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Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING P2

NOVEMBER 2023

MARKING GUIDELINES

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 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. 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.
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 the 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 guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 11 pages.

QUESTION 1**1.1 BANK RECONCILIATION****1.1.1**

TOTAL RECEIPTS	TOTAL PAYMENTS
81 300	80 620
2 700 ✓✓ 7 400	4 700 together for two marks
	30 000 ✓
14 600 ✓	12 400 ✓✓ (6 200 one mark + 6 200 one mark)
240 ✓	3 780 ✓
	320 ✓
	860 two marks 540 ✓
	11 000 ✓
98 840	<input checked="" type="checkbox"/> both totals 138 660 <input checked="" type="checkbox"/> one part correct; must include provisional totals

12

- 1 (max -1) foreign / superfluous items (only if mark/s are earned elsewhere for the same figure)
 In awarding the method mark for totals, ensure that the candidate do not get full marks for including any incorrect figure/s. Indicate with a ☒ (Principle 13).

Bank balance in the General Ledger on 30 June 2023

WORKINGS	ANSWER
(- 39 820 two method marks) 49 100✓ + 98 840 ☒ - 138 660 ☒ see CRJ see CPJ	R9 280 ☒ one part correct
Accept alternative presentations for calculations e.g. Ledger a/c. Signs cannot be reversed	

4

Be alert to journal totals reflected as workings to calculate the bank balance (if 1.1.1 was not answered)

1.1.2 TWO COLUMN METHOD:

If both methods are answered,
 mark both and choose the option that benefits the candidate.

BANK RECONCILIATION STATEMENT ON 30 JUNE 2023		
Figures must appear in the correct columns	DEBIT	CREDIT
Balance as per <u>bank statement</u> Dr and Cr totals are the same; could be a Dr balance;	balancing figure; two marks or nothing Do not accept R27 600.	11 240 ☒☒ one part correct
Outstanding deposit		31 500 ✓
Outstanding EFTs: 944	9 700 ✓	
945	13 300 ✓	
ATM withdrawal for wages	11 000 ✓	
Cr incorrect amount		540 ✓
Balance as per <u>bank account</u>	9 280 ☒	Dr or Cr as per 1.1.1 Do not accept R49 100.
-1 (max -1) Presentation (inappropriate / no details provided); -1 (max -1) foreign items / superfluous items, (only if mark/s are earned elsewhere for the same figure).	43 280	43 280

8**OR ONE COLUMN METHOD:**

Refer marking conditions applicable above.

Be alert to candidates who start with the bank account balance*

Note: brackets / no brackets must be reversed. See shaded column.

BANK RECONCILIATION STATEMENT ON 30 JUNE 2023		
Balance as per <u>bank statement</u>	9 280*	11 240 ☒☒
Outstanding deposit	(31 500)	31 500 ✓
Outstanding EFTs: 944	9 700	(9 700) ✓
945	13 300	(13 300) ✓
ATM withdrawal for wages	11 000	(11 000) ✓
Cr incorrect amount	(540)	540 ✓
Balance as per <u>bank account</u>	11 240*	9 280 ☒

8

1.1.3 Explain TWO strategies that the business can use to address the problem of missing cash.

award part marks for incomplete /

partial answers

Any TWO strategies ✓✓ ✓✓

Be alert to other valid alternative responses. Do not accept 'instal cameras'.

- Receiving and banking of cash should be done by different people / divide or delegate or rotate duties to prevent mismanagement of cash that can lead to missing money or theft. Division of duties is an incomplete answer (one mark).
- Request SMS notifications from the bank / check bank statements (mini statements on App) regularly – ensure correct amounts deposited.
- Outsource the transportation of cash to security companies (large amounts).
- Accompany the person in charge of depositing cash / escorted by security guard.
- Encourage customers to pay online (EFTs) / strive towards cashless or minimal cash handling.
- Do deposits regularly, at different times, using different routes for security purposes / train employees on security or emergency responses.
- Alarm systems or GPS tracking on vehicles used to transport cash.
- Background checks on staff involved with cash – reliable, trustworthy.

4

1.2.1 CREDITORS' RECONCILIATION

NO.	CREDITORS' CONTROL	CREDITORS' LIST
Provisional balances	175 940	186 350
(i)	- 3 600 ✓	0
(ii)	0	+ 990 ✓✓ [15 240 – 14 250] two marks
(iii)	0	0
(iv)	0	- 15 000 ✓✓ – 7 500 one mark – 7 500 one mark
(v) three marks in total; amounts may be in either column	+ 1 660 ✓✓ +14 940 – 13 280	+ 1 660 ✓ see creditors control
	174 000	✓ 174 000 one part correct
	Both totals; must include provisional balances; could be different amounts	

9

Accept brackets for – sign; if no sign assume positive.

Accept correct identifiable amounts presented in wrong line/s.

Foreign entries, -1 per line if a mark has been scored on that line.

