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## NATIONAL SENIOR CERTIFICATE

## GRADE 12

## SEPTEMBER 2020

## ACCOUNTING P2 MANAGERIAL ACCOUNTING, INTERNAL AUDITING AND CONTROL MARKING GUIDELINE

MARKS: 150

## MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate has not lost marks elsewhere in the question for that item (no foreign item penalty for misplaced items). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate has earned marks on the figures for that item.
3. Full marks for correct answer. If the answer is 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).
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 before awarding the mark.
10. 'Operation' means 'Check operation'. ‘One part correct' means 'Operation and one part correct'.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such case, do not award the method mark. Indicate by way of $\triangle$.
12. Be aware that some candidates provide valid alternatives beyond the memorandum.
13. Codes: $f=$ foreign item; $p=$ placement/presentation.

This marking guideline consists of 10 pages.

## QUESTION 1

### 1.1 BANK RECONCILIATION

| BANK RECONCILIATION STATEMENT ON 31 JULY 2020 |  |  |
| :---: | :---: | :---: |
|  | Debit | Credit |
| Balance according to Bank Statement |  | $\checkmark 3600$ |
| Outstanding deposit |  | $\checkmark 15200$ |
| Outstanding cheques |  |  |
| No. 231 | $\checkmark 2020$ |  |
| No. 235 | $\checkmark 1570$ |  |
| Incorrect entry on Bank Statement | $\checkmark \checkmark 3800$ |  |
| Balance according to Bank Account | 『 11410 |  |
|  | 18800 | 『18800 |

### 1.2 DEBTORS' AGE ANALYSIS

| 1.2.1 | $\begin{array}{l}\text { How does the preparation of the Debtors' Age Analysis assist in the } \\ \text { control of debtors? }\end{array}$ |
| :--- | :--- |

It shows which debtors do not keep to their credit terms. $\checkmark$ Action can then be taken to encourage them to pay. $\checkmark$ Bad debts can be kept to a minimum. $\checkmark$
1.2.2 How much is owed by the debtors on 31 May 2020?
$4250+970+3500+3075+9635=21430 \nabla \nabla$

1.2.3 Which debtor would you gladly give a credit reference?
H. Hastie $\checkmark \checkmark$

1.2.4 Which debtor would be 'handed over', and what does this mean?
P. Platsak. $\checkmark$ This means the account will be handed over to an attorney $\checkmark$ who will contact the debtor and give him a certain time to pay the account. If the debtor does not pay the account, he can be sued.


### 1.3 CREDITORS' RECONCILIATION

1.3.1 What is the purpose of reconciling the balance on the Creditors' Control Account with the total of the Creditors' List from the Creditors' Ledger? State TWO points.

TWO valid points $\checkmark \checkmark \checkmark \checkmark$
The reconciliation of the balance on the Creditors' Control Account and the total of the Creditors' List is a means of internal control to ensure that no errors have been made so that the creditor is paid the correct amount and the correct amount of discount is received.

- It will assist the business in detecting errors/omissions in their books.
- It will show errors/omissions in the statement received.
- Detect fraudulent activities and take action.
1.3.2 Record the errors and omissions in the given table and calculate the correct balance and total.

|  | Creditors' Control <br> Account | Creditors' List |  |
| :--- | :---: | :---: | :---: |
| Preliminary balance/total | R74 715 | R32 595 |  |
| A |  | 900 | $\checkmark$ |
| B | $3720 \quad \checkmark$ | 3720 | $\checkmark$ |
| C $(720-270)$ |  | $(450)$ | $\checkmark \checkmark$ |
| D $(16400 \times 2)$ | $(32800)$ | $\checkmark \checkmark$ |  |
| E | 43 | $\checkmark$ | 43 |
| F |  |  | 8870 |
| Correct balance/total <br> *one part correct | 45678 | $\nabla^{*}$ | 45678 |


| TOTAL MARKS |
| :---: |
|  |
| 34 |

## QUESTION 2

### 2.1 VAT CONCEPTS

## 2.1 .1 <br> 2.1 .2

Change the underlined parts in the following sentences to make the statements TRUE. Write the answer next to the question number.

