GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2024

MARKING GUIDELINES

ACCOUNTING PAPER 2 (10712)

11 pages

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. Award 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 workings for that figure (not the method mark for the answer). **Note**: If figures are stipulated in the marking guidelines 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. **Note**: Check operation must be +, -, x, ÷, or per the marking guidelines.
9. One part correct means ‘operation and one part correct’. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as ‘one part correct’.
10. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
11. 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 ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guidelines. Note that one comment could contain different aspects.
13. Codes: f = foreign item; p = placement/presentation.

QUESTION 1

1.1 BANK RECONCILIATION

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL	
Amount	Amount	
R158 100	R94 790	
1 800 ✓	10 000 ✓	
2 160 ✓	850 ✓	
	1 770 ✓	
	32 000 ✓	
	9 000 ✓✓	
162 060	148 410	8

Bank Account balance in the General Ledger on 31 August 2024				
WORKINGS				ANSWER
See CRJ see CPJ – 17 470 ✓ + 162 060 ☑ – 148 410 ☑ OR 13 650 two m marks	162 060	17 470		– 3 820 ☑ one part correct
	c/d 3 820	148 410		
Accept alternative presentations like ledger accounts				4

1.1.2 Choose only ONE template below to answer this question.

TWO-COLUMN METHOD

BANK RECONCILIATION STATEMENT ON 31 AUGUST 2024					
	ONE-COLUMN METHOD	ONE-COLUMN METHOD	DEBIT	CREDIT	
Balance as per bank statement Do not accept R34 600	2 840	(2 840)	2 840 ☑ Could be Cr	DR and CR totals must be the same	
Credit outstanding deposit	(24 620)	24 620		24 620 ✓	
Debit amount incorrectly credited	11 000	(11 000)	11 000 ✓✓		
Debit outstanding EFT 633	14 600	(14 600)	14 600 ✓		
Balance as per bank account Do not accept R17 470	3 820	(3 820)	Could be Dr	3 820 ☑ see 1.1.1	6
			28 440	28 440	

-1 for poor presentation/incorrect details

If candidate presents one-column & two-column reconciliation, mark version that benefits candidate.
For the 2-Column method, candidates must place figures in the correct column to earn marks.
For the 1-Column method, candidates must present the appropriate sign i.e. positive or negative.

1.1.3 **Explain ONE reason why the Internal Auditor should be concerned about the control of cash. Provide a solution for his concerns.**

Reason ✓	**Solution** ✓ Solution based on reason
• Rolling of cash - R10 000 / missing money from cash sale on 23 July 2024. • Incorrect capturing of cash received/Credit card sales captured incorrectly R21 300.	• Use the collection companies to collect cash on a daily basis. • Register for SMS notification from the bank • Daily reconciling / enhance supervision and increasse the frequency of monitoring.

2

1.1.4 **Provide ONE benefit of receiving payments from customers using EFT. Provide a reason for the benefit.**

Benefits ✓ Any valid benefit	**Reason** ✓ Reason based on benefit
Efficiency	Eliminates the need for manual handling of cash
Cost effective	Saving business money on transaction fees / The costs associated with processing, depositing and reconciling physical payments will be saved.
Security	Reduces the risk of theft/fraud.

2

Award marks for reason implied in the benefit

1.2 DEBTORS' RECONCILIATION

1.2.1

CORRECTION TO THE DEBTORS' CONTROL ACCOUNT	
Provisional balance	**14 500**
(i)	+1 300 ✓
(ii)	+250 ✓
(iii)	0/no change
(iv)	0/no change
(v)	(540) ✓
-1 for superfluous entry in number (iii) and/or number (iv). Max -1	15 510 ☑

4

1.2.2

DEBTORS' LIST		*one part correct
A. Kunene	(–1 000 + 1 600 ✓✓)	600 ☑*
T. Naidoo	(6 200 – 900)	5 300 ✓☑*
X. Zulu	(2 300 – 540)	1 760 ✓☑*
M. Smit	(7 600 + 250)	7 850 ✓☑*
		15 510 ☑*

10

1.2.3

Explain why the balance on the Debtors' Control Account in the General Ledger should be the same as the total of Debtors' List.

