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. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
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 and at least one part must be correct before awarding the mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 9 pages.

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QUESTION 1

1.1 BANK RECONCILIATION

1.1.1

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
108 000	**36 800**
900 ✓✓	12 400 ✓
11 000 ✓	3 600 ✓✓
7 000 ✓	650 ✓
	450 ✓
126 900 ☑	both totals 53 900 one part correct, must include provisional totals

10

1.1.2

Bank Account balance in the General Ledger on 31 July 2024	
WORKINGS	**ANSWER**
-20 400✓ + 126 900☑ – 53 900☑ Signs can be reversed Accept alternative presentations for calculations e.g. Ledger a/c	52 600☑ one part correct

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1.1.3

BANK RECONCILIATION STATEMENT ON 31 JULY 2024		
	DEBIT	**CREDIT**
Balance as Bank Statement	balancing figure; two marks or nothing	34 000 ☑ one part correct
Outstanding deposit		27 900 ✓
Outstanding ETFs:		
205	5 100 ✓	
206	7 200 ✓	
Dr EFT 129 wrongly recorded	4 000 ✓✓	
EFT payment by a debtor		7 000 ✓
Balance as per Bank Account	52 600 ☑	Dr or Cr as per 1.1.1
-1 (max -1) Presentation/ no details -1 (max -1) foreign items (only if marks are earned elsewhere for the same figure)	68 900	68 900

8

1.1.4 **Explain the problem relating to deposits. Quote evidence.**

Valid explanation ✓ ✓ Evidence ✓ ✓

Expected responses:

- Missing or theft of cash, R12 400
- Late deposits/ Deposits not being done promptly, Deposit of R88 000/ 18 June/ Approximately 13 days was outstanding at month end.

Explain TWO strategies to prevent this in future.

TWO valid points ✓ ✓

- Receiving and banking of cash should be done by different people / division of duties / rotation of duties – to prevent rolling over of cash, leading to theft.
- Request SMS notifications from the bank / check bank statements (mini statements on App) regularly – ensure correct amounts deposited.
- Outsource the transportation of cash to security companies (large amounts).
- Accompany the person in charge of depositing cash / escorted by security guard.
- Encourage customers to pay online (EFTs) / strive towards cashless or minimal cash handling.

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1.2.1 **Calculate the VAT amounts indicated by (i) to (iii) on the table below.**

No part marks

Details		VAT Amount
Total sales		**R61 800**
Purchases of stock	**(i)**	R34 500 ✓✓
Bad debt recovered	**(ii)**	R1 140 ✓✓
Discount allowed to debtors	**(iii)**	R1 890 ✓✓

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1.2.2 **Calculate the total of the credit notes including VAT.**

WORKINGS	ANSWER
R210 x 115/15	R1 610✓✓

2

1.2.3 **Hamas Traders is experiencing cash flow problems. Warren, the owner, requested the Accountant that he should decrease the amount of sales such that the VAT input exceeds the VAT output in order to enable the business to claim a refund from SARS.**

Explain what you would say to Warren. Provide TWO points.

Any TWO valid points ✓✓ ✓✓

- It is a tax fraud and a very serious offense
- SARS can charge interest and impose penalties and the guilty party can even receive a jail.
- It is an unethical business practice

4

TOTAL MARKS	40

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QUESTION 2:

2.1 PRINGLE TRADERS

2.1.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 30 JUNE 2024.

Direct material cost (533 000✓ – 102 000✓)	R431 000	☑*	
Direct labour cost (376 650✓+ 24 300✓ + 4 050✓+ 4 050☑) 8 100 two marks	409 050	☑*	
Prime cost	840 050	☑*	
Factory overhead cost (147 560✓+ 99 000✓✓ – 13 210✓)	233 350	☑*	
Total manufacturing cost	1 073 400	☑*	
Work-in-progress on 1 July 2023	**NIL**		
	1 073 400		
Work-in-progress on 30 June 2024	(103 900)	☑	
Cost of production of finished goods (930 000✓ + 95 000✓ – 55 500✓)	969 500 *one part correct	☑*	20

2.1.2 ABRIGDED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

Sales (930 000 x 175/100) ✓ – 60 000✓	1 567 500	*☑	
Cost of sales	**(930 000)**		
Gross profit	637 500		
Other expenses	(238 210)	☑	
Administration cost (121 000✓ +13 210✓)	134 210	*☑	
Selling and distribution costs (104 900✓ – 900✓✓)	104 000	*☑	
Net profit for the year	399 290	*☑	12

*one part correct

2.2.1 **Alex, the owner, was unable to achieve the targeted net profit of R150 000 for the year ended 2024.**

Calculate how many jackets should have been produced in order to achieve the targeted profit.

