education

MPUMALANGA PROVINCE

REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2
SEPTEMBER 2024
MEMO

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
10. In calculations, do not award marks for workings if numerator & 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 guideline.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 11 pages.

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QUESTION 1

1.1 Calculate the profit/loss of the shopping plastic bags

3 300 ✓ + 41 900 ✓+ 5 500 ✓ – 37 200 ✓ – 2 100 ✓ = 11 400 ☑* Loss

*One part correct

6

1.2 Statement of Comprehensive Income for the year ended 29 Feb 2024

Sales		**3 640 000**
Cost of sales		**(1 730 000)**
Gross profit		**1 910 000**
Other operating income		93 960 ☑
Rent income (**101 900**– 8 300 ✓✓)	must be subtracted from [redacted]	93 600 ☑
Provision for bad debts adjust		360 ✓
Gross operating income	operation **6**	2 003 960 ☑
Less operating expenses	ignore brackets	(1 093 960) ☑*
Salaries and wages		**432 000**
Bad debts		**3 500**
Audit fees (16 500+ 24 750)		41 250 ✓✓
Director's fees (518 000 ✓ – 77 000 ✓✓)		441 000 ☑*
Sundry expenses	(balancing figure)	66 050 ☑
Depreciation		98 760 ✓
Loss on plastic bags	see 1.1	11 400 ☑
Operating profit	**must be 25% of sales 12**	910 000✓✓
Interest income	balancing figure	132 500 ☑
Profit before interest expenses	operations	1 042 500☑
Interest expenses		(242 500) ✓
Profit before income tax		**800 000**
Income tax (129 300 ✓ + 55 700 ✓ + 39 000 ✓)		(224 000) ☑*
Net profit after tax	operation **8**	576 000 ☑

*one part correct

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1.3 Statement of Financial Position for the year ended 29 Feb 2024

ASSETS			
Non-Current Assets			
Fixed assets			
Fixed deposit			
Current Assets			
Inventory			
Trade & other receivables (**118 500** – 3 195 ✓✓ – 1000 ✓ + 77 000 ☑) See 1.2			191 305 ☑*
Cash and cash equivalent (**345 000** + 65 900)			410 900 ✓✓
TOTAL ASSETS	**7**		
EQUITY AND LIABILITIES			
Shareholders' Equity (320 000 X 6,20 cents)	**2**		1 984 000✓☑*
Ordinary share capital			
Retain income			
Non- Current Liabilities			1 452 100
Loan (**1 725 500** – 379 200 (31 600 x 12) ✓✓ + 242 500 ✓ – 136 700 ✓)	**5**		1 452 100 ☑*
Current Liabilities			1 064 550 ☑*
Trade & other payables (**695 600** + 24 750 ☑ See 1.2 + 8 300 ☑ see 1.2 – 1 000✓ transfer)			727 650 ☑*
Short - term loan			136 700 ☑
Shareholders for dividends (320 000 x 20 cents)			64 000 ✓☑*
SARS: Income tax			55 700 ✓
TOTAL EQUITY AND LIABILITIES	**9**		

23

TOTAL MARKS
55

QUESTION 2

2.1 Calculate the following figures in the 2023 Cash Flow Statement:

2.1.1 Dividends paid

CALCULATIONS	ANSWER
1 140 000 two marks 1 400 000 x 60% = (840 000✓ + 300 000✓) x 0,33 = R376 200☑* + R218 000✓ **Or** must be x 33 cents 598 200 + 218 000- 222 000 signs can be reversed/accept ledger account	R594 200☑* One part correct

5

2.1.2 Income tax paid

CALCULATIONS	ANSWER
604 800 x 28/72 = 235 200✓✓ 235 200 – 32 000✓ – 83 600✓ = OR (-235 200 + 32 000 +83 600) signs can be reversed/accept ledger account	R119 600☑* One part correct

5

2.1.3 Purchase of fixed assets

CALCULATIONS	ANSWER
(6 153 000✓✓ + 21 500✓ + 102 500✓✓ – 5 692 500✓✓) **Ledger Account**	R584 500☑* One part correct

C.V @ beg	5 692 500	Disposal@ CV	102 500
Addition at cost	584 500	Depreciation	21 500
		C.V @ end	6 153 000

8

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2.1.4 Repayment of long-term loan

CALCULATIONS	ANSWER
$\frac{1\ 155\ 000}{33}$✓ = 35 000 x 12✓ = ✓✓ (60-27) Or (2 100 000 – 1 155 000)/ 27 X 12 Or 2 100 000 x60/33 x12/60	R420 000☑* One part correct

5

2.1.5 Net change in cash and cash equivalents

CALCULATIONS	ANSWER
8 640 + 17 860	R26 500✓✓

2

2.2 Calculate the following financial indicators on 28 February 2023:

2.2.1 Acid-test Ratio

CALCULATIONS	ANSWER
307 200 + 8 640 : 69 000 + 83 600 + 222 000 (1 110 000 x 0,2) ✓ ✓ ✓ ✓ ☑ Two marks Two marks m.m 315 840 : 374 600	0,84 : 1☑* One part correct

6

2.2.2 Earnings per share

CALCULATIONS	ANSWER
$\frac{604\ 800}{1\ 110\ 000}$ ✓ x $\frac{100}{1}$ =	54,49 cent ☑* One part correct

3

2.2.3 Net asset value per share

CALCULATIONS	ANSWER
1 110 000 x 8,5 ✓✓ $\frac{9\,435\,000 + 65\,000}{1\,110\,000}$ ☑see 2.2.2 x $\frac{100}{1}$ = ✓	855,86 cent☑*

5

2.3 During the year Sundry Limited was able to improve their cash situation. Explain by identifying TWO of decisions, that they took to improve the cash flow of the company, Quote figures and explain how each decision benefited the company.

