KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

# PROVINCIAL STANDARDISED ASSESSMENT

## GRADE 12

## ACCOUNTING P2

## MARKING GUIDELINES

## PREPARATORY EXAMINATION

**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).
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. Unless otherwise stated, give full marks for correct answer. If answer incorrect, mark the workings.
4. If a pre-adjustment figure is shown as the final figure, award part-mark as a working mark 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 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in a certain question.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer.
11. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +,-,x,÷, or per candidate's calculation (if valid) or per memo.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f=foreign item; p=placement.

**This marking guideline consists of 10 pages.**

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## QUESTION 1

1.1.1 **Calculate the percentage of total debts that has exceeded the credit terms of 30 days.**

(6 860 + 3 920 + 7 840) = 18 620
18 620☑ /49 000✓ x 100
= 38% ☑
**Or 14% + 8% + 16%**

3

1.1.2 **Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each problem (Names or figures).**
Any TWO
Problem ✓ ✓
Debtor and figure ✓ ✓

| PROBLEM | DEBTOR AND FIGURE |
|---|---|
| Exceeding credit limit | Cele F exceeds by R6 140.<br>Makhoba S exceeds by R2 190. |
| Owing for more than 30 days<br><br>Or<br>Exceeding credit term | Ndlovu N owes R3 420 for more than 30 days.<br>Makhoba s owes R5 090 for more than 30 days.<br>Cele F owes 10 110 for more than 30 days. |
| They continue to sell on credit to debtors who do not pay in time | Cele by R6 050<br>Ndlovu R5 700<br>Makhoba R6 030 |
| | |

4

**Provide TWO measures that can be implemented by the business in order to recover outstanding amounts that have exceeded the credit terms.**
Any TWO relevant ✓ ✓

- Send a reminder.
- Should consider not selling anything, unless the account is settled.
- Account should be handed over to a lawyer (debt collectors).
- Charge interest on the amounts over 30 days.
- Check the books in order to be certain no error has been made by the business.
- Allow discounts to debtors for prompt payment of accounts.
-

2

1.2 **CREDITORS RECONCILIATION**

| NO. | CREDITOR'S LEDGER | STATEMENT BALANCE |
|---|---|---|
| **Balance** | **86 990** | **115 260** |
| i) | +10 000 ✓✓ | |
| ii) | | - 2 250 ✓ |
| iii) | +1 9 920 ✓ | |
| iv) | | (5 880)<br>- 2940 - 2940 ✓✓<br>1 mark each) |
| v) | | - 11 580 ✓✓ |
| vi) | | + 21 360 ✓ |
| **TOTAL** | ✓☑<br>116 910 for both totals | 116 910 |

(accept brackets)

| 11 |
|---|

| TOTAL MARKS |
|---|
| |
| **20** |

## QUESTION 2

### 2.1.1 Calculate the value of the closing stock for the two stock items:

**(i) Cricket Pads (using the FIFO-method):**

(70 x R750) ✓ + (180 x R720) ✓ + (170 ✓ x R690✓)
= R299 400 ☑ one part correct
OR
52 500 one mark + 129 600 one mark + 117 300 two marks
= R299 400 one method mark

5

**(ii) Cricket balls (using the weighted average method).**

$$\frac{5\,250\ ✓ + \overset{3\,310 \times 18{,}50}{61\,235}✓ + 12\,115✓}{350\ ✓ + 6\,200\ ✓} \quad x \quad 660✓$$

= R7 920 ✓

7

### 2.1.2 Calculations the following for Cricket Pads:

**(i) Cost of sales**

75 000✓ + 418 800✓ - 299 400 ☑
= 194 400 ☑ one part correct

4

**(ii) Gross profit**

274 500 ✓ – 194 400 ☑= 80 100 ☑ one part correct

3

**(iii) Mark up percentage**

80 100☑/194 400☑ x 100/1
= 41.2% ☑ one part correct

3

**(iv) Stock holding period in days**

$$\frac{½✓(75\,000✓ + 299\,400☑)}{194\,400\ ☑} \quad x \quad \frac{365}{1} \text{ OR } \frac{½\,(125 + 420)}{305}$$

= 351,5 days ☑ one part correct 326,1 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 suspicious. Show calculations to support your answers.**