WORKINGS	ANSWER	
$\frac{\text{R354 150✓ + R150 000✓}}{\text{R135✓ - 85✓}}$	10 083 units☑ one part correct	5

2.2.2	**Despite the fact that there was a decrease in the fixed costs per unit, the owner is still not satisfied with his control over the fixed costs.** **Explain and provide calculation(s) to support his opinion.**	
	Comment ✓ comparative figures ✓✓ The owner is not satisfied because of the increase in Fixed costs Fixed costs in 2024 = R306 000 See 2.2.1 Fixed costs in 2023 = 4 500 x R59,60 = R268 200/ increased by R37 800	3

TOTAL MARKS	**40**

QUESTION 3

3.1.1 **Calculate the value of the closing stock according to the FIFO method on 29 February 2024.**

WORKINGS	ANSWER
140 x R3 500 = R 490 000✓☑ 300 x R4 000 =R1 200 000✓✓	R1 690 000☑ one part correct

5

3.1.2 **Calculate the following for the year ended 29 February 2024:**

WORKINGS	ANSWER
Cost of sales R1 890 000✓+ 8 405 000✓– 190 000✓✓ (50 x R3 800) – 1 690 000☑ (see 3.1.1)	R8 415 000☑ one part correct
Gross profit R13 800 000✓ – 8 415 000☑ (see 3.1.2)	R5 385 000☑ one part correct
Rate of stock turnover R8 415 000☑ / ½ (R1 890 000✓ + 1 690 000☑) (R1 790 000)	4,7 times☑ one part correct

6 | 3 | 4

3.1.3 **The owner considers changing the stock valuation method to the weighted average method.**

Calculate the value of the closing stock on 29 February 2024 by using the weighted-average method.

WORKINGS	ANSWER
R1 890 000 ✓+ 8 405 000 ✓– 190 000✓ (R10 105 000 three marks) x 440 / 540✓ + 2 250✓ – 50✓ (2 740 three marks) W/A R3 688 six marks	R1 622 720☑ one part correct if x 440 Accept R1 622 700,70

7

3.2.1 **Profitability**

Explain which product is contributing the most to the profitability of the business? Quotes figures or show calculations.

Choice of product:

Smart pens contribute the most✓

Explanation with figures/ evidence

Evidence ✓ Figures ✓

Mark-up% on Smart pens is 75% on cost
Gross profit on Smart pens is more by R47 498 (117 450 – 69 952)

3

3.2.2 **Digital pens:**

Provide ONE point on how effectively have the business controlled the stock of digital pens during the financial year? Quotes figures or show calculations.

The business did not effectively control digital pens.
1 750✓ – 1 440✓ – 290✓ = 20✓ digital pens missing ✓.

5

3.2.3 **Smart pens:**

Calculate how long it will take the business to sell the closing stock of the smart pens. Show calculations.

WORKINGS		ANSWER
Using units 215 ✓ x 365 days 1 305✓	OR R25 800 x 365 days 156 600	60,1 days☑ one part correct if x 365

3

State ONE problem associated with too much stock on hand, and ONE with too little stock on hand.

Too much stock:
Any ONE valid point ✓✓

- Can become redundant and unusable for clients.
- Stock can become outdated and out of fashion.
- Cost regarding storage space.

Too little stock:
Any ONE valid points ✓✓

- Not able to meet clients' needs and then they go and buy from competitors.
- Loss of income as result of decrease in sales.

4

TOTAL MARKS	40

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QUESTION 4

4.1 Complete the Debtors' Collection Schedule for October to December 2024

Month	Credit sales	October	November	December
August	R204 750	R16 380		
September	250 250	125 125	R20 020	
October	357 500	134 420	178 750	R 28 600✓✓
November	409 500		153 972	204 750✓✓
December	500 500			188 188✓✓
Cash from debtors		278 369	355 992	421 538☑

one part correct

7

4.2 Calculate the figures in the Cash Budget indicated by (i) to (iv).

Workings	Answer
(i) Cash sales R630 000 x 35/100 OR 409 500 x 35/65	R220 500 ✓✓ Two marks or nothing
(ii) Increase in Loan: Action Bank ✓ ✓ ✓ (2 625 – 1 365) x 100/9 x 12/1 1 260 one mark	R168 000 ☑ one part correct
(iii) Salaries of November 2024 ✓ ✓ (R22 400/ 2 x 3) x 1,05	R35 280 one part correct ☑

9

4.3 Calculate the additional space (in square metres) the business will rent from 1 December 2024.

6 000 / 75 = R80 ✓✓
9 200 / R80 = 115 sqm ✓
Additional space = 115 – 75 = 40 square metres ☑one part correct

OR

3 200 one mark
(9 200 – 6000) = 40 sqm one method mark
R80 two marks

4

4.4 The directors are unsure about purchasing or continue renting the property. Explain ONE point in favour of purchasing a property and ONE point against this proposal.

IN FAVOUR OF PURCHASING THE PROPERTY	The directors would benefit from capital gains (appreciation of the value).
AGAINST PURCHASING THE PROPERTY	• Not responsible for repairs and maintenance. • Avoid mortgage costs / municipal rates

4

4.5	**Explain why the directors should be concerned about the overspending in advertisement. Quote figures.** Candidates must indicate the effect of advertising on sales ✓ Provide appropriate figures ✓ ✓ Expected responses for 4 marks: Advertising increased by R4 500 but Sales decreased by R80 000. Advertising increased by 37.5% while sales decreased by 10,4%	3
4.6	**Explain how the economic decline impacted the average amount that customers spent in December 2024. Quote figures.** Comment ✓ Comparative figures ✓✓ The average sales were budgeted as (R770 000/110) R7 000 per customer, but this was lower at (R690 000/135) R5 111 per customer.	3

TOTAL MARKS	**30**

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