KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

ACCOUNTING P2

MARKING GUIDELINE

SEPTEMBER 2022

PREPARATORY EXAMINATIN

NATIONAL SENIOR CERTIFICATE

GRADE 12

MARKS: 150

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that 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 the final figure, award one mark. 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.
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 a certain question.
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 before awarding the mark.
10. Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'. Note: check operation must be +,-,x,÷, or per candidates operation.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect, indicate with a ☒. Note: do not award marks for workings if numerator and denominator are swapped-this also applies to ratios.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f=foreign item; p=placement.

This marking guideline consists of 9 pages.

QUESTION 1

1.1.1 **Update the journals:**

CASH RECEIPTS JOURNAL	
112 300	
950	✓✓
5 200	✓
118450	

CASH PAYMENTS JOURNAL	
96 500	
4 000	✓✓
900	✓
1 820	✓
103220	

7

1.1.2 **Bank Reconciliation Statement for June 2022**

	DEBIT	CREDIT	
Credit balance as per bank statement		43 300 ✓	
Credit outstanding deposit		31 700 ✓	
Debit outstanding EFT			
No 142	7 500 ✓		5
Debit balance as per bank account	67500 ☑		5
Different format can be used	75 000	☑ 75 000	

1.2 **CREDITORS RECONCILIATION**

NO.	CREDITOR'S LEDGER ACCOUNT BALANCE	STATEMENT BALANCE	
Balance	**86 990**	**115 260**	
i)	+10 000 23 220 – 13 220 ✓✓		
ii)		-2 250 ✓	
iii)	+16 920 ✓		
iv)	+3 000 ✓		
v)		-5 880 2 940 + 2 940 ✓✓	
vi)		-11 580 ✓✓	11
vii)		+21 360 ✓	11
TOTAL	116 910 ☑	Both figures 116 910	

Award mark/s for the amount and correct sign (accept brackets, negative sign plus sign and no sign assume as positive (+))

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

11 760✓ x 100 = 24% ☑ One part correct **OR** 100% – 76% = 24%
49 000 ✓

OR

18 620✓ x 100 = 38% ☑ One part correct **OR** 100% – 62% = 38%
49 000✓

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1.3.2 **Explain TWO problems highlighted by the Debtors Age Analysis and provide relevant evidence for each (Names or figures).**

Any TWO Problem ✓ ✓ Debtor and figure ✓ ✓

PROBLEM	DEBTOR AND FIGURE
Exceeding credit limit	S. Zicaba exceeds by R6 140 A. Msomi exceeds by R4 190.
Owing for more than 30 days	D Khumalo owes 3420 or A. Msomi owes R5090 or S. Zicaba owes R8760 (all for more than 30 days).

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TOTAL MARKS
30
30

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QUESTION 2

2.1.1 **Calculate the value of closing stock on 28 February 2022 using weighted.**

82 280✓ + 1 141 000 ✓+ 46 000✓ ✓– 14 400✓✓
100 ✓ + 1 150✓ - 10✓

1 254 880 award 6 marks
1 240 award 3 marks
Award nine marks for R1 012
= R1 012 x 130
Operation (must be x 130)
R 131 560 ☑closing stock using weighted average method

10
10

Calculate the stock turnover rate for the year ended 28 February 2022

1 254 880 – 131 560 See 2.1.2 above
1 123 320 ☑.
½ ✓ (82 280 ✓ + 131 560 ☑)see the answer above

= 10.5 or 11 Times☑ Operation one part correct

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2.1.2 **Calculate the number of units missing.**

(100 + 1 150 -10) ☑ -130✓ -1108✓ = 2 ☑units missing Operation one part correct
1 240 See 2.1.2

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2.1.3 **Calculate the value of closing stock using the FIFO method.**

Award two marks for 5 200 if the carriage is separated from purchases (130 x 40 = 5 200)
(90✓ x 1 440✓) + (40✓ x 1 010✓) = R170 000 ☑ check operation
129 600 40 400
award two marks award two marks