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

Reference to stock holding period ✓
Any relevant comment ✓✓

The stock holding period is 351.5 days.
The business is purchasing additional stock with the older stock still unsold.
New brands of Cricket Pads will make stock on hand irrelevant

3

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

350 ✓+ 6 200✓ - 5 700✓ - 660✓= 190✓☑**Balls stolen**

6

**2.1.4 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.**

Any THREE valid answers ✓✓ ✓✓ ✓✓

- Implement stricter control measures to cut down on theft.
- Prevent pile up of Cricket Pads.
- Advertise more and do better marketing to increase sales.
- See if Cricket balls can't be purchased locally in order to prevent import tax and the influence of increasing exchange rates.
- Consider importing Cricket Pads as it seems that clients do not like the local products.

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**2.2** **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.**

| Branch | Comment and figures ✓✓ ✓✓ ✓✓ | Advice ✓ ✓ ✓ |
|---|---|---|
| **HLATHI**<br><br>**(BUHLE)** | Theft occurring. There are 40 cameras missing (380 – 340)<br><br>Value of shortage of R320 000 (8 000 x 40) | Improve internal control<br><br>Do regular physical stock takings and stock checks |
| **THOLENI**<br><br>**(SUGAR)** | Too much stock on hand.<br>Only 300 out of 1 600 have been sold.<br><br>Stock will become obsolete / out of date, 1 280 left over | Restrict amount of stock on hand as this could lead to theft or out of date stock.<br><br>Instead of paying Sugar a set monthly income he should pay her on commission based on sales.<br><br>Changing marketing strategies |
| **KWAMANQANDA**<br><br>**(SLINDO)** | R640 000 not accounted for | Improve internal control<br><br>Division of duties |

| |
|---|
| **9** |

| **TOTAL MARKS** |
|---|
| |
| **50** |

## QUESTION 3

### 3.1.1 DIRECT MATERIAL COST

| | | |
|---|---|---|
| Opening stock | | R915 200 ✓ |
| Purchases | | 723 600 ✓ |
| Closing stock | | (314 550) ✓ |
| Issued to factory | Operation one part correct | 1 324 250 ☑ |

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### DIRECT LABOUR COST

| | | |
|---|---|---|
| Normal time (1 680✓ x R47✓ x 5✓) | Operation one part correct | R 394 800 ☑ |
| Overtime | | 541 440 ✓ |
| Employer's contribution (R394 800☑ x 11,5%✓) | Normal time | 45 402 ☑ |
| | Operation one part correct | 981 642 ☑ |

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### FACTORY OVERHEADS COST

| | | |
|---|---|---|
| **Total / Balance** | | **160 024** |
| Electricity ( 45 600) 40/100 | | -18 240 ✓✓ |
| Rent expenses (210 000) x 3500/14 000 or (157 500 - 105 000 | | -52 500 ✓✓ |
| Insurance (48 000 – 5 400) 4/6 | | +28 400 ✓✓ |
| | | 117 684 ☑ |

7

### 3.1.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 February 2026.

| | | |
|---|---|---|
| Direct material cost | See 3.1.1 | 1 324 250 ☑ |
| Direct labour cost | See 3.1.1 | 981 642 ☑ |
| **Prime cost** | DMC+DLC | 2 305 892 ☑ |
| Factory overhead cost | See 3.1.1 | 117 684 ☑ |
| **Total manufacturing cost** | PC+FOHC | 2 423 576 ☑ |
| **Work-in-process (1 March 2025)** | | 22 416 ✓ |
| | | 2 445 992 |
| Work-in-process (28 February 2026) | Operation | (695 992) ☑ |
| **Total cost of production of finished goods** (1 815 000 ✓+ 195 000✓ – 260 000✓) | | 1 750 000 ☑ |

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

| | **Identify separate problems**<br>Problems ✓ ✓ Figures ✓ ✓ | **Solution**<br>✓ ✓ |
|---|---|---|
| **Problem 1** | The workers do not work the normal time hours according to the employment conditions – only 1 680 instead of 1 920. OR The workers worked too much overtime as compared to normal time - 69% / 1 152/1680. | Workers should be monitored accordingly to ensure they work the correct number of normal hours. / Workers must first work the correct numbers of normal time before booking overtime. |
| **Problem 2** | The level of production is too low. For the 2 832 hours worked, they should have produced a total number of 28 320 (2 832 x 5 x 2) vases. The business only produced 5000 vases. | Monitor workers to ensure they produce two vases per hour. / Pay workers for each vases completed. / Complete uncompleted tasks under normal hours. |

**6**

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

**Any valid point** ✓✓ **figures** ✓

(Comparison between units produced and sold with break-even)

Produced and sold 5 000 units below the BEP of 6 500 units, made a loss on 1500 units.

