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# basic education

Department: Basic Education **REPUBLIC OF SOUTH AFRICA** 

## NATIONAL SENIOR CERTIFICATE

## **GRADE 12**

ACCOUNTING P2 NOVEMBER 2020(2) MARKING GUIDELINES

#### MARKS: 150

#### 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. 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 reasonableness of answer.
- 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. Note that one comment could contain different aspects.
- 14. Codes: f = foreign item; p = placement/presentation.

#### These marking guidelines consist of 10 pages.

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#### **QUESTION 1**



#### 1.1.1

		Workings	Answer
I	(a)	89 700 – 78 000	11 700 ✓
	(b)	12 400 x 15% or 15/100 one mark for both figures only if all workings are correct and no other operations done & if there is no final answer	1 860 √√
	(c)	210 x 115/15 <b>OR</b> 1 400 + 210 one mark for both figures only if all workings are correct and no other operations done & if there is no final answer	1 610 √√
	(d)	149 500 two marks (158 700 - 9 200) $\checkmark \checkmark x 15/115 \checkmark$ OR 20 700 - 1 200 two marks one mark	19 500⊡ must be x by 15/115 & one other part correct

1.1.2 Comment on this practice and provide Amahle advice. **COMMENT** √√ **ADVICE** √ part marks for incomplete / unclear / partial comment Unethical to use money not earned by the Keep proper records / ensure • • business to pay running / operational costs that the funds are always The business is an agent of SARS and available to make payments must make payments timeously • Note submission dates and plan The business can be fined (penalties) for in advance. non-compliance / evasion / manipulation / • Only use business funds to deferring of payment of VAT cover business commitments / work within the budget It could result in a more extensive • investigation for irregularities in the future This is rolling over of cash / evasion; which could escalate to a serious problem.

#### 1.2 CREDITORS' RECONCILIATION

#### 1.2.1

Accept brackets for negative amount or Dr (-) and Cr (+) in the CL and Dr (+) and Cr (-) on the statemen					
	Creditors' Ledger Account of Thembeka Suppliers in the Books of Ekasi Traders	Statement of Account from Thembeka Suppliers			
Balance	117 200	157 400			
(a)	<i>-</i> 49 100 ✓				
(b)		$\begin{array}{r} 13\ 100 - 10\ 300 & \checkmark \checkmark \\ + \ 2\ 800 & \begin{array}{r} \text{No part} \\ \text{marks} \end{array}$			
(c)	+ 12 500 🗸				
(d)		<i>−</i> 6 400 ✓			
(e)	-9700 - 9700 one mark one mark $\sqrt{\sqrt{-19400}}$				
(f)		- 92 600 ✓			
	61 200 ⊠*	61 200			

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\*Both totals: inspect. Must include opening balances; can be different amounts -1 for foreign items per line provided a mark is scored on that line

(i.e. max could be -6) accept fully correct answers on wrong lines

## 1.2.2 What should the owner say to Bradley regarding this incident? Explain TWO points.

Any TWO valid explanations  $\sqrt{\sqrt{2}}$  and  $\sqrt{\sqrt{2}}$  part marks for incomplete / unclear / partial answers

Do not accept theft or firing / drawings as an explanation

- He should not take advantage of his position in management / abuse of authority / possible conflict of interest
- This can be viewed as wrong (i.e. unethical or devious)
- Against business policy i.e. all transactions must be authorised and documented / compromising internal controls
- He must pay back the money / he could open an account with the business and purchase the goods
- He could negotiate with the owner in advance to get a special price or at cost
- He could be liable for disciplinary action (warning) and could tarnish his good reputation
- Suspension / warning of dismissal / demotion will be considered (if caught again).