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What advice would you offer, about his proposal

Any valid point ✓✓
The business must stay consistent from one year to the next in order to compare results.
Wants a more realistic closing stock figure
Not ethically correct to manipulate profit by changing policies
Not acceptable practice if SARS is not informed prior/Prior application to SARS

2
2

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2.2

MANAGEMENT OF FIXED ASSETS		
Identify ONE different problem regarding each vehicle/driver. Quote figures. Give Philani ONE point of advice for EACH problem identified.		
Problem ✓ ✓ ✓ **Figures** ✓ ✓ ✓		**Advice** ✓ ✓ ✓ Any relevant advice
Vehicle 1 (Cebile)	Cebile travelled 1 296 km while others were 4 640 and 3 500 km. **OR** she is the highest paid driver, R8 000 where other drivers earn R5 000	Investigate causes of less travelling/ the reason for her absence.
Vehicle 2 (Nozipho)	Nozipho is travelling too many kilometres (4 640 km for 80 trips = 58 km per trip) which is higher than the maximum of 40 km per customer. **OR** She is travelling more km than Phumzile (4 640 compared to 3 500 km) but doing fewer trips (80 compared to 120).	Possible disciplinary action against Nozipho for unauthorized use of vehicle. **OR** Improve internal control over the use of the vehicles.
Vehicle 3 (Phumzile)	Phumzile is doing the most number of trips (120) or most average number of trips per day (6) but his vehicle is the oldest, the carrying value is R1 **OR** Most expensive to run with the petrol cost of R5 327.50	Consider replacing this vehicle as it is expensive to maintain. Purchase a new vehicle as a replacement for the old vehicle.

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TOTAL MARKS
35
35

QUESTION 3

3.1 Choose an example in COLUMN B to match the concept in COLUMN A. Write only the letter (A – D) next to the number (3.1.1 – 3.1.3)

3.1.1	C ✓	**3**
3.1.2	A ✓	**3**
3.1.3	D ✓	

3.2.1 Complete the Factory overhead cost note for the year ended 31 July 2022.

Indirect materials (160 200 x 80/90) OR (160 200 – 160 200 + 142 400)	Two or nothing	142 400✓✓
Indirect labour (360 000 + 322 500 ✓✓)	One part correct	682500☑
Factory rent (124 200 – 9 900 ✓✓)	One part correct	114 300☑
Water and electricity (120 000 – 12 000) $^{4}/_{6}$	Two or nothing	72 000✓✓
Maintenance (R250 x 480 hours)	Two or nothing	120 000✓✓
Depreciation		206 000✓
		1337200

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3.2.2

Production cost statement for the year ended 31 July 2022		
Direct material cost		1 842 300✓
Direct labour cost (80 000 x 12) ✓ + 25 000 ✓ + 9 600 ☑ + 80 000 ✓	960 000 1% x 960 000 One part correct	1 074 600 ☑
Prime cost	DMC + DLC	2 916 900 ☑
Factory overhead cost	See 3.2.1	1 337 200☑
Total cost of production	Check operation	4 254 100 ☑
Work in process – beginning		**310 200**
		4 564 300 ☑
Work in process – end	Check operation	(570 100) ☑
Total cost of production of complete products (4 438 x R900)		3 994 200✓✓

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3.3.1 **Calculate the break-even point for the year ended 31 July 2022.**

210 000 ✓ = 14 000 units ☑ Operation one part correct
15 ✓✓
40 – 25

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3.3.2 **Explain whether the business should be satisfied or not with the level of production achieved. Quote figures.**

Not satisfied, they are producing 2 000 units less than what is required to break even (12 000). ✓✓
They have made a loss (Comparing production to BEP). ✓

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3.3.3 **Except for a general increase in wages, give TWO other reasons for the increase in direct labour costs per unit. In each case, provide a practical solution to address this.**

Possible reason ✓ ✓	**Solution** ✓ ✓
• Working slower/ Lazy workers • De-motivated • Lack of management. • Load Shedding • Lack of proper skills	• Monitor normal working hours • Ensure workers meet set targets during normal time. • Provide a back-up in the form of generator or solar system • Provide training
More overtime to get the higher pay. Any valid reason	• Monitor workers to ensure that they work efficiently during normal hours. • Claim overtime when necessary.

