $21\ 800\ \checkmark + 118\ 200\ \checkmark - 136\ 230\ \checkmark = 3\ 770\ \checkmark$ one part correct

9

2.2.2

BANK RECONCILIATION STATEMENT ON 31 JULY 2022		
	DEBIT	CREDIT
Balance as per statement	36 270 <input checked="" type="checkbox"/> <small>balancing figure; could be Cr</small>	
Outstanding deposits: 20/07		22 500 ✓
29/07		12 700 ✓
Deposit for rent not yet reflected		9 200 ✓
Outstanding EFT 778	6 200 ✓	
Error on statement / amount duplicated		1 840 ✓
Balance as per bank account	3 770 <input checked="" type="checkbox"/> <small>see 2.2.1</small>	
For both totals	46 240	<input checked="" type="checkbox"/> 46 240

8

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 ✓✓ 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

CREDITORS LEDGER ACCOUNT OF GLADYS SUPPLIERS	
Incorrect balance on 1 August 2022	41 800
A	8 600 ✓
B	(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

9

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 ✓✓ ✓✓

- 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 MARKS	35	
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QUESTION 3

3.1

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 x 1 550 x 60	=	465 000	✓	✓	one part correct
225 x 96 ✓✓	=	<u>21 600</u>	✓		one part correct
		486 600	✓		operation
UIF 1%	=	<u>4 866</u>	✓		1% of total above
		<u>491 466</u>	✓		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 ✓✓
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	✓
Direct labour cost	see 3.2.1	491 466	✓
PRIME COST		812 500	
Factory overhead costs	see 3.2.2	207 500	✓
Total manufacturing cost	operation	1 020 000	✓
Work-in-progress (opening balance)		18 750	
	operation	1 038 750	✓
Work-in-progress (closing balance)		(38 750)	✓
		Balancing figure	
Cost of production of finished goods		1 000 000	three marks
42 300 ✓ + 1 004 500 ✓ - 46 800 ✓			

9

3.3 UNIT COSTS AND BREAK-EVEN

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

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

6

3.3.2 Explain whether Cage (the owner) should be satisfied with the level of 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.

4

TOTAL MARKS	40	
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QUESTION 4

4.1 Explain why:

4.1.1 Bad debts will not appear in a cash budget.

It is a non-cash item. ✓ any valid explanation to indicate non-cash item

1

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

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 ✓

7

one part correct

4.2.2 Calculate:

Be alert to alternative methods for calculations

WORKINGS	ANSWER
<p>(i) Rent income: August</p> <p>13 878 x 100/108</p>	<p>2</p> <p>12 850 ✓✓ one part correct</p>
<p>(ii) Payment to creditors: September</p> <p>320 000 x 75%</p>	<p>2</p> <p>240 000 ✓✓ one part correct</p>
<p>(iii) Repayment of loan: September</p> <p>550 two marks $\frac{(3\,300 - 2\,750) \checkmark\checkmark \times 12 \checkmark}{0,11 \checkmark}$</p>	<p>5</p> <p>60 000 ✓ one part correct</p>
<p>(iv) Ordinary share dividends: September</p> <p>(480 000 ✓ + 75 000 ✓✓) x 0,15</p>	<p>4</p> <p>83 250 ✓ Must be x 0,15</p>

13

4.2.3 Calculate: % increase in salaries and wages.

WORKINGS	ANSWER
$\frac{8\ 058 \checkmark}{134\ 300 \checkmark} \times 100$	6% ✓

3

4.2.4 Provide TWO reasons why the company decides to invest in staff training.

Any TWO valid reasons ✓✓

Improve the image of the business / more efficient labour force
 Giving back to the community that supports the business.
 CSR – corporate social responsibility (as outlined in the King code)
 Good corporate governance.
 Good publicity – better profits (more customers)

2

4.2.5 Comment on the new approach regarding cash and credit sales.

Due to drop in sales, decided to sell more on credit ✓✓

2

Explain TWO disadvantages of the approach adopted.

TWO disadvantages of credit sales ✓✓ ✓✓

Could lead to cash flow problems – debtors pay later
 Controlling debtors – additional administrative duties – sending statements etc.
 Possibility of bad debts / debt collectors / legal action

4

Comment on actual and budgeted figures for the following items:

<p>ADVERTISING Quote figures Comment ✓✓ Figure (related to sales) ✓</p>	<p>Budgeted for 3% of sales; actual is 4% of sales / Sales is less than budgeted by 40% but advertising only 20% less than budgeted. Advertising was not effective – did not achieve the desired sales.</p>	<table border="1"> <tr><td> </td></tr> <tr><td>3</td></tr> </table>		3
3				
<p>PACKING MATERIAL Comment ✓✓ Figure (related to sales) ✓</p>	<p>Budgeted for 6% of sales; actual is 5,5% of sales / Sales is less than budgeted by 40% but packing material is 44,9% less than budgeted. Packing material is well controlled – effective use is made. No wastage or mismanagement noted.</p>	<table border="1"> <tr><td> </td></tr> <tr><td>3</td></tr> </table>		3
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TOTAL MARKS	40	
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TOTAL: 150