KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

ACCOUNTING P2

MEMO

SEPTEMBER 2024

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 memorandum consists of 9 pages

QUESTION 1

1.1 **Choose a cost category from COLUMN B that matches a description in COLUMN A. Write only the letter (A-D) next to the question numbers (1.1.1 to 1.1.3) in the ANSWER BOOK, e.g 1.1.4 F.**

1.1.1	**E**✓
1.1.2	**A**✓
1.1.3	**B**✓

3

1.2.1 **Factory overheads cost Note on 29 February 2024.**

Indirect material (21 000✓ + 36 000✓ – 18 000✓) Operation one part correct		39 000 ☑
Factory foreman		435 000 ✓
Rent expenses (291 000) 24400/25 000 two or nothing		284 016 ✓✓
Telephone (36 000✓ – 28 800✓) OR 28 800 X1/4		7 200 ✓
Sundry factory expenses		**189 856**
Operation		955 072 ☑

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1.2.2

Production cost statement for the year ended 29 February 2024		
Direct material cost		**1 300 028**
Direct labour cost (1 305 000 ✓ X 55/45 ✓) OR 2 900 000 – 1 305 000		1 595 000 ☑
Prime cost Operation		2 895 028 ☑
Factory overhead cost see 1.2.1		955 072 ☑
Total cost of production Operation		3 850 100 ☑
Work in process – beginning balancing figure		49 900 ☑
Operation		3 900 000 ☑
Work in process – end		(94 000) ✓
Total cost of production of finished products (3 803 200 ✓+ 8 750 ✓– 5 950✓) Operation one part correct		3 806 000 ☑

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1.2.3 **Kyle Walker is considering importing raw materials at a lower price than they ar currently paying. Provide TWO points they should consider before deciding**

Any valid point ✓✓ ✓✓

- Exchange rate
- Import duties
- The quality of raw material
- Possibility of job losses
- Transport cost

4

1.3.1 **Provide a calculation to confirm that the break-even point of 61 300 units for 2024 financial year is correct.**

WORKINGS	ANSWER
2 942 400✓ (119✓ – 71✓) Or 45.98 x 64 000 48	61 300 UNITS☑ Operation One part correct Accept 61 307

4

1.3.2 **Mjabu is not happy with the number of units produced and sold. Provide evidence with figures to support his opinion.**

Reasons for positive answer
The business sold (64 000 – 61 300) 2700 units more than the break-even point, make profit on 2700/64 000 x 100 = 4.2%✓✓

Reason for a negative answer
Production decreased from 78 000 to 64 000 by 14 000 units (17.9%) too little to make profit of 4.2%

2

1.3.3 **Mjabu is concerned that most of his workers are not loyal nor committed to the business. Provide TWO different points of evidence, with figures, to support his opinion. NB: no theft has occurred in the business.**

Any two suitable reason Explanation✓ ✓ Figure ✓ ✓

- direct material per unit increased from R30.40 to R41, it is an increase of 34.9%, while production decreased from 78 000 units to 64 000 units with 14 000or 19.9% meaning there was a wastage or abuse of direct materials.
- Direct labour cost per unit increased from R19.60 to R23, it is an increase of 17.3%,while production decreased by 18%, meaning labourers abused the time worked this year compared to last year, or they were inefficient.

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1.3.4 **Mjabu wants to improve his profit by R79 968 during the next financial year, while maintaining costs. Calculate the additional units that must be produced to achieve this target.**

WORKINGS	ANSWER
79 968✓ / 48✓✓	1 666 UNITS☑ Operation One part correct

4

TOTAL MARKS
45

QUESTION 2

2.1.1 **Calculate the value of closing stock on 31 August 2024 using weighted average method.**

238 500✓ + 1 234 500 ✓+ 66 000✓ – 60 000✓
450 ✓ + 2 200✓ - 100✓
1 479 000 4 marks
2 550 3 marks
Eight marks for R580
= R580☑ x 280✓
Operation (must be x 280)
R 162 400 ☑closing stock using weighted average method