Valid explanation ✓✓

Debtors' Control Account is the summary of debtors' list / Debtors' control account reflects the total amount owed by all customers to the business / They are both recorded using the same source document, so the information used should be the same.

2

1.2.4

Provide TWO internal control measures that the business can use to improve the collection of money from debtors, except charging of interest.

TWO valid points ✓ ✓

- Send regular reminders (SMS/Email/letter) / Automated invoicing and payment reminders.
- Give discount for early payments.
- Establish and communicate clear payment terms and conditions with customers (ensure that these terms are stated on invoices).
- Hand over customers to debt collectors.
- Suspend the debtors account for payment before making any purchases.

2

TOTAL MARKS
40

QUESTION 2

2.1 HLUBI MANUFACTURERS

2.1.1 Calculate direct labour cost.

[10 x 50 x 2 000] (10 x 90 x 100) GW x 12% 1 000 000 ✓✓ + 90 000 ✓✓ + 120 000 ☑☑	1 210 000 ☑ one part correct

7

Calculate factory overhead costs for the year.	
Incorrect total	**884 160**
Factory rent expense 83 400 – 66 720 OR 66 720 x 20/80	16 680 ✓☑*
Factory insurance [1 440 x 4] x 3 OR (4 320 x 4)	(17 280) ✓✓
Correct total for factory overhead costs	883 560 ☑ R884 160 must be included

*one part correct

5

2.1.2 Calculate the total cost of production.

WORKINGS	ANSWER
[2 663 000 – 745 000] see DL see FOH 1 918 000 ✓✓ + 1 210 000 ☑ + 883 560 ☑ Accept alternative presentations like ledger accounts	4 011 560 ☑ one part correct

5

2.1.3 Provide TWO reasons why the factory workers choose to work overtime without any concern.

Any TWO valid points ✓✓ ✓✓

- Due to financial incentives/Opportunity to earn extra income.
- To pursue career advancement/Demonstrate dedication leading to promotion (other careers).
- Opportunity for skills development/Opportunity to learn new tasks.
- Passion for work to achieve positive results/Contribution towards company (project) success / Demonstrate commitment and reliability to employers to meet business targets.

4

2.2 MUG 'n SIP MANUFACTURERS

2.2.1 The owner wants to redeploy some of the production staff to other departments. Provide TWO suggestions why it is not a good decision. Quote figures and trends.

Comment on BEP and production ✓ ✓ figures ✓ ✓

- BEP decreased (from 19 448) to 18 400 units/by 1 048 units/by 5,4%.
- The units produced increased (from 19 100) to 24 000 units/by 4 900 units/by 25,7%.
- Direct labour cost per unit has increased by R0,90 cents (5,1%) compared to the production level that has increased by 4 900 units (25,7%)

FOR FOUR MARKS:

- The business made a profit on 5 600 units compared to a loss on 348 units the previous year.
- BEP decreased by 1 048 units (5,4%) and units produced increased by 4 900 units (25,7%).

4

2.2.2 The manager is concerned that factory overheads have increased the fixed cost. Explain why he should not be concerned. Provide TWO points. Quote figures and trends.

Any TWO valid points ✓ ✓ comparison of figures ✓ ✓

- Fixed cost per unit decreased from (R56) to R46/by R20/by 17,9%.
- Economies of scale was achieved due to increased production by 4 900 units/by 25,7%.

4

2.2.3 Identify ONE cost related concern by the auditor and provide a corresponding solution for each. Quote figures and trends.

Identify the problem Cost items ✓ trend and figure ✓	Solution ✓✓
Direct material cost per unit increased from (R30,80) to R51,80/ by R21 by 68,1%. *[Do not accept any other VC]*	Train workers to improve efficiency / Supervise production workers to minimise wastage / Buy material in bulk in order to negotiate for a better price / Change to a cheaper supplier without comprising quality.

