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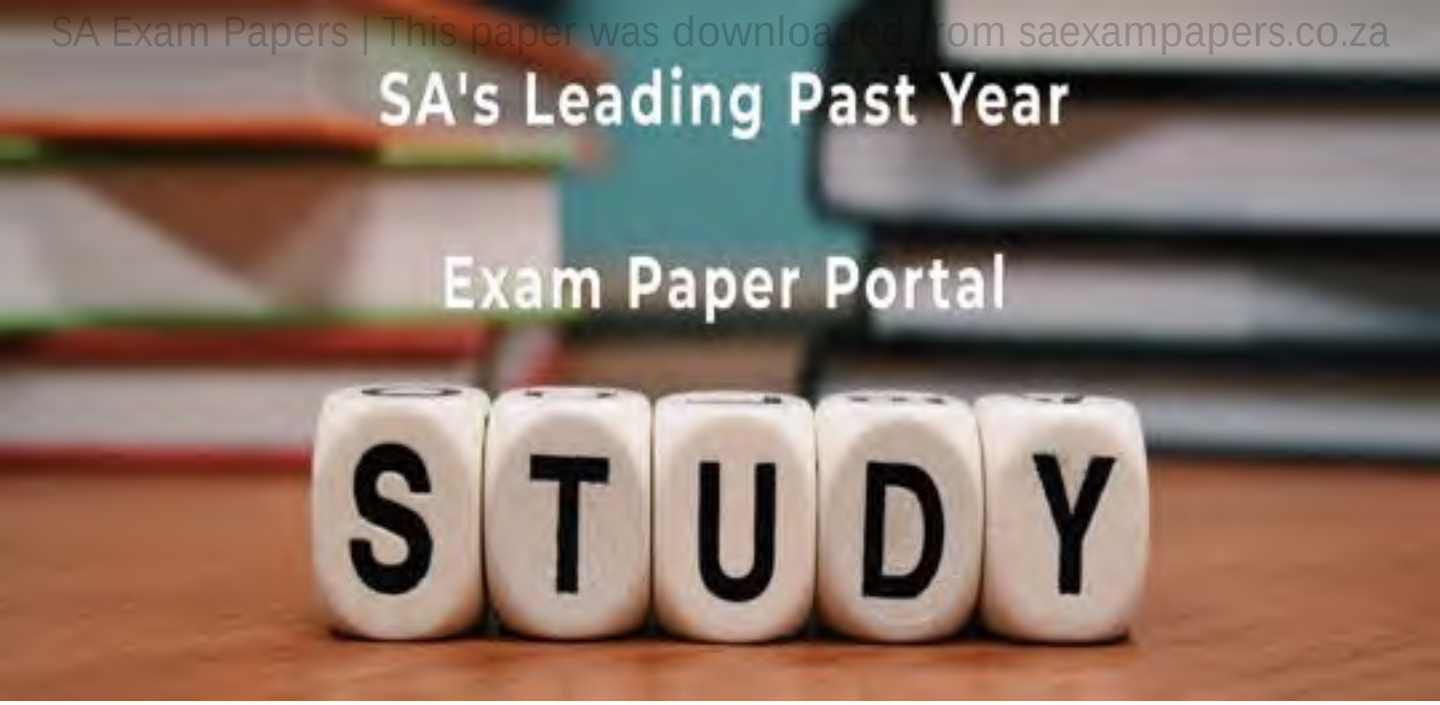

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GRADE 12

ACCOUNTING PAPER 2

SEPTEMBER 2023

MARKING GUIDELINES

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. Unless otherwise stated, give full marks for correct answer. If answer incorrect, mark the workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working for that figure (not the method mark for the answer). **Note:** if figures are stipulated in 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if earning full marks not related to Q (max -2 per Q).
8. This marking guideline is not for public distribution; as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, marker must inspect reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct.: Note: check operation must be +, -, x, ÷ as per candidate's calculation (if valid) or per marking guideline.
12. In calculations, do not award marks for workings if numerator **&** denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guidelines. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 9 pages.

