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GAUTENG PROVINCE

EDUCATION

REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION GRADE 12 2024

MARKING GUIDELINES

ACCOUNTING PAPER 2

10 PAGES

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 correct answers. If answer is incorrect, mark workings.
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 the 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 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, the marker must inspect the reasonableness of the 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 the 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.



ACCOUNTING
(PAPER 2)

GR12 0624

QUESTION 1: COST ACCOUNTING

(60 marks; 48 minutes)

1.1 CONCEPTS

1.1.1	E ✓ Direct material cost
1.1.2	D ✓ Administration cost
1.1.3	B ✓ Direct labour cost

3

1.2 PERFECT EATS

1.2.1 Calculate: Raw materials (kg) issued to the factory

WORKINGS	ANSWER
48 972 kg – 9 702 kg	✓✓ 39 270 kg Kg not needed

2

Calculate: Total cost of raw materials issued to the factory	
WORKINGS	ANSWER
39 270 kg <input checked="" type="checkbox"/> x R86,50 ✓ See answer above (9 702 x 86.50) Or 4 236 078 ✓ – 839 223 ✓	<input checked="" type="checkbox"/> R3 396 855 One part correct

1.2.2 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

Direct material cost	<input checked="" type="checkbox"/> 3 396 855 see 1.2.1
Direct labour cost (Prime cost – DMC)	<input checked="" type="checkbox"/> 549 265
Prime cost	3 946 120
Factory overhead costs Insurance (18000 x 7/12) – 10 500 ✓✓ Rent (19 000 x 25/100) – 4 750 ✓ Foreman Gross salary 1% of G salary (17 020 + 5 980) + 23 000 ✓✓ + 230 ✓	<input checked="" type="checkbox"/> 1 588 880# one part correct
Note: Check if insurance – 10 500 is shown only in factory overhead or only as admin cost. Award 2 marks if shown only in factory overhead or only as admin cost	
Total manufacturing cost cost + factory overhead	<input checked="" type="checkbox"/> 5 535 000
Work-in-progress at the beginning of the year	✓ 384 000
	5 919 000
Work-in-progress at the end of the year ignore brackets, can be positive	<input checked="" type="checkbox"/> (315 000)
Total cost of production of finished goods.	✓ 5 604 000
# – 1P max 1 mark – 1F max 1 mark	

15

1.2.3 ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024	
Sales (If COS x 170/100)	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> 9 457 100
Cost of sales (210 000 + 5 604 000 – 251 000)	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> (5 563 000)
Gross profit	<input checked="" type="checkbox"/> 3 894 100
Other expenses	<input checked="" type="checkbox"/> (3 047 130)
Administration cost (890 700 + 2 375 <input checked="" type="checkbox"/> + 2 900 <input checked="" type="checkbox"/> see 1.2.2 (4 750/2) Repairs Check for – 10 500 here. If not shown in factory overhead and – 10 500 shown as administration cost, award 2 marks. Total will differ, award method mark according to calculation.	895 975 <input checked="" type="checkbox"/>
Selling and distribution cost (2 145 000 + 2 375 <input checked="" type="checkbox"/> + 3 780 <input checked="" type="checkbox"/> PBDA see 1.2.2 (4 750/2)	2 151 155 <input checked="" type="checkbox"/>
Net profit for the year	<input checked="" type="checkbox"/> 846 970

13

1.2.4 Calculate: Total cost of raw materials wasted	
WORKINGS	ANSWER
See 1.2.1 2 marks $39\,270 \times 0,84 = 46\,750 - 46\,300$ <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> R32 697 Must be if per set x R72.66 or kg x R86.50
Four marks $= 450 \times R72,66$ <input checked="" type="checkbox"/>	
Alternative: $(46\,300 \times 0,84)$	
$39\,270 - 38\,892 = 378$ x R86,50 One method mark two marks four marks one mark	

6

Give ONE point of advice on how the owner can recover this loss.	
One point <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
<ul style="list-style-type: none"> Recycle the wastage Sell it as scrap 	