DECISION ✓ ✓ FIGURES✓✓	BENEFITS ✓✓
Selling of vehicle @ 102 500	Selling the old vehicle brings cash into the business and reduce maintenance cost
Purchase of fixed assets @ R 584 500	It will increase cash if rented out It also increase in income as operation are expended

6

TOTAL MARKS
45

QUESTION 3

3.1 Explain why the liquidity financial indicators of Global Travel Ltd are better than those of Monde Travel Ltd. Quote THREE financial indicators to support your answer.

Indicator ✓ ✓✓	Explanation ✓✓✓	Comparison with figure ✓✓ ✓
Current ratio of Global is 1,7:1 and of Monde is 3,8:1. Global has enough current assets to cover his current liabilities whereas Monde Ltd is holding too much of his funds in the form of current assets which may not result in a return for the business.		
Debtors' collection period for Global is 26 days whereas Monde is collecting from their debtors within 55 days. Debtors at Global Ltd are complying with the credit terms of 30 days than debtors at Monde Ltd.		
The Creditors payment period for Global is 60 days whereas Monde is paying their creditors within 38 days. Monde is paying its Creditors to soon. They will not have enough cash to pay since they collect in 55 days from debtors.		

9

3.2 Monde Travel Ltd, has a cash flow problem. What can they do to improve their cash flow? Give TWO solutions for this problem.

Any 2 valid solutions ✓✓ debtors collection (reduce days) and creditors payment (increase days)
• Collect debt from debtors within 30 days • Pay their creditors after they collect their money from debtors (60 days) • Negotiate payment period to be 60 days

4

3.3 Which company uses more loans? Explain whether this is a good idea or not. In each case, quote a financial indicator to support your answer.

Choice ✓ Financial indicator ✓ ✓ Explanation with interest ✓ ✓✓	
Monde Travel Ltd Debt / equity ratio 1,9 : 1 -High financial risk **Explain whether this is a good idea or not. Quote a financial indicator to support your answer.** It is not a good idea Return on Capital Employed for Monde is **17,4 % which** means that the return he is earning is lower than the interest he is paying on the loan, 18% (negative gearing)	6

3.4 Suzi and her friend hold different opinions about the current market value of the two companies' shares. Which one is doing better? Explain, quoting TWO financial indicators to support this opinion.

Comparing market price and NAV for both companies ✓✓ ✓✓ Explanation✓✓	
Market price of Global Travel Ltd is 755 cents which is higher than the Net Asset Value of 605 cents OR market price is 150 cents higher than the Net Asset Value. Indicates that shares are in good demand Market price of Monde Travel Ltd is 590 cents which is lower than the Net Asset Value of 625 cents OR market price is 35 cents lower than the Net Asset Value. Indicates that shares are not in demand	6

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3.5 Global Travel Ltd has a better percentage return, earnings and dividends than Monde Travel Ltd. Explain THREE financial indicators to support this opinion.

Financial indicator ✓ ✓ ✓	Figures ✓ ✓ ✓	Explanation ✓ ✓ ✓

- % ROSHE for Global is much higher (28,5%) than that of Monde (16,5%).
- EPS for Global is 813 cents whereas Monde is only earning 179 cents per share.
- DPS for Global is 637 cents whereas for Monde it is only 182 cents per share.

9

3.6 Taking into consideration all of the above answered questions. Which company is the best to invest in?

Global Travel Ltd ✓

1

TOTAL MARKS
30

QUESTION 4: CORPORATE GOVERNANCE

4.1 Auditing

4.1.1 **Explain why SAICA would not tolerate the conduct of the registered members like Muller in their professional body.**

Any valid explanation ✓ ✓

- They uphold high morals and ethical standards
- SAICA has a zero-tolerance approach to corruption and fraud.
- It might bring the profession into disrepute.
- Members should be aware of consequences.

2

4.1.2 **Give a reason how this newspaper report may influence shareholders of Sakhile Ltd. Provide ONE point**

Any valid reason ✓

- Shareholders might withdraw their investment in the company
- Shareholders will suffer a loss in their investment
- Shareholders will lose trust to the directors or company.

1

4.2 Legislation

4.2.1 **Explain by providing ONE point why the government of South Africa legislated the Protected Disclosures Act no 26 of 2000.**

Any valid explanation ✓ ✓

- To encourage people to report fraud/corruption
- To provide procedures and protection of an employee who may disclosed for relating to an offence or a malpractice in the workplace
- To ensure all the procedures are lawful and binding by the law
- To protect whistle blowers from victimisation
- To protect whistle blowers (one mark)

2

4.2.2 **With special reference to Paragraph 3, differentiate between the Internal and External whistle-blower. Mention TWO points.**

Any valid point indicating the difference ✓✓ ✓✓

Internal Uses internal reporting channels

- An employee reported misconduct to someone within the organization.
- Managed within the organization

External Uses external reporting channels

- A person can report this to an external party like TV channel/ Social media
- Often handled externally trough trails in the eyes of the public

4

4.2.3 **If you were a shareholder of Sakhile LTD, provide THREE different questions, that you would raise at a meeting of shareholders concerning this matter. In EACH case state a reason for your question.**

QUESTION ✓ ✓ ✓	REASON ✓ ✓ ✓
Why didn't the CEO and CFO discover this fraud	Lack of supervision/Lack of internal control
What disciplinary action will be taken to Alex Muller	All employees find guilty of misconduct must be summoned to disciplinary action
Any legal step to be followed to recover the company funds	R15 billion is too significant so be ignored (it can lead to a disclaimer Audit report)
Why didn't the procurement manager compare the quotation and the invoice	Poor management of division of duties

6

TOTAL MARKS
15

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