#### **QUESTION 2**

#### 2.1 PERFECT FIT MANUFACTURERS

#### 2.1.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021

For misplaced items, award part-marks for workings but not on answer				
Direct material cost 1 575 000	1 650 000 one part correct	$\sqrt{2}$		
Direct labour cost	Prime cost – DMC	900 000	$\checkmark$	
Prime cost		2 550 000		
Factory overhead cost 518 800 ✓ + 16 800 ✓ 25 200 x 2/3 or 25 2	one mark one mark - 117 600 + 98 000 (117 600 x 5/6) - 117 600 $\sqrt{\sqrt{-19} 600} \sqrt{}$ 200 - 8 400	516 000 one part correct	V	
Total manufacturing cost	Prime + FOHC	3 066 000	$\checkmark$	
Work-in-progress (beginning)		230 000	$\checkmark$	
		3 296 000		
Work-in-progress (end) For bracket che	TCP – sub-total above eck if operation is +ve or -ve	(104 000) don't accept 230 000	V	
Total cost of production	7 600 x R420	3 192 000 no part marks	$\checkmark\checkmark$	

2.1.2 Calculate: Gross profit earned on sale of shirts. Workings Answer 400 x 420 see 2.1.1 1 494 000 🗹 4 860 000 √ - (342 000 √ + 3 192 000 ☑ - 168 000 √) one part correct 3 366 000 three marks Must be <mark>Sales –</mark> COS OR: (900 x 220) + (7 200 x 180) 2<sup>nd</sup> method: one mark one mark one mark one mark Must be 2 batches 198 000 two marks 1 296 000 two marks 5 ALSO: Accept T-account Calculate: Mark-up % achieved on shirts Workings Answer see 2.1.2 above 1 <u>494 000</u> x 100 3 366 000 see 2.1.2 44,4% (342 000 + 3 192 000 - 168 000)  $\checkmark$ one part correct Inspect correct transfer of totals from above; must be GP ÷ COS x 100 is not 'one part correct' for the method mark Sign not needed **OR**: 3 366 000 x (100+y/100) = 4 860 000 y = 44,4%2

#### 2.2 LEATHER MANUFACTURERS

#### PURSES:

2.2.1	Calculate the break-even point for purses	for the year ended	
	Workings	Answer	
		23 400 units 🕅	
	$R295 \sqrt{-R255} \sqrt{-R255}$	one part correct	4
	R40 two marks	must be FC ÷ Contrib/u Must not be R, c, % etc	4
		Assume units if no other sign	
2.2.2	Comment on the level of production achieved point for purses for 2021. Quote figures.	and the break-even	
	Comparison of BEP to level of production for 2021 $\checkmark$ Figure	S ✓ ✓	
	Optional responses: Max two marks in total (mark one optional responses) Comparison of BEP 2021 to 2020 with figures OR: Comparison of Production 2021 to 2020 with figures	onse only)	
	<ul> <li>Expected responses for 4 marks:</li> <li>The business produced 600 units more than break-ex R24 000 extra profit</li> <li>BEP compared to production reflects a profit on 600 production production production profit profit production profit production profit production profit production profit profit profit production profit profit profit profit production profit prof</li></ul>	ven / profit on 600 units / units in 2021 compared	
	to a profit on 1 100 units in 2020 / this is a decrease i (1100 – 600) in 2021 compared to 2020	n profits on 500 units	
	<ul> <li>Expected response for 2 marks in total:</li> <li>Production increased by 2 000 units (24 000 – 22 000 9% and/or BEP increased by 2 500 units (23 400 – 20 12%)</li> </ul>	0) / to 24 000 units / by 0 900) / to 23 400 / by	4
2.2.3	Apart from inflation and wage increases, provid reasons for the increase in the direct labour cos	e TWO other possible t per unit for purses.	
	TWO valid reasons VV VV Explanations not needed		
	<ul> <li><u>Overtime</u> paid at higher rates endorsed or approved / performance or extra time / negotiate higher fringe be during normal time / overtime was needed to meet ta</li> <li><u>Low productivity</u> of workers (not productive or efficient</li> <li><u>Interruptions</u> (due to malfunctioning machines / load-lockdown</li> </ul>	/ bonus for good enefits / targets not met rgets nt) shedding / COVID-19	
	<ul> <li>Higher qualifications of workers / employed <u>higher-sk</u></li> </ul>	illed workers	
	<u>Poorly trained</u> workers / <u>lack of supervision</u> / <u>time was</u>	sted in re-doing work.	4
	Do not accept. Employ more workers (their memciency is the problem) / increa		
2.2.4	Give TWO reasons for the decrease in the direct for purses.	material cost per unit	
	Any TWO valid reasons 🗸 🗸		
	Cheaper (new) or local suppliers used		
	<ul> <li>Took advantage of bulk discounts / negotiated discounds</li> </ul>	unts	
	Better supervision / less wastage / better control over	r issuing / use of material	
	<ul> <li>Better cutting methods / use patterns or technology / better training of workers</li> </ul>	better skilled workers /	
	<ul> <li>Cheaper transport costs / petrol costs / using own tra</li> </ul>	nsport	2

