



# basic education

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

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ACCOUNTING P2**  
**MANAGERIAL ACCOUNTING, INTERNAL AUDITING AND CONTROL**  
**EXEMPLAR 2020**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 11 pages,  
1 formula sheet and a 9-page answer book.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper. The use of this formula sheet is NOT compulsory.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

<b>QUESTION</b>	<b>TOPIC</b>	<b>MARKS</b>	<b>TIME (minutes)</b>
1	Manufacturing, Break-even Analysis and Control	40	30
2	Bank Reconciliation and Control	30	25
3	Inventory Valuation and Control	40	30
4	Budgeting, Projections and Control	40	35
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**NOTE:** Questions in this question paper are based on questions from the NSC November 2019 Accounting question paper.

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**QUESTION 1: MANUFACTURING, BREAK-EVEN ANALYSIS AND CONTROL**  
**(40 marks; 30 minutes)**

Sihle Sangweni owns two separate factories that manufacture products according to orders received. There is no work-in-progress stock. The year-end is 28 February 2019.

- 1.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (1.1.1 to 1.1.3) in the ANSWER BOOK.
- 1.1.1 Wages of factory cleaners is a direct labour cost.
- 1.1.2 Delivery costs of finished goods to retailers are a selling and distribution cost.
- 1.1.3 Depreciation on office equipment is an administration cost. (3 x 1) (3)
- 1.2 **DESKS FACTORY**
- REQUIRED:**
- 1.2.1 Complete the Factory Overhead Cost Note. (8)
- 1.2.2 Calculate the total cost of production of finished goods. (5)
- 1.2.3 Sihle wants to produce an additional 1 500 desks, while maintaining the selling price and costs.
- Calculate the additional profit he can expect. (4)
- 1.3 **CHAIRS FACTORY**
- REQUIRED:**
- 1.3.1 Provide a calculation to confirm the break-even point for 2019. (4)
- 1.3.2 Comment on the break-even point and the production level achieved. Quote figures. (4)
- 1.3.3 Raw material consists of wood only. In 2019, the cost is R120 per square metre (m<sup>2</sup>) and 1,2 m<sup>2</sup> of wood is needed to make one chair.
- During the year, 22 000 m<sup>2</sup> wood was dispatched to the factory. Sihle feels that the wood raw material was not well controlled.
- Provide a calculation to support his opinion. (4)
  - Identify TWO possible causes of this problem. Provide a solution for EACH. (4)
- 1.3.4 Give TWO reasons for the increase in direct labour cost. Provide a solution for EACH. Note that wages and salaries increased by 5% in the current financial year. (4)

**INFORMATION:****A. DESKS FACTORY****Extract of pre-adjustment amounts on 28 February 2019**

	R
Indirect labour	296 500
Depreciation of factory plant	166 000
Advertising	24 500
Water and electricity	248 000
Rent expense	345 600
Insurance allocated to sales department	12 600
Factory sundry expenses	107 700

**Adjustments to factory overheads for desks:**

- Water and electricity for February 2019, R18 000, must be taken into account. 80% is allocated to the factory. The balance is an administration cost.
- Rent must be allocated according to floor area:  
Factory: 810 m<sup>2</sup>      Office: 180 m<sup>2</sup>      Sales department: 90 m<sup>2</sup>
- 75% of insurance must be allocated to the factory. The balance applies to the sales department.

**B. INFORMATION FOR BOTH FACTORIES**

COSTS		DESKS 2019		CHAIRS (Unit costs)	
		Amount	Per unit	2019	2018
Variable	Direct material	R3 060 000	R340	R165	R124
	Direct labour	?	R160	R90	R70
	Selling and distribution	R720 000	R80	R50	R60
	Total variable costs		R580	R305	R250
Fixed	Factory overheads			R76	R75
	Administration	R360 000	R40	R20	R18

**SELLING PRICES**

Per unit	R750	R390	R370
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**UNITS**

Produced and sold	9 000	16 000	15 000
Break-even point	8 471	18 071	12 400

**QUESTION 2: BANK RECONCILIATION AND CONTROL (30 marks, 25 minutes)**

The information relates to Klonex Traders.