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QUESTION 1

1.1

DEBTORS' AND CREDITORS' RECONCILIATION					
	Debtors		Creditors		
Item	Debtors' Control	Debtors' List	Creditors' Control	Creditors' List	
Balances / Total	**36 100**	**36 730**	**47 550**	**46 020**	
1				+ 2 950 ✓	
2	+ 4 500 ✓	+ 4 500 ✓			
3				±400 ✓ Or 0	
4	+ 230 ✓	+ 230 ☑ Same figure			
5	- 50 ✓	- 680 ✓			
6	- 980 ✓	- 980 ✓	+980 ✓		
7				-220 ✓ -220 ✓ or -440 Two marks	
	39 800☑	39 800	48 530☑	48 530	15

(Method mark for totals if both totals provided and total above is included. Need not be the same. -1 Foreign if figures appear in other columns, max -2).

1.2 **BANK RECONCILIATION**

1.2.1

CASH RECEIPTS JOURNAL	
Total	**389 504**
	✓✓ 1 800
	✓ 31 100
	✓ 2 970
	✓ 4 800
	✓✓(2 910 x 2) 5 820
	435 994

CASH PAYMENTS JOURNAL	
Total	**287 000**
	✓ 31 210
	✓ 391
	✓ 28 115
☑	346 716

11

Both totals must include provisional totals

1.2.2

Calculate the correct Bank balance in the ledger on the 31 August 2023.	
WORKINGS	**ANSWER**
146 800 ✓ + 435 994 ☑ - 346 716 ☑	236 078 ☑

4

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1.2.3 **Prepare the Bank Reconciliation Statement on 31 August 2023:**

	Alternative	DEBIT	CREDIT
Credit balance as per bank statement	222 405	Balancing figure	☑ 222 405
Credit outstanding deposit	16 878		✓ 16 878
Credit outstanding deposit	2 910		✓ 2 910
Credit bank error	1 025		✓ 1 025
Debit outstanding EFT 322	(7 140)	✓ 7 140	
Debit balance as per Bank account	(236 078)	☑ 236 078	
Should be the same ☑		243 218	243 218

7

1.2.4 **An investigation revealed that the deposit of R31 210, dated 9 July 2023, did not appear in the July and August Bank Statements. This was in respect of cash received, that Joubert never deposited. You advised the owner to write off this amount.**

State the GAAP principle that applies to this decision:

Principle of Prudence ✓

Explain TWO procedures, besides division of duties, to be implemented to prevent such a loss in future.

Any TWO valid point ✓ ✓ Do not accept division of duties as an answer

- Consider cash in transit.
- Regular and timely supervision/monitor cash.
- Cash must be deposited daily (check deposit slip against receipts).
- Encourage EFT payments by customers/debtors.
- Request the bank to send confirmation of all transactions (e.g. sms).

3

TOTAL MARKS
40

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QUESTION 2

2.1

COST CONCEPTS	
2.1.1	True ✓
2.1.2	False✓
2.1.3	False✓

3

2.2 MAQ LAWN MOWER MANUFACTURERS

2.2.1

FACTORY OVERHEAD COST	
Indirect materials (13 201 ✓+ 38 400 ✓ – 15 100 ✓) One part correct Operation	36 501☑
Salaries: foreman 39 600 x 100/18 = 220 000✓ 17 600 x 100/8 = 220 000 220 000 + (17 600 x 2 = 35 200✓)	255 200☑
Electricity and water (104 000 x 90%)	93 600 ✓
Rent expense (115 200 x 450/750)	69 120✓✓
Insurance (18 100 x 100/25 = 72 400 x 45%)	32 580✓✓
Depreciation: factory plant and machinery (2 800 000 – 2 5288 000 = 272 000 - 1)	271 999✓✓
Operation	759 000☑

15

2.2.2

Production cost statement for the year ended 28 February 2023	
Direct (raw) materials cost	✓ 1 335 400
Direct labour cost (12 600 x 13 x 12)	✓✓ 1 965 600
Prime cost	☑ 3 301 000
Factory overhead costs See 2.2.1	☑ 759 000
Total manufacturing cost Operation	☑ 4 060 000
Work-in-process (beginning of the year)	**160 000**
Operation	☑ 4 220 000
Work-in-process at (end of the year) Operation/Balancing figure	☑ (220 000)
Cost of production of finished goods (4 015 000 ✓+ 95 000 ✓– 110 000 ✓)	☑ 4 000 000 One part correct

12

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2.3 VITAMIN CHEWABLES

2.3.1 **Provide a calculation to confirm that the break-even point for the 2023 financial year is correct.**

