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GRADE 12

2024 PRE-TRIAL EXAMINATION

ACCOUNTING P2 MARKING GUIDELINE

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. Unless otherwise stated, give full marks for a correct answer. If answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). Note: figures stipulated in the marking guidelines as components of workings are marked together; these do not carry the method mark for parts thereof.
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 candidates earn full marks on a question (max -2 per Q).
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, markers must inspect reasonableness of the answer.
10. '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 guidelines.
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 guidelines. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 10 pages.

QUESTION 1**1.1.1**

	CREDITORS LEDGER: Boxer Traders C5	STATEMENT OF ACCOUNT from Boxer Traders	
Balance/Totals	68 835	51 230	
(i)	- 750 ✓		
(ii)		- 580 ✓	
(iii)		- 3 900 ✓	
(iv)	- 3 280 ✓✓		
(v)	- 11 500 ✓		
(vi)	+ 1 620 ✓		
(vii)	+ 1 105 ✓		
(viii)		+ 2 580 ✓	
(ix)		+ 6 700 ✓	
TOTAL	56 030	56 030	11

☒ Both totals, don't have to be the same

1.1.2 Sam feels that the creditors' clerk is not performing his duties efficiently.

Provide evidence with figures to support Sam's opinion. Provide ONE point.

One valid evidence ✓ figures ✓

- Late payment penalty/over credit terms R580
- Exceed credit limit of R45 000 (Balances of R71 020 & 51 230)
- Poor recording of transactions e.g.:
 - Allowance not captured R750
 - Debit note R1 640
 - Wrong account R11 500
- Not taking advantage of discount offered for early payment of 5%

2

Provide ONE point how Sam do can solve this problem.

One valid solution ✓

- Division of duties – explained
- Better supervision
- Training e.g. accounting package on computer

1

1.2.1.1 False

1.2.1.2 True

1.2.1.3 True

3

1.2.2 MATRIC STORES

Cash Receipts Journal

Total	b/f	121 300
		7 400 ✓
		265 ✓
		128 965

Cash Payments Journal

Total	b/f	142 800
		6 000 ✓✓
		900 ✓✓
		1 900 ✓
		972 ✓
		2 100 ✓
		154 672

☒ Both totals,

10

BANK RECONCILIATION STATEMENT ON 31 JULY 2023

	DEBIT	CREDIT
Credit balance per Bank Statement		85 300 ✓
Credit outstanding deposit		24 900 ✓
Debit outstanding EFT's: No. 642	5 300 ✓	
No. 643	1 200 ✓	
Debit incorrect credit	84 000 ✓	
Credit incorrect debit order		2 100 ✓
Debit balance as per Bank account Balancing figure	21 800 <input checked="" type="checkbox"/>	
	12 300	112 300

☒ Both totals to be the same

8

TOTAL MARKS

35

QUESTION 2

2.1.1 fixed ✓

2.1.2 break-even ✓

2.1.3 Indirect ✓

3

2.2.1 FACTORY OVERHEAD NOTE

Incorrect amount	739 705
Water & electricity 450 000 x 4/8 ✓	(225 000) ✓
Rent 300 000 – 250 000 ✓	(50 000) ✓
Insurance 2 000 x 11	22 000 ✓✓
Consumables	13 800 ✓
operation	500 505 ✓

8

2.2.2 PRODUCTION COST STATEMENT

Direct material cost	1 855 000 ✓
Direct labour cost 650 000 ✓ + 78 000 ✓	728 000 one part correct ✓
Prime Cost DMC + DLC	2 583 000 ✓
Factory overhead cost see 2.2.1	500 505 ✓
Total cost of production	3 083 505 No mark
Work in progress 1/9/2022	165 455 ✓
TOP + WIP	3 248 960 ✓
Work in progress 31/8/2023 balancing figure	(48 960) ✓
Cost of production of finished goods 4 000 000 x 100 ÷ 125	3 200 000 ✓✓

11

2.3.1 LEATHER BELTS

Comment on the Break-Even point and level of production for the last two years.

Link BEP to production both years ✓✓, Indicate profit/loss both years and figures ✓✓

- 2022: BEP of 12 658 units was smaller than production of 21 200 units generating a profit of 8 542 units
- 2023: BEP of 9 958 was smaller than production of 15 000 units generating a profit of 5 042 units

Comment ✓✓

- BEP decreased from 12 658 to 9 958 units
- Production decreased from 21 200 to 15 000 units

6

John recently invested in new machinery in the factory to manufacture the leather belts. He calculated a saving of 10% on fixed costs, yet fixed cost per unit has increased. Explain how this happened. Include figures.

Explanation ✓✓ Figures ✓

Due to economies of scale, Factory overheads per units increased as his units produced decreased from 21 200 to 15 000 units – 29% decrease in production.

3

2.3.2 GLOVES:

Identify the variable cost, with figures, that caused the biggest problem.

Give a valid solution for the problem identified.

PROBLEM with figures linking to production ✓✓✓

DMC increased from R36,30 to R48 per unit which is a 32,2% increase and greater than inflation of 5%, while production only increased by 14,6%

SOLUTION ✓

- find cheaper supplier
- supplier that is closer to prevent transport cost
- train workers for less wastage

4

John is thinking of focusing on producing only one product in the near future. Which item should he continue producing? Provide TWO reasons with relevant figures.