10

2.1.2 **Rob suspects that wallets have been stolen. Provide a calculation to support his concern.**

WORKINGS	ANSWER
(450 + 2 200 - 100) ☑ - 280✓ -2 265✓ Operation one part correct	5 ☑units missing

4

2.1.3 **Calculate for how long his closing stock is expected to last**

WORKINGS	ANSWER
162 400 ✓ X 365 or if units are used 280 x 365 1 316 600✓✓ ☑ 2 265 (1 479 000 – 162 400) check 2.1.1 0ne mark one mark	☑ 45 days

5

2.1.3 **State one problem with keeping too much stock on hand and one problem with keeping insufficient stock on hand**

- **One problem with keeping too much stock on hand:**
  One valid point ✓✓
  - Can become obsolete and therefore of no use to customers.
  - Staff may see less movement in stock and may result in theft of stock
  - Cost of storage / lack of storage space.

- **One problem with keeping insufficient stock on hand**:
  One valid point ✓✓
  - Will not meet the demand of consumers – they may go elsewhere to buy
  - Less income from sales

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2.2 **Choose the correct word (s) from those given in brackets. Write only the word (s) next to the question number (a) – (d)**

2.2.1 Input VAT✓
2.2.2 Increase✓
2.2.3 Salaries✓

3

2.3.1 **Calculate the amount of VAT either receivable from or payable to SARS on 29 February 2024. Indicate whether this amount is receivable or payable.**

WORKINGS	ANSWER
16 800 ✓+ 123 750 ✓+ 840✓ – 1 200 ✓– 210 000✓ + 4 200✓ -205 800(2 marks) **Note:** **Accept T Account**	Operation one part correct 65 610☑ Payable

7

2.3.2 **The owner wants to change the VAT amount on bad debts from R840 to R5000. Give one reason why you would disagree with him.**

Possible responses for two marks : ✓ ✓

- It is unethical to forwards incorrect information to SARS in order to reduce the amount payable / increase amount receivable.
- It is illegal / fraudulent to provide falsified information to SARS as this will lead to fines or jail sentence.
- Tax evasion is a criminal offence.

Possible responses for one mark:
Unethical / illegal / fraud

2

TOTAL MARKS
35

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QUESTION 3

3.1.1 **Calculate the figures indicated by (i)–(v) on the incomplete Cash Budget provided.**

	WORKINGS	ANSWER
(i)	15 500 ✓X 109/100✓	Operation one part correct 16 895☑
(ii)	918 000✓ X (100 / 180)✓ X (65 / 100) ✓ 510 000 two marks	331 500☑ Operation One part correct
(iii)	864 000✓ X (100 / 180)✓ X(35 /100) ✓X (95 / 100) ✓ 480 000 two marks OR 168 000 three marks	159 600 ☑ Operation One part correct
(iv)	41 000✓ + 18 450✓ + 4 100✓ **59 450 two marks 45100 two marks 22 550 two marks** **16 400 + 43 050 + 4 100**	63 550☑ Operation One part correct
(v)	48 600 ✓X 100 / 108✓	45 000☑ Operation one part correct

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3.1.2 **Comment on the effectiveness of the advertising**

Comment on control (actual vs budget) may be implied in response✓
Effect on sales ✓ **figure** ✓

- Actual and Budgeted amounts are the same. (no change / R0)
- Actual sales was less than budgeted sales by 25% or R216 000 or R864 000 – R648 000. Advertising was therefore not effective.

Comment on the control over delivery expenses. Quote figures
Budgeted ; may be implied✓ effect on sales ✓ figure✓

Delivery expenses is lower than budgeted by R9 000 (60 000 – 51 000) or by 15% while sales were less than expected by 25% or by R216 000. Delivery expenses is therefore not well controlled.

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3.2.1 **Calculate the mark-up % that Stefan actually achieved in July.**

WORKINGS	ANSWER
240 000 ✓ X 100 400 000✓	60%☑ Operation one part correct

3

Stefan feels that the business benefited from the price reduction. Quote figures from the question to support his opinion.

