



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2020

**ACCOUNTING P2
MANAGERIAL ACCOUNTING, INTERNAL
AUDITING AND CONTROL
MARKING GUIDELINE**

MARKS: 150

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate has not lost marks elsewhere in the question for that item (no foreign item penalty for misplaced items). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate has earned marks on the figures for that item.
3. Full marks for correct answer. If the answer is 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).
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 the reasonableness of the answer before awarding the mark.
10. 'Operation' means 'Check operation'. 'One part correct' means 'Operation and one part correct'.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such case, do not award the method mark. Indicate by way of .
12. Be aware that some candidates provide valid alternatives beyond the memorandum.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 10 pages.

QUESTION 1

1.1 BANK RECONCILIATION

BANK RECONCILIATION STATEMENT ON 31 JULY 2020		
	Debit	Credit
Balance according to Bank Statement		✓ 3 600
Outstanding deposit		✓ 15 200
Outstanding cheques		
No. 231	✓ 2 020	
No. 235	✓ 1 570	
Incorrect entry on Bank Statement	✓✓ 3 800	
Balance according to Bank Account	☑ 11 410	
	18 800	☑ 18 800

8

-1 Foreign entries (max. 2)

both totals

1.2 DEBTORS' AGE ANALYSIS

1.2.1 How does the preparation of the Debtors' Age Analysis assist in the control of debtors?

It shows which debtors do not keep to their credit terms. ✓ Action can then be taken to encourage them to pay. ✓ Bad debts can be kept to a minimum. ✓

3

1.2.2 How much is owed by the debtors on 31 May 2020?

$4\,250 + 970 + 3\,500 + 3\,075 + 9\,635 = 21\,430$ ☑☑

2

1.2.3 Which debtor would you gladly give a credit reference?

H. Hastie ✓✓

2

1.2.4 Which debtor would be 'handed over', and what does this mean?

P. Platsak. ✓ This means the account will be handed over to an attorney ✓ who will contact the debtor and give him a certain time to pay the account. If the debtor does not pay the account, he can be sued. ✓

3

1.3 CREDITORS' RECONCILIATION

1.3.1 What is the purpose of reconciling the balance on the Creditors' Control Account with the total of the Creditors' List from the Creditors' Ledger? State TWO points.

TWO valid points ✓✓ ✓✓

The reconciliation of the balance on the Creditors' Control Account and the total of the Creditors' List is a means of internal control to ensure that no errors have been made so that the creditor is paid the correct amount and the correct amount of discount is received.

- It will assist the business in detecting errors/omissions in their books.
- It will show errors/omissions in the statement received.
- Detect fraudulent activities and take action.

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1.3.2 Record the errors and omissions in the given table and calculate the correct balance and total.

	Creditors' Control Account	Creditors' List
Preliminary balance/total	R74 715	R32 595
A		900 ✓
B	3 720 <input checked="" type="checkbox"/>	3 720 ✓
C (720 – 270)		(450) ✓✓
D (16 400 x 2)	(32 800) ✓✓	
E	43 ✓	43 ✓
F		8 870 ✓
Correct balance/total *one part correct	45 678 <input checked="" type="checkbox"/> *	45 678 <input checked="" type="checkbox"/> *

12

TOTAL MARKS
34

QUESTION 2

2.1 VAT CONCEPTS

Change the underlined parts in the following sentences to make the statements TRUE. Write the answer next to the question number.

2.1.1 SARS / South African Revenue Service ✓

2.1.2 Zero / 0% ✓

2

2.2 VAT CALCULATIONS

Calculate the correct amount of VAT the business has to pay. Show ALL workings.

$$43\,820 \checkmark + (1\,413 \checkmark\checkmark + 2\,790 \checkmark\checkmark + 756 \checkmark + 112 \checkmark) - (6\,818 \checkmark + 184 \checkmark\checkmark)$$

$$5\,071 \text{ (6 marks)} \qquad 7\,002 \text{ (3 marks)}$$

$$= 41\,889 \checkmark \checkmark \text{ One part correct}$$

OR $43\,820 + 1\,413 + 2\,790 + 756 + 112 - 6\,818 - 184$

OR $-43\,820 - 1\,413 - 2\,790 - 756 - 112 + 6\,818 + 184$

VAT CONTROL

6 818	43 820
184	1 413
41 889	2 790
	756
	112
48 891	48 891

12

2.3 INVENTORY VALUATION

2.3.1 Calculate the following in respect of the ladies' watches on 31 August 2020.

(a) Value of closing stock

$$1 \times 6\,500 \quad 5 \times 6\,800 \quad 2 \times 7\,300 \quad 3 \times 7\,800$$

$$6\,500 \checkmark + 34\,000 \checkmark + 14\,600 \checkmark + 23\,400 \checkmark$$

$$= 78\,500 \checkmark \text{ One part correct } (1 + 5 + 2 + 3 = 11 \text{ units}) / 47 - 36 = 11$$

5

(b) Cost of sales

330 000 two marks

$$78\,000 \checkmark + 252\,000 \checkmark - 78\,500 \checkmark \text{ (see above)}$$

$$= 251\,500 \checkmark \checkmark \text{ One part correct}$$

OR

$$440\,125 \times 100/175 = 251\,500$$

$$(1 \text{ mark}) \quad (2 \text{ marks}) \quad (1 \text{ mark}) (1 \text{ w/w})$$

OR

$$71\,500 \text{ (11 x 6 500)}$$

$$68\,000 \text{ (10 x 6 800)}$$

$$73\,000 \text{ (10 x 7 300)}$$

$$39\,000 \text{ (05 x 7 800)}$$

$$\underline{251\,500}$$

5

(c) Stock-holding period (in days) using average stock

78 250 2 marks see 2.3.1 (a)

$$\frac{1}{2} (78\,000 \checkmark + 78\,500 \checkmark) \times 365 = 113,6 \text{ days } \checkmark \text{ One part correct}$$