**REQUIRED:**

- 2.1 The owner, Ben Joseph, realises that many people are now using electronic funds transfers (EFTs) instead of cheques.
- 2.1.1 State THREE advantages of EFTs. (3)
- 2.1.2 Janet, the bookkeeper, has been assigned the duty of processing and controlling all EFTs.
- Explain TWO reasons why the internal auditor is concerned about this. (4)
- 2.2 Show changes in the Cash Journals for June 2019. (11)
- 2.3 Calculate the correct Bank Account balance on 30 June 2019. (4)
- 2.4 Prepare the Bank Reconciliation Statement on 30 June 2019. (8)

**INFORMATION:****A. Extract: Bank Reconciliation Statement on 31 May 2019**

<b>Outstanding deposit</b>		R9 500
<b>Outstanding cheques</b>		
<b>No.</b>	<b>Date</b>	
321	10 December 2018	R1 500
427	14 May 2019	R1 400
444	27 May 2019	R4 670
516	28 May 2019	R7 950
<b>Favourable balance on Bank Account</b>		<b>R9 200</b>

**NOTE:**

- The outstanding deposit appeared on the June Bank Statement.
- Cheque 321 was issued for the owner's club fees. It was never deposited.
- Cheque 427 did not appear on the June Bank Statement. It was lost and a new cheque will be issued in July.
- Cheque 444 did not appear on the June Bank Statement.
- Cheque 516 appeared on the June Bank Statement with the correct amount of R5 250.

**B. Provisional totals in the Cash Journals on 30 June 2019 before receiving the Bank Statement:**

Cash Receipts Journal: R27 470  
 Cash Payments Journal: R32 400

**C. Entries in the Cash Journals NOT on the June Bank Statement:**

- Deposit, R9 675
- EFT 14 (30 June 2019), R3 800
- Cheque 522 (12 August 2019), R4 580

**D. Entries on the June 2019 Bank Statement NOT in the Cash Journals:**

DATE	DETAILS	R
15	Debit order: Micro Insurance*	1 125
	Debit order: Micro Insurance*	1 125
16	Unpaid cheque (debtor, B Marais)	1 200
25	M Malan (EFT by tenant)	2 800
30	Interest income	130
30	Service fees	175

\*Insurance appeared twice in error. This will be rectified next month.

**E. Bank Statement balance on 30 June 2019: ...?**

**QUESTION 3: INVENTORY VALUATION AND CONTROL (40 marks; 30 minutes)**

George Grande is the majority shareholder and CEO of Grande Ltd. The company supplies hotels with cabinets and lamps.

The periodic system is used. The year-end is 30 September 2019.

**REQUIRED:****CABINETS**

- 3.1 Calculate the value of the closing stock for cabinets on 30 September 2019 using the first-in first-out method. (5)
- 3.2 In 2019, the company decided to extend the target market and to grant trade discounts to increase sales.
- 3.2.1 Calculate the % mark-up achieved in 2019. (3)
- 3.2.2 Provide TWO points (with figures) to prove that this decision achieved its aims. (4)
- 3.2.3 The CEO feels that this decision also negatively affected the company.
- Provide TWO points (with figures) to support his opinion. (4)
  - Give the directors advice to solve this problem. Explain TWO points. (2)

**LAMPS**

- 3.3 Calculate the stockholding period for lamps (use closing stock). (3)
- 3.4 George is concerned about the control of lamps. An investigation revealed that the store manager was supplying local boarding houses with lamps without documentation.
- Calculate the number of missing lamps. (4)
  - Give TWO suggestions to solve this problem. (2)

**TELEVISION SETS**

- 3.5 During April 2019, while George was in hospital, Bruce Swann (the chief financial officer) decided to include television sets in their product range. He was able to secure bulk discounts from Roseway on two TV set models, namely LYN and KYA.
- Calculate the value of the closing stock of TV sets on 30 September 2019 using the specific identification method. (7)
- 3.6 An employee of Roseway told George that Bruce received a 10% 'commission' from Roseway for buying excess stock. George wants to discuss this at the next board meeting.
- Explain THREE different concerns that George would have about this problem. (6)



**INFORMATION:****A. Stock records of cabinets and lamps:**

	CABINETS			LAMPS	
	UNITS	UNIT PRICE	TOTAL	UNITS	TOTAL
<b>Stock balances</b>					
1 Oct. 2018	370	R800	R296 000	600	R108 000
30 Sep. 2019	280		?	265	R59 625
<b>Purchases: 2019</b>					
January	800	R920	R736 000	1 200	R240 000
April	1 200	R990	R1 188 000	1 800	R432 000
July	250	R1 100	R275 000	800	R210 000
<b>Total</b>	<b>2 250</b>		<b>R2 199 000</b>	<b>3 800</b>	<b>R882 000</b>
<b>Returns</b>	<b>20</b>	R1 100			
<b>Sales</b>				<b>3 675</b>	
<b>Cost of sales</b>					<b>R930 375</b>

**B. Information relating to cabinets:**

	2019	2018
Sales	R3 480 000	R3 375 000
Cost of sales	R2 170 500	R1 950 000
Gross profit	R1 309 500	R1 425 000
Units sold	2 320	2 500
Selling price per unit	R1 500	R1 400
% mark-up achieved	?	73%
Customers on record	37	26

**C. Stock records of television sets:**

	MODELS	UNITS	UNIT PRICE	TOTAL
<b>Purchases</b>				
May 2019	LYN	800	R6 000	R4 800 000
	KYA	950	R7 200	R6 840 000
July 2019	LYN	500	R6 000	R3 000 000
	KYA	500	R7 200	R3 600 000
<b>TOTAL</b>		<b>2 750</b>		<b>R18 240 000</b>
<b>Sales</b>				
	LYN	430	R8 400	R3 612 000
	KYA	540	R10 080	R5 443 200

**QUESTION 4: BUDGETING, PROJECTIONS AND CONTROL (40 marks; 35 minutes)**

The financial year-end of Carpets Galore (Pty) Ltd is 31 October 2019. Thembi Tsomi is the sole shareholder and director.