2

1.3 CLEAR WATER PRODUCERS

1.3.1 Determine the total number of extra units that need to be manufactured to reach the goal of increasing profits by R75 000 in the next financial year.	
WORKINGS	ANSWER
$\frac{75\,000}{51,94}$ (180 <input checked="" type="checkbox"/> – 128,06 <input checked="" type="checkbox"/>)	<input checked="" type="checkbox"/> 1 444 units Accept also 1 443,97 units

4

1.3.2 In 2024, the owner Solly intentionally made strategic decisions regarding variable costs to improve the business. Identify TWO costs that were effectively controlled, resulting in a positive impact on the business.

COST ✓ ✓	REASON Figures ✓ Positive effect on the business ✓
Direct labour cost	Direct labour cost decreased from R34 to R28/by R6 (21,4%). This could be due to better supervision/Improved efficiency through training / more control over overtime/set targets to workers.
Selling and distribution cost	The selling and distribution cost increased from R18 to R19,62/by R1,62 (9%). Number of units produced and sold increased by 11,1%. This could be due to more money spent on advertisements/ offering deliveries for free to customers/increasing the delivery for customers.

6

1.3.3 The selling price increased by 12,5% from 2023 to 2024. Explain how this impacted on the performance of the business. Quote figures or calculations.

Compare the BEP with Units produced and sold ✓✓ Figures ✓✓

Response for Four marks

- The business made a loss of 6 730 units (78 730 – 72 000) in 2023 and a profit of 4 234 units (80 000 – 75 766) in 2024./The business made a loss of R309 600 in 2023 (R46 x 6 730 units) and a profit of R219 920 (R51,94 x 4 234 unit) in 2024.

Response for Two marks

- Sales increased from R11 520 000 to R14 400 000/by R2 880 000.
- The BEP decreased from 78 730 units in 2023 to 75 766 units in 2024/ decreased by 2 965 units in 2024.

4

1.3.4 Explain to Solly why the fixed cost per unit decreased by R1,11 while the total fixed cost increased by R313 680.

One valid explanation ✓✓

Economies of scale

Although the fixed cost increased, more units were produced and sold.

2

60

QUESTION 2: INVENTORIES

(65 marks; 52 minutes)

2.1 CONCEPTS

2.1.1	Specific identification ✓	5
2.1.2	Perpetual inventory system ✓	
2.1.3	First-in-First out ✓	
2.1.4	Weighted-average method ✓	
2.1.5	Periodic inventory system ✓	

2.2 LILY STATIONERS

2.2.1 Calculate the value of the closing stock using the first-in-first-out (FIFO) method of stock valuation on 29 February 2024.

WORKINGS	ANSWER
1 654 over	
January: (1 900 – 350) (145 + 8,70) 1 550 ✓ x 153,70 ✓✓ = R238 235	✓ R252 015 one part correct
(1 654 – 1 550) (125 + 7,50) November: 104 ✓ x R132,50 ✓✓ = R13 780	7

2.2.2 Calculate the cost of sales for the year ended 29 February 2024.

Opening stock	✓ 120 840	
Purchases (2 006 700 ✓ – 7 410 ✓ – 50 750 ✓) (65 X 114) (350 X 145)	✓ 1 948 540 one part correct	
Carriage on purchases (2 006 700 x 6/100)	✓✓ 120 402	
Cost of stock available for sale	✓ 2 189 782	
Closing stock	✓ (252 015) see 2.2.1	
Cost of sales	✓ 1 937 767 check operation	10

2.2.3 Calculate the percentage mark-up achieved in 2024.

WORKINGS	ANSWER
(17 785 – 1 654)	
Sales: 16 131 x R200 R3 226 200 ✓	<input checked="" type="checkbox"/> 66,5%
Cost of sales (See 2.2.2) (R1 937 767) <input checked="" type="checkbox"/>	one part correct
Gross profit R1 288 433 <input checked="" type="checkbox"/>	Accept 66.49%
$\frac{1\ 288\ 433}{1\ 937\ 767} \times 100$ three marks	
	5

2.2.4 Calculate the cost of sales using the weighted average method.

WORKINGS	ANSWER
see 2.2.2	
$\frac{2\ 189\ 782}{17\ 785} = R123,13 \times 1\ 654$ ✓	<input checked="" type="checkbox"/> R1 986 125
	one part correct
$2\ 189\ 782 - 203\ 657 = 1\ 986\ 125$ (1 654 x 123.13)	
	5

Give ONE reason why Lily thinks it would be beneficial to the business.