Product ✓

Leather belts

Reasons ✓ ✓ figures ✓ ✓

- Turnover R6 900 000 vs R5 500 000 of gloves
- BEP decreased from 12 658 to 9 958 while that of gloves increased from 17 874 to 21 713

5

TOTAL MARKS	40	
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QUESTION 3

3.1.1 perpetual ✓

3.1.2 lower ✓

2

3.2.1 Garth, the owner feels that one model of bicycles must be discontinued. Which one would you suggest? Provide TWO points with figures to justify your response.

Model ✓

Ryleigh

Reasons: ✓ ✓ figures ✓ ✓

- 5 returns while Pantoon has zero returns
- Sales generated only R90 480 while Pantoon sales generated R221 130
- 30% mark-up while Pantoon realises a 35% mark-up resulting in a smaller gross profit.

5

3.2.2 Calculate the closing stock value of helmets on 29 February 2024.

WORKINGS	ANSWER
$22 \checkmark \times 350 = 7\,700 \checkmark$ one part correct $(32 - 22)$ $10 \checkmark^* \times 340 = 3\,400 \checkmark$ one part correct	$11\,200 \checkmark$ one part correct

5

3.2.3 Calculate the closing stock value of water bottles on 29 February 2024.

WORKINGS	ANSWER
$\frac{\begin{array}{r} 10\,380 \text{ three marks} \\ 1\,600 \checkmark + 8\,826 \checkmark - 46 \checkmark \\ \hline 40 \checkmark + 201 \checkmark - 1 \checkmark \\ 240 \text{ three marks} \end{array}}{\quad} \times 100 \checkmark$	$4\,325 \checkmark$ one part correct

8

3.2.4 Calculate the cost of sales of water bottles on 29 February 2024.

WORKINGS	ANSWER
$\begin{array}{r} \text{see 3.2.3} \quad \text{see 3.2.3} \\ 10\,380 \checkmark - 4\,325 \checkmark \end{array}$	$6\,055 \checkmark$ one part correct

3

3.2.5 The owner feels he has too much stock on hand.

Calculate the number of days it will take Garth Spin to sell the closing stock of water bottles and comment on your answer.

WORKINGS	ANSWER
$\begin{array}{r} \text{see 3.2.4} \\ 6\,055 \checkmark \\ \hline 4\,325 \checkmark \\ \text{see 3.2.3} \end{array} \times 365$	$511 \checkmark$ one part correct must x 365
Comment: ✓✓ <ul style="list-style-type: none"> • Keeping too much stock as it will last almost 1 ½ years • Will take too long to sell and can become outdated 	

5

3.2.6 Comment on the sale of water bottles. Include figures.

Comment 2022 including figures ✓ Comment 2023 including figures ✓ <ul style="list-style-type: none"> • 2022: sold 95 units at R112,50 each resulting in a total Sales figure of R10 640 • 2023: sold 140 units at a reduced price of R86,50 resulting in an increased sales figure of R12 110.

2

TOTAL MARKS**30**

QUESTION 4**4.1.1 Debtors collection schedule:**

MONTH	FEE INCOME (ON CREDIT)	AUGUST	SEPTEMBER
July	231 000	127 050	
August	252 000 ✓ ✓ 108 000x70÷30	113 400 ✓ 252 000x45%	138 600 ✓ 252 000x55% OR 252 000-113 400
September	266 000		117 306 ✓ ✓
TOTAL	operation both totals one mark	240 450	255 906 ✓

7

4.1.2 Calculate the missing figures on the Cash Budget denoted by A to G

WORKINGS	ANSWER
(i). $231\,000 \times \frac{30}{70}$	99 000 ✓ ✓ one part correct
(ii). $231\,000 \times 45\%$	103 950 ✓ ✓ one part correct
(iii). $850 \checkmark \times \frac{100}{8,5} \checkmark \times 12 \checkmark$	120 000 ✓ one part correct
iv). $\frac{114\,000 + 266\,000}{380\,000 \checkmark} \times 25\% \checkmark \times 40\% \checkmark$	38 000 ✓ one part correct
(v). $\frac{36\,000 \times 60 + 40}{54\,000 \checkmark} \times 95\% \checkmark$	51 300 ✓ one part correct
(vi). one mark $\frac{16\,000 + 6\,000}{22\,000 \checkmark} + \frac{(35 \times 4 \times 5 \times 4)}{2\,800 \checkmark \checkmark}$	24 800 ✓ one part correct
(vii). (240 000-12000) one mark $\frac{228\,000 \checkmark}{x} \times (14\% \div 12) \checkmark$	2 660 ✓ one part correct

22

4.1.3 Comment on the level of control over fuel.

Comment linking fuel to fee income ✓ ✓

Figures as percentage comparison ✓ ✓

- Actual R89 200 is higher than budgeted of R66 000 which is 35% overspent, yet Fee income was R280 550 compared to budgeted, R330 000 which is 15% lower than budget. Therefore, fuel should have decreased proportionally.
- Fuel was budgeted at 20% of Fee income but ended up being 31,8% of Fee income.

4

4.2.1 Calculate the amount of VAT that is payable to SARS.**WORKINGS****ANSWER**

Mark one option only. Inspect option that benefits the candidate
Be aware of alternative presentation for calculations

-20 400 ✓✓ +51 000 ✓ -300 ✓✓ +90 ✓ -720 ✓

OR

20 400 -51 000 +300 -90 +720

29 670 ☒
one part correct

8

4.2.2 How can Tim ensure that he will have enough cash available to pay SARS the VAT amount owed? Provide TWO suggestions.

Two valid suggestions. ✓✓ ✓✓

- Keep VAT collected separately so that you don't spend it.
- Budget better.
- Increase cash sales/ collect faster from debtors/ pay creditors later to generate more cash

4

TOTAL MARKS	45	
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TOTAL: 150