- 4.1 Indicate amounts in the appropriate blocks for the Cash Budget and Projected Income Statement for three months ending 31 January 2020.
- A printer costing R40 800 will be bought for cash on 30 November 2019. Depreciation will be R680 per month.
  - On 1 January 2020, R48 000 will be paid for a 12-month insurance contract.
  - A loan of R100 000 will be received from Viva Bank on 31 December 2019. This will be repaid in equal instalments over 20 months, commencing on 31 January 2020. Interest at 12% p.a. is paid monthly and is not capitalised. (11)

4.2 **Refer to Information A: Debtors' Collection Schedule.**

Thembi is preparing projections for the period commencing 1 November 2019. Thembi does not grant discount for early payment.

Calculate the % of debtors:

- Who settle their accounts in the 2<sup>nd</sup> month following the credit sales transaction month (3)
- Written off as bad debts at the end of the 3<sup>rd</sup> month following the credit sales transaction month (4)

4.3 **Refer to Information B: Projected Income Statement for September and October.**

- 4.3.1 The office workers are unhappy with the increase that Thembi gave them on 1 October 2019. Explain what she should say to them. Provide TWO points. Quote figures or a calculation. (6)
- 4.3.2 Thembi pays her son, Jacob, to deliver and install carpets for customers. She budgets R2,80 per metre for this. Comment on the control of this expense. Quote figures or a calculation. (4)
- 4.3.3 A new competitor commenced trading in the area on 1 September 2019.
- Provide figures to illustrate the impact on sales in September. (2)
  - Explain THREE decisions that Thembi took in October in response to the new competitor. Quote figures or a calculation. (6)
- 4.3.4 Stock sold is replaced in the same month. 50% of the stock is bought on credit. Creditors are paid in the month following the purchases month to receive a 5% discount.

Calculate the **actual** amount payable to creditors in November 2019. (4)

**INFORMATION:****A. Debtors' Collection Schedule for the period ending 31 January 2020:**

	CREDIT SALES	COLLECTIONS		
		NOV. 2019	DEC. 2019	JAN. 2020
August	R80 000	R17 600		
September	90 000	67 500	R19 800	
October	100 000		75 000	R22 000
November	120 000			90 000
			<b>R94 800</b>	<b>R112 000</b>

**B. Information identified from the Projected Income Statement:**

	SEPTEMBER 2019		OCTOBER 2019	
	Projected	Actual	Projected	Actual
Metres sold	4 900 m	3 800 m	5 000 m	6 000 m
Selling price per metre	R100	R100	R100	R88
Cost price per metre	R60	R60	R60	R60
Sales: cash	R400 000	R310 000	R400 000	R132 000
: credit	90 000	70 000	100 000	396 000
<b>Total sales</b>	<b>490 000</b>	<b>380 000</b>	<b>500 000</b>	<b>528 000</b>
<b>Cost of sales</b>	<b>(300 000)</b>	<b>(228 000)</b>	<b>(300 000)</b>	<b>(360 000)</b>
Gross profit	190 000	152 000	200 000	168 000
Director's fees	50 000	50 000	50 000	40 000
Wages: Office workers	9 200	9 200	9 200	11 040
Salary: Salesperson	20 000	20 000	20 000	0
Commission: Salesperson	0	0	0	52 800
Advertising	5 000	5 000	5 000	5 000
Packing materials	2 500	1 900	2 500	2 550
Delivery and installation of carpets	14 000	14 000	14 000	16 800
Staff training	15 000	0	15 000	40 000

40

**TOTAL: 150**

<b>GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET</b>	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities
(Current assets – Inventories) : Current liabilities	Non-current liabilities : Shareholders' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$ (*See note below)
$\frac{\text{Net income before tax} + \text{Interest on loans}}{\text{Average shareholders' equity} + \text{Average non-current liabilities}} \times \frac{100}{1}$	
$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$
$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$	$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable costs per unit}}$	
<b>Note:</b>	
* In this case, if there is a change in the number of issued shares during a financial year, the weighted average number of shares is used in practice.	