One valid point ✓✓ part mark for partial correct answer

An increase in the cost of sales will decrease the gross profit /net profit and therefore decrease tax liability.

2

Give TWO reasons why the bookkeeper feels that this does not comply with the requirements of GAAP.

TWO valid points ✓✓ ✓✓ part mark for partial correct answer

- It is unethical to manipulate records to pay less taxes.
- It would be difficult to compare one year with another. If Lily does decide to change, she will then need to inform SARS and will need to indicate this on her Financial Statements.

4

2.2.5 Provide TWO reasons why it is beneficial to support the local school by sponsoring calculators.

TWO valid points ✓✓ ✓✓ part mark for partial correct answer

- It creates goodwill for the business/company.
- It forms part of corporate social responsibility.
- It is tax deductible.
- It is good publicity for the business/company.

4

2.2.6 Calculate the value of the closing stock for shredders.

WORKINGS	ANSWER
LX Shredder: $21 \times R900 = R18\ 900 \checkmark$ TP Shredder: $12 + 75 - 78 = 9 \checkmark \checkmark \times R1\ 500 \checkmark = R13\ 500$	<input checked="" type="checkbox"/> R32 400 one part correct
	5

2.2.7 Even though security cameras are installed, the owner remains worried about potential theft within the LX Shredder (5 sheets, 6,8 mm) product line.

Provide a calculation to prove the owner's concern.

WORKINGS	ANSWER
2 marks 3 marks $24 \checkmark + 173 \checkmark = 197 - 169 \checkmark = 28$ $28 - 21 \checkmark = 7$	<input checked="" type="checkbox"/> 7 stolen one part correct
	5

Give TWO points of advice that Lily can implement to prevent this from occurring.

Two valid reasons $\checkmark \checkmark$ $\checkmark \checkmark$ Do not accept cameras

- Security guards/ closed-circuit television surveillance (CCTV) with monitor.
- Limited access to the storeroom.
- Do a physical stock take continuously.
- When stock is delivered, ensure that the stock is counted and checked against the purchase order.

4

2.3 PROBLEM-SOLVING

PRODUCT	PROBLEM <i>Problem ✓ Figures ✓</i>	RECOMMENDATION <i>One recommendation ✓</i>
Automatic cordless vacuum cleaner	<ul style="list-style-type: none"> • Low sales, 3 440 units/ 21,1% units leftover/Sold only 78,2% units. (accept 3 470 units/78,9%) • Low stock turnover rate at 3,6 times per year/Stock holding period 98,7 days. • Percentage gross profit on cost of sales 80%, price too high for customers. Highest percentage credit sales (74,1%). • Highest selling price R1 836 	<ul style="list-style-type: none"> • Reduce the mark-up percentage to lower the selling price. • Increase advertising to increase sales. • Buy stock according to the demand of customers.
Handheld vacuum cleaner	<ul style="list-style-type: none"> • Highest returns, 110 returns by customers (2,1%). • Stock holding period 20,8 days, it takes minimum 15 working days from when stock is ordered to be delivered. • Stock turnover rate 9,9 times. 	<ul style="list-style-type: none"> • Investigate the reason for the high returns/consider a different supplier. • Increase mark-up percentage to increase the selling price. • Stock must be ordered on time to ensure that there is enough stock to supply the demand. • Inspect product to ensure Quality
Wet and dry handheld vacuum cleaner	<ul style="list-style-type: none"> • Missing money • Deposit R2 218 500, should be R2 232 525 (R5 037 525 – 2 805 000); • R14 025 missing. 	<ul style="list-style-type: none"> • Check sales and deposits regularly. • Division of duties, the same person receiving the money should not be the same person depositing the money. • Encourage EFT payments/ do not accept cash.