4

2.2.4 Calculate the % increase in the selling price of the coffee mugs.

WORKINGS	ANSWER
(146 – 118,5) $\frac{27,5}{118,5} \times \frac{100}{1}$ $\frac{146}{118,5} \times \frac{100}{1}$ 123,2% – 100%	23,2% ✓☑ one part correct

2

TOTAL MARKS
35

QUESTION 3

3.1 CONCEPTS

3.1.1	FIFO	✓
3.1.2	Perpetual	✓
3.1.3	Specific identification	✓

3

3.2.1 Calculate the value of the closing stock on 29 February 2024. Use the weighted-average method.

WORKINGS	ANSWER
1 125 300 three marks $\frac{174\,400 \checkmark + 956\,400 \checkmark - 5\,500 \checkmark}{4\,800 \checkmark + 19\,500 \checkmark - 100 \checkmark}$ x 5 650 24 200 three marks R46,50 x 5 650 six marks OR $\frac{174\,400 + 956\,400 - 5\,000}{4\,800 + 19\,500 - 100}$ x 5 650 1 125 800 three marks 24 200 three marks R46,52 x 5 650 six marks	262 725 ☑ one part correct must be x by 5 650 OR 262 838 one part correct must be x by 5 650

7

3.2.2 Calculate how long (in days) it will take to sell the closing stock.

WORKINGS	ANSWER
see 3.2.1 $\frac{262\,725 ☑}{862\,575 ☑}$ x $\frac{365}{1}$ [1 125 300 – 262 725 see 3.2.1] OR see 3.2.1 $\frac{262\,838}{862\,962}$ x 365 [1 125 300 – 262 838 see 3.2.1] OR one mark $\frac{5\,650}{18\,500}$ x $\frac{365}{1}$ one mark	111,2 days☑ one part correct must be x by 365 OR 111,5 days one part correct must be x by 365

3

3.2.3 The owner suspects that bars of face soap are being stolen. Provide a calculation to confirm his suspicions.

WORKINGS	ANSWER
[4 800 + 19 500 – 100] 24 200 ☑ – 18 500 ✓ – 5 650 ✓	50 units ☑ one part correct

4

3.2.4 Peter is thinking of employing another security guard at a monthly salary of R6 200 to help control the stock of face soap. Explain why this is NOT a good idea. Provide ONE point with figures.

Comparison of salary with missing stock amount ✓ figures ✓✓

Salary of the security guard R 6 200 (per month) exceeds the cost of missing stock R2 325 (50 x R46,50). see 3.2.3 OR R2 326 (50 x R46,52). see 3.2.3

3

3.3 **Provide ONE distinct problem (with figures) relating to EACH branch corresponding solution for EACH problem.**

	Problem ✓ ✓ ✓ **Figures** ✓ ✓ ✓	**Solution** ✓ ✓ ✓
Sedibeng	• Slow sales – 600 cooler boxes were sold / high closing stock – 2 600 more than last year.	• Advertise more to increase sales.
Tshwane	• Drawings are too high – 15 cooler boxes taken for personal use.	• Owner must separate personal and business finances.
Mogale city	• Creditors are paid within 31 days and this will lead to cash flow problems. • Debtors take too long to pay – 40 days.	• Business must take maximum permissible time to pay back creditors. • Encourage debtors to pay within credit terms.

9

3.4.1 **Calculate the amount of VAT payable to SARS for the VAT period ended 31 July 2024.**

WORKINGS	ANSWER
Mark one option only; inspect option that benefits the candidate. Be alert to alternative presentation for calculations. ✓ ✓ ✓ ✓✓ ✓ ✓✓ 6 300 – 1 035 – 3 075 – 117 + 240 + 8 790 (9 450 – 660) one mark one mark **OR** – 6 300 + 1 035 + 3 075 + 117 – 240 – 8 790 **OR** **OR**	11 103 ☑ one part correct

1 035	6 300	6 300	1 035
3 075*	240*	240*	3 075*
117*	8 790*#	8790*#	117*
11 103			**11 103**
15 330	15 330	15 330	66 255

*Amounts maybe be in brackets in the opposite column / (side).
Mark one option only; inspect option that benefits the candidate.
#It consist of two amounts (9 450 – 660)

9

3.4.2 **Ali insists that the laptop must be recorded as part of Baya Trader's equipment, and R1 680 must be recorded as a VAT input in the business' books.**

Explain what you would say to Ali. Provide ONE point.