STICKER

CENTRE NUMBER

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EXAMINATION NUMBER

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**NATIONAL SENIOR CERTIFICATE**

**ACCOUNTING P2**

**MANAGERIAL ACCOUNTING, INTERNAL AUDITING  
AND CONTROL**

**EXEMPLAR 2020**

**GRADE 12**

***SPECIAL ANSWER BOOK***

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
4			
<b>TOTAL</b>			

**This answer book consists of 9 pages.**



**1.3 CHAIRS FACTORY**

**1.3.1 Provide a calculation to confirm the break-even point for 2019.**

Workings	Answer

4

**1.3.2 Comment on the break-even point and the production level achieved. Quote figures.**

--

4

**1.3.3 Sihle feels that wood raw material was not well controlled. Provide a calculation to support his opinion.**

<b>Identify TWO possible causes of this problem. Provide a solution for EACH.</b>		
	POSSIBLE CAUSES	SOLUTION FOR EACH
Cause 1		
Cause 2		

4

4

**1.3.4 Give TWO reasons for the increase in direct labour cost. Provide a solution for EACH.**

	REASONS	SOLUTION FOR EACH
Reason 1		
Reason 2		

4

<b>TOTAL MARKS</b>
<b>40</b>

**QUESTION 2**

**2.1.1 State THREE advantages of EFTs.**

<b>Advantage 1</b>	
<b>Advantage 2</b>	
<b>Advantage 3</b>	

3
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**2.1.2 Janet, the bookkeeper, has been assigned the duty of processing and controlling all EFTs.**

**Explain TWO reasons why the internal auditor is concerned about this.**

<b>Reason 1</b>	
<b>Reason 2</b>	

4
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**2.2 Show changes in the Cash Journals for June 2019.**

<b>CASH RECEIPTS JOURNAL</b>		<b>CASH PAYMENTS JOURNAL</b>
27 470	Provisional totals	32 400
	<b>TOTALS</b>	

11
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**2.3 Calculate: Bank Account balance**

<b>Workings</b>	<b>Answer</b>

4
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**QUESTION 3****CABINETS**

<b>3.1</b>	<b>Calculate the value of the closing stock using the FIFO method.</b>		
	<b>Workings</b>	<b>Answer</b>	
			5
<b>3.2.1</b>	<b>Calculate the % mark-up achieved in 2019.</b>		
	<b>Workings</b>	<b>Answer</b>	
			3
<b>3.2.2</b>	<b>Provide TWO points (with figures) to prove that this decision achieved its aims.</b>		
	<b>Point 1</b>		
	<b>Point 2</b>		4
<b>3.2.3</b>	<b>The CEO feels that this decision also negatively affected the company. Provide TWO points (with figures) to support his opinion.</b>		
	<b>Point 1</b>		
	<b>Point 2</b>		4
	<b>Give the directors advice to solve this problem. Explain TWO points.</b>		
	<b>Point 1</b>		
	<b>Point 2</b>		2

**LAMPS**

3.3

Calculate the stockholding period for lamps (use closing stock).	
Workings	Answer

3

3.4

Calculate the number of missing lamps.	
Workings	Answer
Give TWO suggestions to solve this problem.	
Suggestion 1	
Suggestion 2	

4

2

**TELEVISION SETS**

3.5

Calculate the value of the closing stock of TV sets on 30 September 2019 using the specific identification method.	
Workings	Answer

7

3.6

Explain THREE different concerns that George would have about this problem.	
Concern 1	
Concern 2	
Concern 3	

6

TOTAL MARKS
40

**QUESTION 4**

4.1

	CASH BUDGET			PROJECTED INCOME STATEMENT		
	Nov. 2019	Dec. 2019	Jan. 2020	Nov. 2019	Dec. 2019	Jan. 2020
Printer bought						
Depreciation						
Insurance						
Loan received						
Loan repayments						
Interest						

11

4.2

Thembi is preparing projections for the period commencing 1 November 2019. Thembi does not grant discount for early payment.

Calculate the % of debtors who settle their accounts in the 2<sup>nd</sup> month following the credit sales transaction month.

Workings	Answer

3

Calculate the % of debtors written off as bad debts at the end of the 3<sup>rd</sup> month following the credit sales transaction month.

Workings	Answer

4

4.3.1

The office workers are unhappy with the increase that Thembi gave them on 1 October 2019. Explain what she should say to them. Provide TWO points. Quote figures or a calculation.

	Explanations	Figures/Calculations
Point 1		
Point 2		

6

4.3.2

Thembi pays her son, Jacob, to deliver and install carpets for customers. She budgets R2,80 per metre for this.

Comment on the control of this expense. Quote figures or a calculation.

--

4

4.3.3

A new competitor commenced trading in the area on 1 September 2019.

Provide figures to illustrate the impact on sales in September.

--

2

Explain THREE decisions that Thembi took in October in response to the new competitor. Quote figures or a calculation.