	JACKETS:				
2.2.5	Explain why the direct material cost per unit for jackets would				
	probably increase if raw material is imported. State TWO points.				
	Additional / increase in transport costs or a freight	t chipping			
	<ul> <li>High quality material not available locally</li> </ul>	r, snipping			
	<ul> <li>Custom duties / import duties / taxes</li> </ul>	l r			
	Better packaging				
	Different / weak exchange rate	L	2		
	Provide figures to prove that Tello was corred decision would have on the cost of the jacket	ect about the effect this $\int_{\sqrt{2}}^{\sqrt{2}}$			
	Direct material cost per unit increased (from R18 by R180 / it doubled. (Note: could mention effect on total	0) to R360 / by 100% / Variable Cost).	2		
226	Calculate the % increase in the selling price of th	e jackets			
2.2.0	Workings	Answer			
	1 170 – 780	50% 🗹			
	$\frac{390}{780}$ × $\frac{100}{1}$	one part correct must be expressed as percent			
	100 V I	sign not necessary	3		
			5		
2.2.7	Explain the impact of the increase in the selling price	of jackets on the sales and			
	<b>profit. Quote figures or calculations.</b> ONE reason $\sqrt{}$ part marks for incomplete / unclear / partial answer	rs figures 🗸 🗸			
	<ul> <li>Units produced and sold decreased by 2 719 unit</li> </ul>	s / (from 6 350) to 3 631 /			
	by 42,8%.				
	The BEP dropped by 1 250 units / from 5 000 to 3	3 750 / by 25%			
	Made loss on 119 units in 2021 and profit on 1 35	50 units in 2020 / sales			
	dropped from R4 953 000 to R4 248 270 / by R704 730 / by 14,2%				
	For candidates who pick up the reversed figures in BEP/Production:				
	<ul> <li>OR 2 719 units less / from 6 350 – 3 631 / by 42,8%</li> </ul>	l r			
	• OR Made a loss on1 350 units in 2020 and a profit on	119 units in 2020 / sales	Λ		
	increased from R3 900 000 to R4 387 500 / by R487 5	00 / by 12,5%	4		
2.2.8	Tello wants to increase profits on jackets by an additional R250 000 in the next financial year. Assuming the cost structure remains the same, calculate the total number of additional units he must produce to achieve this target.				
	Workings Answer				
	<u>250 000</u> √ Accept 4 163 two marks –3 631 one	e mark 532 units 🗹			
	<b>470</b> √ √ (1 706 250 + 250 000) ÷ 470 1 170 - 700	one part correct			
	<b>ALTERNATIVE:</b> For candidates who pick up reversed figures in and production i.e. move from loss to profit; Do not penalise for u not using a previous loss.	o BEP using / OR: 651 units			
	<b>OR:</b> 532 + 119 <b>OR:</b> <u>250 000 + 55 930</u>	11	4		
	470 OR: Use BEP calculation to calculate the units Accept 4 163 two marks –3 750 one mark (1 706 250 + 250 000) ÷ 470	OR: 413 units			
	TOTAL MARKS				
	50				

#### 7 NSC – Marking Guidelines

\*one part correct

#### **QUESTION 3**

3.1	DEBTORS' COLLECTION SCHEDULE FOR MARCH TO MAY 2021	*one part correct
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MONTHS	CREDIT SALES R	MARCH R	APRIL R	MAY R
January	204 750	16 380		
February	250 250	125 125	20 020	
March	364 000	136 864	182 000	29 120 🗸
April	409 500		153 972	204 750 🗸
Мау	500 500 🗸		Credit sales x 40% x 94%	188 188 <mark>if CrS x 0,376</mark> ☑☑
	If not shown, give marks on final answer	278 369	335 992	422 058 <u> Operation</u> *