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TOTAL MARKS
40
40

QUESTION 4

4.1 **Complete the Debtors' Collection Schedule for November 2022.**

Month	Credit Sales	October	November
August	369 600	66 528	
September	316 800	221 760	57 024✓✓
October	297 600	29 760	208 320✓✓
November	350 400		35 040✓✓
Cash from debtors		318 048	One part correct 300 384 ☑

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4.2 **Calculate the amount of bad debts that will be written off in November.**

369 600 ✓x 2% ✓ = 7 392 ☑ One part correct

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4.3 **Calculate the missing figures indicated by (i) – (v) on the Cash Budget.**

	Calculation	Answer
(i)	R 744 000 x 60% **OR** 297 600 x 60/40	446 400 ✓✓ Two marks or nothing
(ii)	R 584 000 x 40%	233 600✓✓ Two marks or nothing
(iii)	R 528 000 x 60% = 316 800✓✓ x 95%✓ (Two marks / One mark) **OR** R 528 000 x 60% = 316 800 – (316 800 x 5%)	300 960☑ One part correct
(iv)	77 200 ✓– 27 200✓	50 000✓

11
11

4.4 **The rent will increase on 1 November 2022. Calculate the percentage increase.**

12 320 – 11 000
. 1 320 ✓✓ x 100
11 000 ✓
= 12% ☑ One part correct

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4.5 **Interest on loan is paid on the last day of each month and is not capitalised. Calculate the loan balance on 1 October 2022.**

3 750 ✓ x 100/15 ✓ x 12/1 ✓ = 300 000 ☑ One part correct

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4.6 **Comment on the Fixed Deposit budgeted for November 2022 and provide a possible application (use) of these funds. Quote figures.**

Any Comment ✓
- Fixed deposit of R88 000 is expected to mature.
- R88 000 is expected to be received.

Any Option with a figure ✓✓
- Reinvest the whole amount in order to receive interest to offset that of loan (7% to offset 15%)/Invest in rented units to improve income to more than R12 320.
- Use R88 000 to pay off Loan to 212 000 i.e. (300 000 – 88 000).

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4.7 **Madoda decided that the business will purchase a delivery vehicle on 1 October 2022. State TWO benefits of the decision.**

Any Two benefits ✓✓ ✓✓
- The business will own more asset (increase in value of assets)
- Deliveries can be made at the convenience of the business/ is under the control of the business
- Can be used to generate other income by outsourcing the vehicle/ rent it out

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4.8 **Comment with figures and provide a possible reason in each case for the following:**

	Comment on control (with figures) ✓✓	**Possible reason** ✓
Advertising	Although the same amount (nil change) as budgeted was used, actual sales was less than budgeted by 25% or by R158 400 or R792 000 – R633 600; advertising was therefore not effective.	• Wrong strategy of advertising was used. • Wrong target market
Delivery expenses	Delivery expense is lower than budgeted by R7 440 (55 440 – 48 000) or by 15.5%; while sales were less by 25% or by R158 400, delivery expenses therefore not well controlled. **OR** Budgeted for 7% of sales, the actual was 7.6% of sale (0.6% higher; delivery expenses therefore not well controlled.	• Vehicle was used for personal trips • Vehicle is old and it is expensive to maintain.
Telephone	Telephone is higher than budgeted by R2 440 (8 540 – 6 100) or by 40% telephone expenses therefore not well controlled.	• Telephone is abused by workers • Lack of supervision

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TOTAL MARKS
45
45

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