WORKINGS	ANSWER
2 942 400 ✓ (119 ✓ – 71 ✓) 48	= 61 300 units One part correct

3

2.3.2 **Mimi is not happy with the number of units produced and sold. Provide evidence with figures to support her opinion.**

Reasons for positive answer
The business sold (64 000 – 61 300), this is 2 700✓ units more ✓than the break-even point, make profit on 2 700/64 000 X 100 =4,2%✓.
Reasons for a negative answer
Production decreased from 78 000 – 64 000 = 14 000/78 000 X 100 = with 17,9%. One mark. Too little units to make profit on One mark 2 700/64 000 = 4,2%. One mark

4

2.3.3 **No theft has occurred in the business; however, Mimi is concerned that most of her workers are not loyal nor committed and do not have due respect for the products they produce. Provide TWO different points of evidence, with figures, to support her opinion.**

Any two suitable reasons✓✓ ✓✓

- Direct materials per unit increased from R30,40 to R41, it is an increase of 35%, One mark while production decreased from 78 000 units to 64 000 units, with 14 000 or 17,9%, One mark meaning there was a wastage or abuse of direct materials.
- Direct labour cost per unit increased form R19,60 to R23, it is an increase of 17,3% One mark. All this while production decreased by 18% One mark, meaning labourers abused the time worked this year compared to last year, or they were inefficient this year.

4

2.3.4 **Mimi wants to improve her profit by R75 000 during the next financial year, while maintaining costs. Calculate the additional units that must be produced to achieve this target.**

WORKINGS	ANSWER
75 000 ✓ 119 ✓- 71 ✓ 48	= 1 562,5 or 1 563 ☑

4

TOTAL MARKS
45

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QUESTION 3

SKIRTS

3.1.1 **Provide a calculation to show how much stock of fabric (in metres) has been stolen from the storeroom.**

WORKINGS	ANSWER
✓ ✓ ✓ ✓ 490 + 2 420 – 2 312 – 470	☑ 128 m

5

Provide a calculation to show how much stock of fabric (in metres) has been wasted in, or stolen from, the factory.

WORKINGS	ANSWER
✓ ✓ ✓ 2 312 – (800 x 2,5) 2 000	☑ 312 m

4

3.1.2 **Calculate the value (excluding VAT) of all the stock of fabric on hand at the year-end using the weighted average method.**

WORKINGS	ANSWER
35 280 + 172 460 ✓ ✓ 207 740 x 470 2 910 ✓ 1 490 + 2 420	☑ R33 552,50 OR 33 552,51

4

3.1.3 **Apart from obvious measures such as installing cameras and locking up the storage areas, what instructions should be given to the following staff managers to prevent theft of fabric? Provide TWO different points for each employee:**

STAFF MEMBERS	INSTRUCTIONS
Store room manager ✓ ✓ Any other relevant answers	No unauthorised people allowed in store room. A register to be kept of stock in and stock out. Prior authorisation of requisition of fabric from the manager. Check documentation to physical stock (e.g. goods received or issued notes). Regular stock counts to agree with stock records.
Factory manager ✓ ✓ Any other relevant answers	Be part of planning process of manufacturing for period. Personal belongings of staff members to be locked in cubicles during the production process. Staff to be body searched before and after work shift. Close observation of workers during the production process. All extra ordinary activities that can lead to fabric damang must be recorded and accounted for (e.g. machine breakages, storm water, fire).

2

2

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DRESSES:

3.2.1 **Calculate the value of the closing stock (VAT excluded) of the dresses according to the Specific Identification method.**

WORKINGS	ANSWER
Model A 6 x R1 000 = R 6 000 ✓ Model B 8 x R1 800 = R14 400 ✓ Model C 4 x R1 400 = R 5 600 ✓	☑ R26 000

4

3.2.2 **Calculate the stock holding period of dresses.**

WORKINGS	ANSWER
½(20 000 + 26 000) 23 000 ✓ x 61✓ 228 000 ✓ 1 364 800 x 100/160	6,2 days ☑ Provided it is multiplied by 61
OR: USING UNITS 18 x 61 172 1	6,4 days Provided it is multiplied by 61