9

65

QUESTION 3: MANAGEMENT OF FIXED ASSETS

(25 marks; 20 minutes)

3.1

(i) The purchase price of the Kia Truck.		
WORKINGS	ANSWER	
144 000 + 176 000 = or 240 000 + 80 000 =	320 000 ✓✓	<input type="text"/>
		2
(ii) The rate of depreciation.		
WORKINGS	ANSWER	
0,3 two marks (96 000 ✓/320 000✓) x 100 See (i)	30%✓ one part correct % sign not necessary	<input type="text"/>
		3
(iii) Determine/Calculate the date of purchase.		
WORKINGS	ANSWER	
0,5 three marks 48 000 two marks (144 000 ✓ – 96 000 ✓) / 96 000 ✓) x 12 months ✓ = 6 months, therefore <i>Alternative:</i> 144 000 – 96 000 = 48 000/96 000 = 0,5 or (1/2) x 12 = 6 months.	1 September 2020 ✓ one part correct Accept 31 Aug	<input type="text"/>
		5
(iv) Depreciation for the year ended 29 February 2024.		
WORKINGS	ANSWER	
320 000 x 30% x 12/12 = 96 000 80 000 carrying value < 96 000 therefore 80 000 must be used 80 000 – 1 = 79 999	79 999✓✓ any part correct	<input type="text"/>
		2
(v) Accumulated depreciation on 29 February 2024.		
WORKINGS	ANSWER	
240 000 + 79 999	319 999✓✓ one part correct A calculation must be shown in order to award the method mark. Full marks if 240 000 + figure in (iv)	<input type="text"/>
		2
(vi) Book/carrying value on 29 February 2024.		
WORKINGS	ANSWER	
The book value must be R1 when the vehicle has been fully depreciated (from iii). The learner may not show a calculation here. 320 000 (see i) – 319 999 (see v) <i>Alternative:</i> R80 000 – R79 999 see (iv)	R1✓✓ Note: If learner used figures in i and v full marks must be awarded, check operation	<input type="text"/>
		2

3.2 Patrick van Wyk wants to know why it is important to have an asset register for the business. Give ONE reason.

one valid point ✓

- Give information of all assets and all the movement of assets.
- Physical assets can be checked against the asset register.
- Internal control measure.

1

3.3 Comment on the use and condition of the Kia Truck and how the business should manage this vehicle and why.

One valid point ✓ ✓ part mark for partial correct answer

- The Kia truck is old / it has a carrying value of R1/ High mileage 232 372 km.
- According to the rate of depreciation, the truck should last just over three years (30% p.a. on cost). The truck is already 3,5 years old.
- 3,5 years old. Needs to be replaced.
- The condition of the truck is not good as it is very old and will start to cost the business additional repairs and maintenance.
- For a transportation business, the owner wants a reliable vehicle that will be productive and cost effective.

2

3.4 Patrick is concerned about the use of vehicles in the business. A number of vehicles have excess mileage and are in poor condition. The fuel expense is very high in Patrick's opinion. Explain THREE internal control measures to manage the business' vehicles more efficiently.

Internal control measure ✓ ✓ ✓ Explanation ✓ ✓ ✓

Be aware that internal control and explanation can be given in one sentence.

- Tracker – the tracker can be used to monitor the vehicles travel and determine the shortest routes to save fuel and ensure drivers use the pre-determined routes.
- Logbook – the logbook can be used to sign vehicles in and out and track who has used the vehicle and for what purpose.
- Petrol card – a petrol card can be used to limit the amount of fuel used per month and helps to monitor fuel usage.
- Lock away vehicles (controlled access) – vehicles should be locked away in a garage for safekeeping and to ensure that no misuse takes place (personal use by employees). This will also ensure that vehicles are taken care of (not left in the sun, which would damage paintwork for example).

Any other relevant answer where an internal control measure is given with an explanation.

6

25

TOTAL: 150