Zero / 0\% $\checkmark$


### 2.2 VAT CALCULATIONS

Calculate the correct amount of VAT the business has to pay. Show ALL workings.
$43820 \checkmark+(1413 \checkmark \checkmark+2790 \checkmark \checkmark+756 \checkmark+112 \checkmark)-(6818 \checkmark+184 \checkmark \checkmark)$
$5071(6$ marks $) \quad 7002$ (3 marks)
$=41889 \checkmark \vee$ One part correct
OR $43820+1413+2790+756+112-6818-184$
OR - $43820-1413-2790-756-112+6818+184$

| VAT CONTROL |
| ---: | ---: |
| 6818 43820 <br> 184 1413 <br> 41889 2790 <br>  756 <br>  112 <br> 48891 48891 |



### 2.3 INVENTORY VALUATION

### 2.3.1 Calculate the following in respect of the ladies' watches on 31 August 2020.

(a) Value of closing stock

$$
\begin{aligned}
& 1 \times 6500 \quad 5 \times 6800 \quad 2 \times 7300 \quad 3 \times 7800 \\
& 6500 \checkmark+34000 \checkmark+14600 \checkmark+23400 \checkmark \\
& =78500 \boxtimes \text { One part correct } \quad(1+5+2+3=11 \text { units }) / 47-36=11
\end{aligned}
$$


(b) Cost of sales

## OR

330000 two marks

| $78000 \checkmark+252000 \checkmark-78500 \boxtimes$ (see above) | $71500(11 \times 6500)$ |
| :---: | :--- |
|  | $68000(10 \times 6800)$ |
| $=251500 \checkmark \nabla$ One part correct | $73000(10 \times 7300)$ |
| OR | $\underline{39000(05 \times 7800)}$ |
|  | $\underline{\underline{251500}}$ |

$440125 \times 100 / 175=251500$
(1 mark) (2 marks) ( 1 mark) ( $1 \mathrm{w} / \mathrm{w}$ )

## (c) Stock-holding period (in days) using average stock


2.3.2 Calculate the following in respect of the men's watches on 31 August 2020:
(a) Value of closing stock
304150 (3 marks)

$\frac{32300 \checkmark+259900 \checkmark+11950}{95 \checkmark+675 \checkmark}$| 770 (2 marks) |
| :--- |

$=395 \quad$
$395 \times 92 \checkmark=36340$ V One part correct

(b) Sales
$(770-92)=678$ (units sold) $\checkmark \checkmark(2$ or 0$)$
$678 \times \mathrm{R} 520=352560 \square$ One part correct
2.3.3 Explain why the business uses different methods to value each type of watch. State ONE valid point.
One valid point $\checkmark \checkmark$

- Ladies' watches are sold at high prices. Small quantities are purchased.
- Each item can be monitored individually.
- The value changes continuously.

Men's watches are sold at low prices. Large quantities are purchased. The value of the watches are almost the same.

| TOTAL MARKS |
| :---: |
|  |
| 40 |

## QUESTION 3

3.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (3.1.1-3.1.2).
3.1.1
3.1.2

| True | $\checkmark$ |
| :--- | :---: |
| False | $\checkmark$ |

### 3.2.1 Note for Direct Material Costs

| Balance at the beginning of the year | 210000 |  |
| :--- | ---: | ---: |
| Purchases (1425000-210 000-180 000) | 1035000 | $\checkmark \nabla^{*}$ |
| Railage on purchases | 180000 | $\checkmark \checkmark$ |
|  | $\mathbf{1 4 2 5 0 0 0}$ |  |
| Balance at the end of the year (1425000-1 240 000) | $(185000)$ | $\checkmark \nabla^{*}$ |
|  | 1240000 | $\checkmark$ |