	Explanation (with figures)
Decision 1	
Decision 2	
Decision 3	

6

4.3.4

Calculate the actual amount payable to creditors in November 2019.

Workings	Answer

4

TOTAL MARKS
40

TOTAL: 150



# basic education

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Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

### **ACCOUNTING P2 MANAGERIAL ACCOUNTING, INTERNAL AUDITING AND CONTROL EXEMPLAR 2020 MARKING GUIDELINES**

**MARKS: 150**

#### **MARKING PRINCIPLES:**

1. Unless otherwise indicated 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 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.
7. These marking guidelines are 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.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: Check operation must be +, -, x, ÷, or per marking guidelines.
11. In calculations, do not award marks for workings if numerator and 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.

**These marking guidelines consist of 9 pages.**

**QUESTION 1**

<b>1.1</b>	<b>1.1.1</b>	False ✓
	<b>1.1.2</b>	True ✓
	<b>1.1.3</b>	True ✓

<b>3</b>
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**1.2 DESKS FACTORY**

<b>1.2.1</b>	<b>Factory Overhead Cost Note</b>	
	<b>Indirect labour</b>	<b>R296 500</b>
	<b>Depreciation on factory plant</b>	<b>166 000</b>
	Water and electricity (248 000 + 18 000) x 80% OR – 53 200 198 400 + 14 400	212 800 ✓✓* <small>*one part correct</small>
	Factory rent (345 600 x 810/1080) or – 86 400	259 200 ✓✓* <small>*one part correct</small>
	Insurance (12 600 x 75/25) or x 3 OR 50 400 – 12 600	37 800 ✓✓* <small>*one part correct</small>
	Factory sundry expenses	107 700 ✓
	-1 (Foreign items) Advertising                      *one part correct	1 080 000 ✓✓* <small>*one part correct</small>

<b>8</b>
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<b>1.2.2</b>	<b>Calculate the total cost of production of finished goods.</b>	
	<b>Workings</b>	<b>Answer</b>
	$3\ 060\ 000 \quad + \quad 1\ 440\ 000 \quad + \quad 1\ 080\ 000$ <small>9 000 x 160 two or no marks</small> ✓                      ✓✓                      ✓ see 1.2.1	R5 580 000 ✓ one part correct
	<b>OR</b> units                      DMC/u                      DLC/u                      FOHC/u <small>620                      three marks</small> $9\ 000 \times (340 + 160 + 120)$ <small>one mark                      one mark                      one mark                      one method mark</small>	three marks (see 1..2.1 ÷ 9 000) + 500

<b>5</b>
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<b>1.2.3</b>	<b>Sihle wants to produce an additional 1 500 desks. Calculate the additional profit he can expect.</b>	
	<b>Workings</b>	<b>Answer</b>
	Extra units x Contribution per unit $1\ 500 \times 170$ <small>750 one mark – 580 one mark [340+160+80]</small> ✓                      ✓ ✓ ✓	Correct operation & one part correct ✓ R255 000

<b>4</b>
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**1.3 CHAIRS FACTORY**

**1.3.1 Provide a calculation to confirm the break-even point for 2019.**

Workings	Answer
16 000 x 96 or 1 536 000 two marks $1\ 216\ 000 \checkmark + 320\ 000 \checkmark$ $390 \checkmark - 305 \checkmark$ 85 two marks  OR: Sales VC FC $7\ 047\ 690 - 5\ 511\ 655 - 1\ 536\ 000 = 35$ or 0 one mark each	N/A

4

**1.3.2 Comment on the break-even point and the production level achieved. Figures.**

If differences are shown for figures, this carries two marks

Comment on BEP ✓ Figures ✓ Comment on production ✓ Figures ✓

Reponses for four marks:

- Produced 16 000 units but BEP is 18 071 (or see 1.3.1) units so they will make a loss
- Produced 2 071 less than BEP so they will make a loss.
- Production increased from 15 000 to 16 000 units (by 1 000) and BEP increased from 12 400 to 18 071 units (by 5 671)
- In 2018 they made a profit on 2 600 units.

4

**1.3.3 Sihle feels that wood raw material was not well controlled. Calculation.**

METRES	Actual issue: 22 000 m ✓ Budget: 16 000 ✓ x 1,2 ✓ = 19 200 m ✓ OR Wastage = 2 800 m four marks Choose one line
OR UNITS	Expected: 22 000 one mark/1,2 one mark = 18 334 one mark Actual: 16 000 one mark OR 2 334 fewer chairs made four marks Choose one line
OR TOTAL COSTS	22 000 one mark x 120 16 000 one mark x 1,2 one mark x 120 one mark Expected: = R2 640 000 Actual = R2 304 000 OR Extra cost = R336 000 four marks Choose one line
OR UNIT COSTS	Expected: 1,2 one mark x R120 one mark = R144 one mark Actual= R165 one mark OR Extra unit cost = R21 per unit extra four marks Choose one line
OR % PROD	DMC increased by 33% (R165 – R124; 41 ÷ 124) two marks Units produced increased by 7% (1 000 ÷ 15 000) two marks