Any valid explanation ✓
Quoting of figures ✓

- Even though the mark-up is less than budgeted for, the gross profit of R240 000 in July exceeded the budget of R200 000
- Sales increased from R400 000 to R640 000 by R240 000 (60%)
  Sales increased from R432 000 in August to R680 000 by R248 000(57%)
- Net profit increased from R167 500 in July to R227 500 by R60 000 (35.8%)
  Net profit increased from R181 500 in August to R235 500 by R54 000 (29.8%)

2

3.2.2 **Over the past two months Stefan has needed to contribute capital in order to settle the debts of the business. Explain why the Projected Statement of Comprehensive Income will not help him in identifying the reasons for this problem.**

Good explanation = 2 marks ; satisfactory = 1 ; incorrect = 0

Cash problems will be identified in the cash budget. The Projected Statement of Comprehensive Income reflect profit. Certain income items may not have been collected, while receipts from debtors are not reflected in the projected Statement of Comprehensive income.

2

3.2.3 **Calculate the additional loan on 1 August 2024.**

WORKINGS	ANSWER
10 000✓ X 100 / 15✓ X 12✓	R800 000☑ Operation one part correct

4

Stefan decided to use the additional loan which was taken on 1 August 2024 to purchase the shop premises instead of renting premises. How has this decision affected the profit he is earning? Provide TWO points with figures to support your answer.

✓ ✓ Quoting of figures ✓ ✓

Possible responses :

- Interest on the additional loan =R10 000 leads to decrease in profit
- Saving on rent amounted to (R30 000 – R10 000) R20 000 p.m which results in an increase in the profit
- Rates of R15 000 are now being incurred.

Award one mark for any explanation

4

TOTAL MARKS	40

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QUESTION 4

4.1.1 **Show the entries that must be recorded in the Cash Journals.**

CASH RECEIPTS JOURNAL		CASH PAYMENT JOURNAL	
Amount		**Amount**	
R389 504		**R287 000**	
5 400	✓	30 000	✓
1 400	✓	400	✓
		20 000	✓
		2 910	✓
Operation one part correct		Operation one part correct	
R396 304☑		☑ R340 310	

8

4.1.2 **BANK RECONCILIATION STATEMENT ON 31 August 2023**

	ONE COLUMN METHOD	DEBIT	CREDIT
Balance per Bank Statement	R24 000		R24 000
Credit outstanding deposit	R16 000		R16 000 ✓
Debit outstanding EFT:			
No 189	(7 000)	7 000 ✓	
Credit incorrect amount	R1 800		R1 800 ✓
Balance as per Bank Account	(R34 800)	R34 800 ☑	Balancing figure
		R41 800 ☑	R41 800

5

Both balances

4.1.3 **State the GAAP principle that applies to this decision.**

Principle of prudence ✓

Any two valid point ✓✓ ✓✓

- Consider using cash in transit services.
- Regular and timely supervision / monitor cash.
- Cash must be deposited daily
- Encourage EFT payment by customers
- Request the bank to send confirmation of all transactions

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4.2 CREDITORS RECONCILIATION

4.2.1 **Use the table provided to indicate the changes that must be made in the Creditors' Control ledger and Creditors' reconciliation statement**

	Creditors' Control	Creditors' List
Provisional balance/total	**R 147 820**	**R145 060**
(i)	+ 1 800 ✓	
(ii)	- 40 950 ✓	
(iii)		+ 30 000 ✓
(iv)		- 5 400 ✓
(v)	- 8 100 – 8 100 ✓✓	
(vi)		- 77 190 ✓
Both totals	92 470 ☑	92 470

8

4.2.3 **The internal auditor insists that direct payments (EFT) must be used to pay suppliers explain.**

One reason to support her decision. ✓✓
it is quick and easy / easier to monitor / efficient / convenient / safer / less bank charges.

One internal procedure to ensure control over this system. ✓✓

- Senior personnel authorised to make internet payment.
- Two people to authorise an FET transaction
- Security codes for users
- Notification from bank when payment is effected

Award one mark for division of duties

4

TOTAL MARKS
30

TOTAL: 150

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