For two marks (max):

Units produced decreased by 1 500 (from 6 500) to 5 000 by 23.1%

**3**

| **TOTAL MARKS** |
|---|
| |
| **40** |

## QUESTION 4

**4.1.1** **TWO items recorded incorrectly in the Cash Budget:**

Any TWO of: ✓ ✓
If more than two items given, -1 for invalid item; max -1

Discount received
Depreciation
Bad debts

2

**4.1.2** **TWO items in the Cash Budget that would NOT appear in a Projected Income Statement:**

Any TWO of: ✓ ✓
If more than two items given, -1 for invalid item; max -1

Cash from debtors
Fixed deposit matures
Payments to creditors
Repayment of loan

2

**4.2** **DEBTORS' COLLECTION SCHEDULE**

| MONTHS | CREDIT SALES | SEPTEMBER | OCTOBER |
|---|---|---|---|
| July | 120 000 | 8 400 | |
| August | 151 200 | 60 480 | ✓✓ 10 584 |
| September | 172 800 | 86 400 | ✓✓ 69 120 |
| October | ✓✓ 198 720 | 50% of credit sales | ☑☑ 99 360 |
| | | 155 280 | Operation one part correct ☑ 179 064 |

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**4.3** **AMOUNTS FOR THE CASH BUDGET**

| | WORKINGS | AMOUNT |
|---|---|---|
| (a) | **Cash sales for September**<br>288 000 ✓ x 40%✓ or 132 480 x 100/115 **3**<br>172 800 one mark x 40/60 one mark | R115 200☑<br>One part correct |
| (b) | **Payments to creditors for October**<br>252 000 ✓ x $^{100}/_{180}$ ✓ x $^{96}/_{100}$ ✓ **4**<br>140 000 two marks – 5 600 one mark<br>241 920 two marks | R134 400☑<br>One part correct |
| (c) | **Directors' fees for October**<br>216 000 ✓ x $^{2}/_{3}$ ✓✓ x $^{135}/_{100}$ ✓ **5**<br>144 000 three marks + 50 400 one mark<br>(72 000 + 25 200) x 2 or 72 000 x 135/100 =972 000 x 2<br>one mark two marks one mark | R194 400☑<br>One part correct |
| (d) | **Interest on loan for October** Could use solve for x method<br>✓ ✓ ✓ ✓<br>6 875 – (12,5% x 52 800 ÷ 12) **6**<br>550 three marks<br>6 600 two marks 4 400 two marks<br>one mark one mark one mark one mark<br>(660 000 – 52 800) x 12,5% ÷ 12<br>607 200 two marks | ✓☑<br>R6 325<br>One part correct |

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**4.4.1** **The directors changed the method of payment to the salespersons.**

**Explain how this has benefitted the salespersons. Quote figures.**

Explanation ✓ Figures ✓

Although the salaries were reduced from R40 000 to R12 000, they received a commission of R66 150 (total: R78 150) / 95,4% or R38 150 more than their budgeted salaries.

**Explain how this has benefitted the business. Quote figures.**

Explanation ✓ Figures ✓

Actual sales are higher than the budgeted sales by R201 600 (489 600 – 288 000); sales are 70% higher than budget.

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| **4** |

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

Explanation ✓ Both items i.e. Sales & Packing materials must be mentioned
Figures ✓✓ ✓✓

Candidates must quote percentages – if totals are quoted, award only one mark for each item
Candidates must compare percentages of these two items to earn full marks

Sales were 70% over budget, while packing materials were only 20% over budget.

**OR**

Packing materials were budgeted at 5% of sales, while actual packing materials were only 3,5% of sales.

**Response for one mark:**
Packing materials will increase if sales increase.

| |
|---|
| **5** |

| **TOTAL MARKS** |
|---|
| |
| **40** |

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