4

**Identify TWO possible causes of this problem. Solution for EACH.**

	POSSIBLE CAUSES	SOLUTION FOR EACH
✓ ✓ TWO valid & different causes with solutions ✓ ✓	Wastage/Unskilled workers	Train workers; supervise regularly Use technology (stencils/templates)
	Damage (fire/water)	Secure storage/Check deliveries
	Theft of wood	Internal controls/Stock counts/Supervision/Buy in smaller quantities/Install cameras
	Poor quality wood	Source other suppliers/Check deliveries

4

**1.3.4 Give TWO reasons for the increase in direct labour cost. Solution for EACH.**

	REASONS	SOLUTION FOR EACH
✓ ✓ TWO valid & different reasons with solutions ✓ ✓	Load shedding	Generator or solar power
	Workers dissatisfied with increase/Protests	Engagement/Communicate with union
	Inflation/Wage increase/Bonus	Improve productivity
	Overtime	Restrict overtime/More workers (avoid overtime)
	Inefficient/Slow workers	Pay per unit produced/Improve monitoring procedures/Training programme

4

<b>TOTAL MARKS</b>
<b>40</b>



**QUESTION 2****2.1.1 State THREE advantages of EFTs.**

✓ ✓ ✓ THREE different & valid advantages	Less fraud
	Convenient or easy to use
	Can be done from business; not restricted to business hours/ Time-saving
	Payment/Receipts are instant/Account is updated immediately/ No long queues to deal with
	Cheaper bank charges

3

**2.1.2 Janet, the bookkeeper, has been assigned the duty of processing and controlling all EFTs.****Explain TWO reasons why the internal auditor was concerned about this.**

Part marks for unclear answer.

✓✓ ✓✓ TWO different & valid reasons	Too many related job functions/No division of duties (no checks and balances)/Possible fraud
	She may be negligent in performing her duties.
	Lack of supervision can result in abuse/Payments not made on time
	If Janet is absent, there may not be any continuity.

4

**2.2 Show the changes in the Cash Journals for June 2019.**

CASH RECEIPTS JOURNAL		CASH PAYMENTS JOURNAL
27 470	Provisional totals	32 400
-1 if 1 125 entered here and entered only once in CPJ	For one mark: R1 125 in CRJ & R1 125 x 2 in CPJ	1 125 ✓
1 500 ✓✓		
1 400 ✓✓		1 200 ✓
(7 950 – 5250) 2 700 ✓✓	Two marks or 0 7 950 CRJ one mark 5 250 CPJ one mark	
		175 ✓
2 800 ✓		
130 ✓		
36 000	<b>TOTALS</b>	34 900

11

-1 Foreign or superfluous items max -1 e.g. 9 500

**2.3 Calculate: Bank Account balance**

Workings	Answer
$9\,200 + 36\,000 - 34\,900$ ✓            ✓            ✓ see 2.2    see 2.2	one part correct 10 300 ✓

4

2.4

BANK RECONCILIATION STATEMENT ON 30 JUNE 2019		
	DEBIT	CREDIT
Cr Balance per bank statement	Balancing figure Could be Dr or Cr	12 550 <input checked="" type="checkbox"/>
Cr Outstanding deposit		9 675 ✓
Cr Incorrect entry		1 125 ✓
Dr Outstanding cheques/EFTs		
444	4 670 ✓✓	
522	4 580 ✓	
EFT 14	3 800 ✓	
Dr Balance per bank account	see 2.3 10 300 <input checked="" type="checkbox"/>	Do not accept 9 200
	23 350	23 350

8

If DEBIT/CREDIT columns not indicated, assume first column Debit  
 Brackets not acceptable for two column method  
 -1 Foreign items (if marks scored elsewhere for the amount) -1 max  
 -1 max Presentation (if no/incorrect details)

OR

## VERTICAL METHODS (choose ONE):

Balance per bank statement	12 550	Balance per bank account	10 300
Outstanding deposit	9 675	Outstanding deposit	(9 675)
Incorrect entry	1 125	Incorrect entry	(1 125)
Outstanding cheques/EFTs		Outstanding cheques/EFTs	
444	(4 670)	444	4 670
522	(4 580)	522	4 580
EFT 14	(3 800)	EFT 14	3 800
Balance per bank account	10 300	Balance per bank statement	12 550