*1 part must be correct; -1 Foreign items; Max. 1

### 3.2.2 Production Cost Statement on 29 February 2020


*1 part must be correct

### 3.2.3 Income statement for the year ended 29 February 2020

| Sales | $3804000 \checkmark$ |
| :--- | :---: |
| Cost of sales | $(1902000) \checkmark \checkmark$ |
| Gross Profit | $1902000 \checkmark$ |
| Administration costs $(571100 \checkmark+181040 \checkmark)$ | $(752140) \downarrow$ |
| Selling and distribution costs | $(594860) \checkmark \checkmark$ |
| Net profit | $555000 \checkmark \nabla$ |


|  |
| :--- |
| 11 |

### 3.3 COST ACCOUNTING

3.3.1 Calculate the break-even point for the year ended 31 August 2020.

```
736000=61333 or 61334 \nabla One part correct
(28\checkmark - 16\checkmark)
```


3.3.2 Should the business be satisfied with the number of units that they produced and sold during the current financial year? Explain. Quote figures.
Yes/No $\checkmark$
Reason with figures $\checkmark \checkmark$
Reasons for Yes
The business sold (64000-61 334) 2666 units more than the breakeven point.
Reasons for No
The business sold (78 000-60 000) 18000 more than the break-even point in the previous financial year.
Production decreased from 78 000-64 000

### 3.3.3 Give TWO possible reasons for the increase in the direct material cost per unit in the current financial year.

Any TWO suitable reasons $\checkmark \checkmark \checkmark \checkmark$

- Due to the effects of inflation, price of raw materials increased
- Storage costs
- Raw material obtained from new suppliers
- Increase in wastage
- Increase in carriage
3.3.4 Tyler, the owner, suggests that in order to improve financial results in the new financial year, the quantity of cereal per box must be reduced by $10 \%$ but the selling price must remain the same. Give TWO valid reasons why he should not do this.

Any TWO valid reasons $\checkmark \checkmark \checkmark \checkmark$

- It is not ethical and would lead to a decrease in the customers once this information becomes public knowledge.
- This is deliberate product shrinkage to gain higher profits. Could lead to legal action against the business.
- Product may be removed from the shelves if the contents of the product do not correspond with the information on the package.

| TOTAL MARKS |
| :---: |
|  |
| 50 |

## QUESTION 4

4.1 Choose the correct description in COLUMN B to match the concept in COLUMN A. Write only the letter (A-E) next to the question numbers (4.1.1-4.1.4).

4.2.1

GENERAL LEDGER OF SHARKS LTD
ASSET DISPOSAL

| $\begin{aligned} & 2020 \\ & \text { Aug } \end{aligned}$ | 31 | Equipment | $\begin{gathered} 1200000 \\ \checkmark \end{gathered}$ | $\begin{aligned} & 2020 \\ & \text { Aug } \end{aligned}$ | 31 | Accumulated depreciation on equipment $\checkmark$ | $\begin{gathered} 630000 \\ \checkmark \checkmark \checkmark \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Profit on Sale | $\begin{array}{r} 30000 \\ \square \end{array}$ |  |  | Creditors' Control | $\underset{\checkmark}{ } 600$ |
|  |  |  | 1230000 |  |  |  | 1230000 |
|  |  |  |  |  |  |  |  |

### 4.2.2 Fixed Assets

|  | Land and Buildings | Equipment |
| :--- | :---: | :---: |
| Carrying value at the <br> beginning of the year | $\mathbf{4 0 5 0 2 5 0}$ | 660000 |
| Cost | $\mathbf{4 0 5 0 2 5 0}$ | $\mathbf{1 2 0 0 0 0 0}$ |
| Accumulated depreciation | 0 | $(540000)$ |
| Movements: |  |  |
| Additions | 0 | $1500000 \checkmark$ |
| Disposals (660 000-90 000) | $2587750 \checkmark$ | $1387500 \vee$ |
| Depreciation | 2587750 | $1500000 \checkmark$ |
| Carrying value at the end <br> of the year | 0 | $(202500) \checkmark \checkmark \nabla$ |
| Cost |  | $(112500) \checkmark$ |
| Accumulated depreciation |  |  |


| TOTAL MARKS |
| :---: |
|  |
| 26 |

TOTAL: 150