251 500 see 2.3.1 (b) Accept 114 days

4

2.3.2

Calculate the following in respect of the men’s watches on 31 August 2020:

(a) Value of closing stock

304 150 (3 marks)

$$\begin{array}{r} 32\,300 \checkmark + 259\,900 \checkmark + 11\,950 \checkmark \\ \hline 95 \checkmark + 675 \checkmark \\ \hline 770 \text{ (2 marks)} \\ = 395 \end{array}$$

395 x 92 = 36 340 One part correct

7

(b) Sales

(770 – 92) = 678 (units sold) (2 or 0)

678 x R520 = 352 560 One part correct

3

2.3.3

Explain why the business uses different methods to value each type of watch. State ONE valid point.

One valid point

- Ladies’ watches are sold at high prices. Small quantities are purchased.
- Each item can be monitored individually.
- The value changes continuously.

Men’s watches are sold at low prices. Large quantities are purchased. The value of the watches are almost the same.

2

TOTAL MARKS
40

QUESTION 3

3.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (3.1.1–3.1.2).

3.1.1	True	✓
3.1.2	False	✓

2

3.2.1 Note for Direct Material Costs

Balance at the beginning of the year	210 000	
Purchases (1 425 000 – 210 000 – 180 000)	1 035 000	✓ <input checked="" type="checkbox"/> *
Railage on purchases	180 000	✓✓
	1 425 000	
Balance at the end of the year (1 425 000 – 1 240 000)	(185 000)	✓ <input checked="" type="checkbox"/> *
	1 240 000	✓

7

*1 part must be correct; -1 Foreign items; Max. 1

3.2.2 Production Cost Statement on 29 February 2020

Direct material	1 240 000	
✓ Direct Labour (724 160 x 0,5) ✓	362 080	✓ <input checked="" type="checkbox"/> *
✓ Prime cost DL + DM	1 602 080	✓
✓ Factory overhead costs (1 920 000 – 1 602 080)	317 920	✓✓
Total manufacturing costs	1 920 000	
✓ Work-in-process at the beginning of the year (2 010 000 – 1 920 000)	90 000	✓✓ ✓✓
	2 010 000	✓
Work-in-process at the end of the year	(90 000)	
Cost of production of finished goods (96 000 x R20)	1 920 000	✓ <input checked="" type="checkbox"/> *

15

*1 part must be correct

3.2.3 Income statement for the year ended 29 February 2020

Sales	3 804 000 ✓
Cost of sales	(1 902 000) ✓✓
Gross Profit	1 902 000 ✓
Administration costs (571 100 ✓ + 181 040 ✓)	(752 140) ✓
Selling and distribution costs	(594 860) ✓✓
Net profit	555 000 ✓✓

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3.3 COST ACCOUNTING

3.3.1 Calculate the break-even point for the year ended 31 August 2020.

✓
 $\frac{736\ 000}{(28\checkmark - 16\checkmark)} = 61\ 333 \text{ or } 61\ 334 \checkmark$ One part correct

4

3.3.2 Should the business be satisfied with the number of units that they produced and sold during the current financial year? Explain. Quote figures.

Yes/No ✓
Reason with figures ✓✓

Reasons for Yes
The business sold (64 000 – 61 334) 2 666 units more than the break-even point.

Reasons for No
The business sold (78 000 – 60 000) 18 000 more than the break-even point in the previous financial year.
Production decreased from 78 000 – 64 000

3

3.3.3 Give TWO possible reasons for the increase in the direct material cost per unit in the current financial year.

Any TWO suitable reasons ✓✓ ✓✓

- Due to the effects of inflation, price of raw materials increased
- Storage costs
- Raw material obtained from new suppliers
- Increase in wastage
- Increase in carriage

4

3.3.4 Tyler, the owner, suggests that in order to improve financial results in the new financial year, the quantity of cereal per box must be reduced by 10% but the selling price must remain the same. Give TWO valid reasons why he should not do this.

Any TWO valid reasons ✓✓ ✓✓

- It is not ethical and would lead to a decrease in the customers once this information becomes public knowledge.
- This is deliberate product shrinkage to gain higher profits. Could lead to legal action against the business.
- Product may be removed from the shelves if the contents of the product do not correspond with the information on the package.

4

TOTAL MARKS
50

QUESTION 4

4.1 Choose the correct description in COLUMN B to match the concept in COLUMN A. Write only the letter (A–E) next to the question numbers (4.1.1–4.1.4).

4.1.1	C ✓
4.1.2	D ✓
4.1.3	A ✓
4.1.4	B ✓

4

4.2.1

GENERAL LEDGER OF SHARKS LTD
ASSET DISPOSAL

2020 Aug	31	Equipment ✓	1 200 000 ✓	2020 Aug	31	Accumulated depreciation on equipment ✓	630 000 ✓✓✓
		Profit on Sale ✓	30 000 ✓			Creditors' Control ✓	600 000 ✓
			1 230 000				1 230 000

10

4.2.2 Fixed Assets

	Land and Buildings	Equipment
Carrying value at the beginning of the year	4 050 250	660 000
Cost	4 050 250	1 200 000
Accumulated depreciation	0	(540 000)
Movements:		
Additions		1 500 000 ✓
Disposals (660 000 – 90 000)	(1 462 500) ✓✓	(570 000) ✓✓
Depreciation	0	(202 500) ✓✓☑
Carrying value at the end of the year	2 587 750 ✓	1 387 500 ☑
Cost	2 587 750	1 500 000 ✓
Accumulated depreciation	0	(112 500) ☑

12

TOTAL MARKS
26

TOTAL: 150