#### 3.2 AMOUNTS FOR THE CASH BUDGET

Workings Amount (a) Cash sales for April  $\checkmark$  $\checkmark$ 630 000 x 35% R220 500 April credit sales Accuracy mark to **OR**: 630 000 – 409 500 **OR:** 360 000 x 175/100 x 35% deal with part-mark one mark one mark ( one mark ) one mark inconsistency **OR:** 409 500 x 35/65 3 one mark one mark Increase in loan from Janet Bloom (b) (2 625 – 1 365) ∕√\* **OR** 1260 x 100/9 x 12  $\checkmark$ R168 000 1 260 ÷ 0,09 x 12 OR 1 260 x 12 / 9% One part correct two marks one mark 4 **OR** 350 000 182 000 Be alert to different method of calculation (2 625 / 0,09 x 12) - (1 365 / 0,09 x 12) (c) Salaries for April 2021  $\checkmark$  $\checkmark$  $\checkmark$ If assumed that extra assistant did not get ∕∕\* the 5% increase, then answer will be: 22 400 x 3/2 x 1,05 R35 280 22 400 x 105% One part correct OR: 11 760 x 3 Apply rule 4 23520 + 11200 = 3472022 400 / 2 X 1,05 two marks one mark 4 **OR**: (11 200 + 22 400) x 1,05 Be alert to other combinations of figures e.g. R1 120, R23 520, R33 600 (d) Rent expense for March 2021 36 000 🗹\* One part correct 39 960 x 100/111 OR 39 960 ÷ 111% OR 39 960 ÷ 1,11 OR 39 960 - 3 960 14 3 Explain the decisions that the directors took regarding the budgeted and actual expenditure for advertising in May 2021. Quote figures or calculations. Explanation on budget  $\checkmark$  Figures  $\checkmark$ Explanation on actual expenditure  $\checkmark$  Figures  $\checkmark$ Expected response for 4 marks: Advertising budget increased by R18 000 / (from R12 000) to R30 000 / by 150%.

 Actual expenditure on Advertising exceeded the budget by R12 000 / from R30 000 to R42 000 / by 40%

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3.3

#### The directors ask you for a report on the effect that the advertising decisions have actually had on customers and sales in May 2021.





3.4

#### 9 NSC – Marking Guidelines

#### **QUESTION 4**

4.1.1	Weighted average ✓ accept recognisable abbreviations
4.1.2	FIFO ✓
4.1.3	Specific identification ✓
4.1.4	Perpetual system ✓ don't accept PS

#### 4.2 LOTUS ACCESSORIES



#### 10 NSC – Marking Guidelines

4.2.4	Calculate the closing stock value for gas stoves on 30 April 2021 (using the specific identification method).			
	Workings	Answer		
	$\begin{array}{c} 59\ 400\ +\ 13\ 860 \\ 280\ -\ 132 \\ (148\ \checkmark\ x\ R495\ \checkmark) \\ 73\ 260\ two\ marks \end{array} \begin{array}{c} 42\ 000\ +\ 32\ 200 \\ 160\ -\ 54 \\ + \\ (106\ \checkmark\ x\ R700\ \checkmark) \\ 74\ 200\ two\ marks \end{array}$	R147 460 ⊡* <sup>*one</sup> part correct Must be 2 models	5	
4.2.5	Alex thinks he should stop selling gas stoves as liquidity problem and the profit is low. Provide figure opinion.	they are causing a ures to support his		
	Any valid opinion ✓ Figure ✓			
	Possible responses: Be alert to candidates who focus on one model o	nly (different figures)		
	<ul> <li>Too much cash tied up in stock, R147 460 see 4.2.4</li> <li>Total profit on gas stoves is low R54 060 (R38 940 + R15 120)</li> </ul>			
	<ul> <li>Low turnover rate / only 186 units sold, of 440 availate</li> <li>Too much stock on hand, 254 units.</li> </ul>	able / 42,3%.	2	
	Explain TWO points to convince him NOT to discontinue trading in gas stoves.			
	<ul> <li>He is achieving a 60% profit on B-Lite and a 40% profite the could reduce the mark-up to increase sales (recent the economy and his customers).</li> <li>These stock items are durable and can be sold in the The trend is to move towards gas because of load will increase in the future.</li> <li>Customers may not be aware that he is selling these advertise more extensively</li> <li>A variety of stock will attract more customers</li> <li>Gas is cheaper than electricity</li> </ul>	ofit on Smart. ognising the state of e future. shedding – demand e products / he must	4	



**TOTAL: 150**