TOTAL MARKS

30

**QUESTION 3****CABINETS**

<b>3.1</b>	<b>Calculate the value of closing stock using the FIFO method.</b>		
	<b>Workings</b>	<b>Answer</b>	
	$(230 \checkmark \times 1\,100 \checkmark) + (50 \checkmark \times 990 \checkmark)$ 253 000                      49 500	<b>All correct</b> R302 500 ✓	<b>5</b>
<b>3.2.1</b>	<b>Calculate the % mark-up achieved in 2019.</b>		
	<b>Workings</b>	<b>Answer</b>	
	$\frac{1\,309\,500 \checkmark}{2\,170\,500 \checkmark} \times 100$	<b>All correct</b> 60,3% ✓	<b>3</b>
<b>3.2.2</b>	<b>Provide TWO points (with figures) to prove that this decision achieved its aims.</b>		
	✓ ✓ TWO different & valid points	Sales increased to R3 480 000 (from R3 375 000)/by R105 000/by 3,1%	
	✓ ✓ Figures	Number of customers increased to 37 (from 26)/by 11/by 42%	<b>4</b>
<b>3.2.3</b>	<b>The CEO feels that this decision also negatively affected the company. Provide TWO points (with figures) to support his opinion.</b>		
	<b>Do not accept Mark-up % here</b>		
	✓ ✓ TWO different & valid points	Gross profit decreased to R1 309 500 (from R1 425 000)/by R115 500/ by 8,1%/Cost of sales increased to R2 170 500 (from 1 950 000)/by R220 500/by 11,30%	
	✓ ✓ Figures	Average units per customer dropped to 63 (from 96) (2 500/26) (2 320/37)/by 33/by 34%	
		Units sold dropped by from 2 500 to 2 320/by 180/by 7,2%	<b>4</b>
	<b>Give the directors advice to solve this problem. Explain TWO points.</b>		
	✓ ✓ TWO different & valid points	Restrict (be selective with) trade discounts to good customers only	
		Find a cheaper supplier (to compensate for keeping selling prices low)	
		Increase marketing/advertising in areas outside the current areas targeted	
		Provide other incentives such as after-sales services, maintenance or free deliveries	<b>2</b>

**LAMPS**

<b>3.3</b>	<b>Calculate the stockholding period for lamps (use closing stock).</b>		<b>3</b>
	<b>Workings</b>	<b>Answer</b>	
	<b>OR</b> $\frac{59\ 625 \checkmark \times 365}{930\ 375 \checkmark \times 1} = \frac{265 \text{ one mark}}{3\ 675 \text{ one mark}} \times \frac{365}{1}$	one part correct one method mark 23,4 days <input checked="" type="checkbox"/> OR 0,8 months OR 26,3 days OR 0,9 months	

<b>3.4</b>	<b>Calculate the number of missing lamps.</b>		<b>4</b>
	<b>Workings</b>	<b>Answer</b>	
	$3\ 675 - 4\ 135$ (600 + 3 800 - 265)	All correct 460 $\checkmark$	

<b>Give TWO suggestions to solve this problem.</b>		<b>2</b>
TWO valid & different suggestions	Divide duties/Delegate to different employees	
	Threaten strong disciplinary action (in future)/Recover cost from culprit	
	Increase supervision at regular intervals/Random physical inspection of stock	
	Change to the perpetual inventory system to record stock	
	CCTV as an internal control measure	
	Insist on proper documents for all stock supplied	

**TELEVISION SETS**

<b>3.5</b>	<b>Calculate the value of the closing stock of TV sets on 30 September 2019 using the specific identification method.</b>		<b>7</b>
	<b>Workings</b>	<b>Answer</b>	
	<b>LYN:</b> $7\ 800\ 000 \checkmark - 2\ 580\ 000 \checkmark \checkmark = R5\ 220\ 000$ (4 800 000 + 3 000 000) (430 x 6 000) three marks [(800 + 500) x 6 000] OR 870 two marks x R6 000 one mark (1 300 - 430)	One part correct R11 772 000 <input checked="" type="checkbox"/>	
	<b>KYA:</b> $10\ 440\ 000 \checkmark - 3\ 888\ 000 \checkmark \checkmark = R6\ 552\ 000$ (6 840 000 + 3 600 000) (540 x 7 200) three marks (1 450 x R7 200) OR 910 two marks x R7 200 one mark (1 450 - 540)		

<b>3.6</b>	<b>Explain THREE different concerns George would have about this problem.</b>		<b>6</b>
	THREE different & valid concerns $\checkmark \checkmark \checkmark \checkmark \checkmark$ part-marks for partial or incomplete answers	Directors engaging in fraud and corruption/Bribes/Conflict of interests	
		Unethical behaviour of CFO places the company placing at risk	
		Image of the company negatively affected/Will affect the share price and further investments from potential investors	
		High stock value is tied up in stock/Obsolete/Affects liquidity	
		Shareholders may want to sell their shares	
		It will negatively affect the audit report	
		Business will lose goodwill as it is unethical	

<b>TOTAL MARKS</b>
<b>40</b>

## QUESTION 4

4.1 Foreign entries  
-1 max -2

	CASH BUDGET			PROJECTED INCOME STATEMENT		
	Nov. 2019	Dec. 2019	Jan. 2020	Nov. 2019	Dec. 2019	Jan. 2020
Printer bought	40 800 ✓					
Depreciation					680 ✓	680 ✓
Insurance			48 000 ✓			4 000 ✓✓
Loan received		100 000 ✓				
Loan repayments			*5 000 ✓			
Interest			*1 000 ✓✓			1 000 ✓

11

4.2 Calculate the % of debtors who settle their accounts in the 2<sup>nd</sup> month following the credit sales transaction month.