Any ONE point ✓✓ award part marks for incomplete/unclear answer

Expected responses for two marks:

- This is tax evasion / he is attempting to reduce the amount due to SARS for VAT / it is illegal and unethical.
- He will be increasing the VAT input, effectively reducing the amount due to SARS.
- He could be fined or imprisoned because it is a criminal offence.
- Personal transactions and business transactions should be kept separate (Business entity concept)/Ali should pay for this out of his private bank account.
- As the laptop is not used for business purposes, the full amount of R12 880 should be treated as drawings.

2

TOTAL MARKS
40

QUESTION 4

4.1 Differentiate between Cash Budget and Projected Income Statement.

Any valid explanation ✓ ✓

- Cash Budget forecasts and manages the cash inflows and outflows of a business over a period of time / forecast on future receipts and payments / Projecting future bank balance.
- Projected Income Statement estimates the income and expenses of a business for a future period / forecast on future profit and loss / projecting future net profit.

2

4.2 DEBTORS' COLLECTION SCHEDULE

*one part correct

If figures have been shifted up and are correct, award marks and -1 for presentation

MONTHS	CREDIT SALES	MARCH	APRIL
JANUARY	**1 791 000**	**358 200**	-1 superflous figure
FEBRUARY	**2 077 560**	1 038 780 ✓	415 512 ✓
MARCH	**2 520 000**	**598 500**	1 260 000 ✓
APRIL	2 880 000 ✓		684 000 ✓✓
CASH FROM DEBTORS			2 359 512 ☑*

7

4.3 Calculate the previous salaries of each employee before the new hired employee.

WORKINGS	ANSWER
(14 800 + 1 200) 16 000 ✓✓ ÷ 4	4 000 ☑ one part correct

3

4.4 Calculate the missing amount denoted by (i) to (iii) in the Cash Budget.

	WORKINGS	ANSWER
(i)	2 520 000 x 40/60	1 680 000 ✓☑* one part correct
(ii)	[500 x 12] 6 000 ✓✓ x 100/6 ✓ OR 600 000 – 500 000	100 000 ☑* one part correct
(iii)	[4 200 000 x 100/125] 3 360 000 ✓✓ x 85/100 ✓	2 856 000 ☑

10

4.5 **Comment on sales and provide evidence (with figures or calculation) to justify Billy's concern.**

Comment ✓✓ figures ✓ ✓ award part marks for incomplete/unclear answer

- Billy Trident budgeted a 32% increase in February but only managed to achieve 16%.

4

Explain how the business can expand its reach to customers in other provinces without opening new branches. Give ONE point with reason.

EXPLANATION ✓	REASON ✓
• Expand to online sales.	• Customers can shop at anytime (unrestricted business hours).
• Develop a marketing strategy.	• Advertise through social media (unlimited/digital marketing campaigns.

2

4.6 **Billy is concerned that delivery expenses are not well controlled. Provide ONE reason to explain his concern. Quote figures.**

Any ONE valid point ✓ comparison of figures ✓✓

- Delivery expenses was budgeted at 2% of sales but increased to 3,5%.

3

Billy feels that it is important to use a fleet company to deliver goods sold. Provide TWO benefits of using an external delivery company.

Any TWO valid points ✓✓ ✓✓

- Outsourcing transportation can result in cost saving.
- Allows business to focus on core business.
- Reduces administration to track customers' goods.

4

TOTAL MARKS
35

TOTAL: 150