4

3.3 **VALUE ADDED TAX**

A DETAILS OF TRANSACTIONS	B EXCLUDING VAT	C INCLUDING VAT	D VAT AMOUNTS CALCULATED
Purchase of skirt fabric	**R172 460**	**R198 329**	**- R25 869**
Purchase of dresses	**R234 000**	**R269 100**	- R35 100 ✓
Sales of skirts		**R469 200**	+ R61 200 ✓✓
Sales of dresses	**R364 800**	**R419 520**	+ R54 720 ✓
Administration salaries & wages	**R70 000**		0 ✓
Other administration & operating expense	**R103 200**		- R15 480 ✓
Fixed assets purchased		**R142 600**	- R18 600 ✓✓
Bad debts	**R2 300**	**R2 645**	- R 345 ☑
AMOUNT PAYABLE TO SARS OR RECEIVABLE FROM SARS			R20 526 (owed) ☑

10

TOTAL MARKS
35

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QUESTION 4

4.1 **Explain how Anel changed the mark-up % from October to November, and provide TWO reasons why she might have chosen to do this.**

Explanation of how:

- Decreased from 80% to 50% ✓✓ (100 000/200 000 x 100 = 50%)

Reasons:

- She expects to sell more goods/wants to counter a competitor. ✓
- She feels she will make a higher gross profit as a result of decreasing selling prices. ✓

4

4.2 **Calculate the amount of the loan on 1 October 2023**

13 160 ✓ x 100/14 ✓x 12 ✓= R1 128 000☑ One part correct

4

4.3 **Calculate the proposed percentage increase that will be granted during November 2023.**

[51 840 – 48 000] /48 000 x 100 = 8% ✓☑ One part correct

2

Do you think that the shop assistants will be satisfied with this increase? Give a reason to support your opinion.

- The increase of 8% is greater than the rate of inflation✓ which at present is ± 6%. ✓
- The store manager did not receive an increase. Two marks

(Any relevant full answer)

2

4.4 **Refer to Information B**

4.4.1 **Comment on the budgeted and actual figures for advertising. What consequences does this have for the business? Quote figures or calculations to support your opinion.**

Comment ✓ consequence ✓ figure ✓

- Advertising was budgeted for 30 000 (14,8% of sales), and only R6 000 (5%) was spent on advertising. Underspent by R24 000, hence, the drop in sales from R190 000 budgeted sales to R120 000 actual sales, (R70 000 less sales than the budgeted amount).

3

4.4.2 **The owner is concerned about the difference between the budgeted and actual figures of repair material. Why is she concerned and what could be the reason for this difference? Quote figures or calculations to support your opinion.**

Concern ✓ Reason ✓ Comparitive figures ✓

- The repair material was budgeted for R24 000 (18,8% of fee income), while the actual expense R29 200 (30% of fee income) was, overspent by R5 200.
- The fee income was R7 000 less than the budgeted amount, wastage or theft can be the cause.

3

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4.5. PROBLEM SOLVING

4.5.1 **Calculate the impact that the cost saving initiatives would have on the electricity expense**

SAVINGS	WORKINGS	ANSWER
From LED lights	**780 000 × 20/100 × 70/100**	**109 200**
From air-conditioner motion sensors	780 000 × 15/100 × 30/100	35 100 ✓☑ One part correct
From electrical to gas stoves	780 000 x 30% x 60/100	140 400 ✓
From solar geysers	780 000 × 35/100 273 000 – 80 000	193 000 ✓☑ One part correct
Total:		R 477 700☑ One part correct

6

4.5.2 **Calculate how long it will take for the savings to cover the total cost of the initiatives proposed.**

How long:

1 197 500/477 700 = 2,5 years (2 years and 6 months / 30 months) ✓✓

2

4.5.3 **Explain why you would advise James and Brenda to go ahead with the proposed measures or not.**

✓✓ part-marks for incomplete or unclear responses
Go ahead with the proposal. After 2,5 years, the cost of the initiative will be paid off and will last for several years.
A saving of 477 700 / 1 197 500 x 100 = 61,2% of the electricity bill is saved per year.
A good cash injection to make up for the loss of guests.

2

Provide TWO other advantages that these changes would have for the future prospects of the hotel. ✓ ✓

These initiatives will increase the value of the hotel.
The geysers will still have hot water during loadshedding.
Low carbon footprint – eco-friendly.

2

TOTAL MARKS
30

TOTAL: 150

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