Workings	Answer
$\frac{67\,500}{90\,000} \times 100$ <p>✓ or <math>\frac{75\,000}{100\,000} \times 100</math> or <math>\frac{90\,000}{120\,000} \times 100</math>            ✓                  ✓                  ✓</p>	One part correct 75% ✓

3

Calculate the % of debtors written off as bad debts at the end of the 3<sup>rd</sup> month following the credit sales transaction month.

Workings	Answer
$\frac{90\,000 - 67\,500 - 19\,800}{90\,000} \times 100$ <p>(2 700 ✓✓ ÷ 90 000 ✓) x 100</p> <p>OR <math>\frac{100\,000 - 75\,000 - 22\,000}{100\,000} \times 100</math>            two marks                  one mark</p> <p style="text-align: center;">see above    19 800/90 000 or 22 000/100 000</p> <p>OR 100% – 75% – 22%                  –97% two marks            one mark    one mark    one mark</p>	One part correct 3% ✓

4

4.3.1 The office workers are unhappy with the increase that Thembi gave them on 1 October 2019. Explain what she should say to them. Provide TWO points. Quote figures or a calculation. Only one figure required per point.

Part-marks for partial or incomplete answers ✓✓ ✓✓ Any two valid and different points  ✓                  ✓ Figures/Calculations	They received a (large) increase of 20% (unbudgeted; which is more than inflation) ( $1\,840/9\,200 = 20\%$ ) <span style="color: yellow;">'Large' need not be mentioned if 20% is provided.</span>
	Sales target (under by R110 000)/GP target (under by R32 000) not reached but increase in wages (20%) granted
	The director took a R10 000 drop in pay/Reduced from R50 000 to R40 000/by 20%
	They received training costing R40 000 (R25 000 over budget) which will benefit them in future

6

**4.3.2 Thembi pays her son, Jacob, to deliver and install carpets for customers. She budgets R2,80 per metre for this. Comment on the control of this expense. Quote figures or a calculation.**

Comment on poor control/ethics in September ✓ Figure(s) ✓  
 Comment on good control in October ✓ Figure(s) ✓

Expected responses for September:

He was overpaid in September (even though he did not meet target)

Figures: R14 000/R10 640/R3 360

Expected responses for October:

He was paid correctly (although it was over-budget; due to improved sales)

Figures: R16 800/R14 000/R2 800

**Workings: September:**

Budget: 5 000 x 2,80 = R14 000

Actual should be 3 800 x 2.80 = R10 640 but spent R14 000

**Workings: October:**

Budget = R14 000

Actual should be 6 000 x 2.80 = R16 800

4

**4.3.3 A new competitor commenced trading in the area on 1 September 2019. Provide figures to illustrate the impact on sales in September.**

Comment ✓ Figure(s) ✓

Compare budgeted Sales to actual Sales

Sales budget was R490 000 and the actual was R380 000/R110 000 under the budgeted amount/22,4% drop from expected

OR Compare expected metres to actual metres

Two marks

Sales dropped from 4 900 m<sup>2</sup> budgeted to 3 800 m<sup>2</sup> actual/1 100 m<sup>2</sup> under budget/22,4% less than expected

2

**Explain THREE decisions that Thembi took in October in response to the new competitor. Quote figures or a calculation.**

**Explanation (with figures)**

✓ ✓ ✓

Any THREE valid and different decisions

Promoted credit sales R296 000 above budget (R326 000 increase in actual) with incentives as opposed to cash sales (e.g. discount or extended payment period)

Reduced the selling price per m to R88 per m (from R100)/Reduced mark up from 67% to 47%

✓ ✓ ✓

Figures

Spent R40 000 on training but budgeted only R15 000/Training increased to R40 000 in October (over-budget by R25 000)

Changed the salary structure of the salesman from a fixed salary of R20 000 pm to a commission of R52 800/10% of sales

6

**4.3.4 Calculate the actual amount payable to creditors in November 2019.**

**Workings**

**Answer**

528 000 x 60/88

✓

✓

✓

360 000 x 50% x 95%

Oct COS

R171 000 ✓

one part correct

4

**TOTAL MARKS**

40

**TOTAL: 150**