1.2.2 SEB Traders intends settling the account of Phuto Wholesalers on 31 August 2023. Calculate the amount due to them.

WORKINGS	ANSWER
64 950 + 990 ✓ – 9 540 ✓ see 1.2.1(ii) on creditors' list	56 400 ✓ One part correct, with correct signs
Be alert to alternative presentations for calculations e.g. ledger, Dr and Cr	

3

TOTAL MARKS**40**

QUESTION 2**2.1 T2FIT MANUFACTURERS**

2.1.1	Calculate direct material cost.	
	WORKINGS	ANSWER
	$\begin{array}{r} [958\,800 / 20\,400] \\ R47\checkmark\checkmark \quad \times 18\,900\checkmark \\ \hline \text{OR:} \\ [64\,800 + 894\,000] \quad [1\,500 \times 47] \\ 958\,800 \text{ one mark} - 70\,500 \text{ two marks} \end{array}$ <p>Be alert to alternative presentations for calculations e.g. ledger format</p>	<p>R888 300 <input checked="" type="checkbox"/></p> <p>one part correct</p>

4

2.1.2	Calculate factory overhead costs for the year.	
	Incorrect total	600 000
	Indirect material	(7 000) ✓
	Water and electricity $[84\,000 \times 60\%]$ $[84\,000 \times 40\%]$ OR $12\,600 + 21\,000$ OR $- 84\,000 + R50\,400$	(33 600) ✓ <input checked="" type="checkbox"/> *
	Insurance $[90\,000 \times 5/8]$ $[90\,000 - 56\,250]$ $56\,250\checkmark - 45\,000\checkmark$ OR $45\,000 - 33\,750$ $90\,000 \times 1/8$ OR $90\,000 \times 0,125$ OR $45\,000 \times 1/4$ OR $28\,125 - 16\,875$ Allocate one mark for each component of each alternative above. Be alert to the correct signs when awarding part marks.	11 250 <input checked="" type="checkbox"/> *
	Correct total for factory overhead costs	570 650 <input checked="" type="checkbox"/> * must include 600 000

7

* one part correct

Ignore brackets or signs, if incorrect, lose method mark on final answer.
Ignore foreign items.

2.1.3	PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023	
	Direct material costs see .2.1.1	888 300 <input checked="" type="checkbox"/>
	Direct labour costs	408 600
	Prime costs DMC + DLC	1 296 900 <input checked="" type="checkbox"/>
	Factory overhead costs see 2.1.2	570 650 <input checked="" type="checkbox"/>
	Total cost of production	1 867 550
	Work-in progress (beginning)	0
		1 867 550
	Work-in-progress (end of year) ignore brackets	(235 500) ✓
	Cost of production of finished goods PC + FOHC – WIP / TCOP – WIP	1 632 050 <input checked="" type="checkbox"/>

5

-1 foreign items (max -1)

2.1.4 Calculate the cost of the wastage of raw materials.

WORKINGS	ANSWER
Choose the option that benefits the candidate; mark each line consistently.	
Metres: $[15\,000 \times 1,2]$ two marks $18\,900 \checkmark - 18\,000 \checkmark \checkmark$ 900m x R47 see 2.1.1 three marks	
T-shirts: $[15\,750 - 15\,000]$ two marks 750 two marks x $1,2$ one mark 900m x R47 three marks	
OR $(15\,000 \times 1,2 \times 47)$ $888\,300$ one m.mark – $846\,000$ one mark & one m.mark see 2.1.1	R42 300 <input checked="" type="checkbox"/> one part correct if x by Weighted Average

4

2.1.5 Mark is concerned about the increase in the cost of raw materials over the financial year. Provide TWO strategies that Mark can use to address the problem of wastage.Any TWO valid strategies ☒ ☒ **accept short statements / responses****Possible responses:** be alert to other valid alternative responses.

- Improve the training of factory workers.
- Use cutting patterns / cutting technology / cutting machines / order pre-cut fabric.
- Use material of a better quality / cheaper supplier / change suppliers.
- Regular servicing/maintaining of machines.
- Use offcuts effectively for related products, e.g. caps, hoodies.
- Pay incentives/bonuses for minimising wastage; encourage efficiency.
- Increase supervision / monitor production to ensure workers are not careless.

2

2.2 LIGHTING KINGS (PTY) LTD**2.2.1 Do a calculation to confirm that the 2023 break-even point of 149 145 units for Orion bulbs is correct.**

$[163\,000 \times 18,30]$ one mark $2\,982\,900 \checkmark$ $46 \checkmark - 26 \checkmark$ 20 two marks
Mark numerator and denominator as such. Principle 7.
OR $[46 \times 149\,145]$ $[26 \times 149\,145]$ fixed cost $6\,860\,670 - 3\,877\,770 - 2\,982\,900 = 0$ one mark one mark one mark

3

2.2.2 Identify and explain TWO cost items (with figures) that may have contributed to the increase in the cost of production per unit. Provide a reason in each case. Note that the current inflation rate is 7%.

Do not accept DMC, SDC and AC as major points.

	COST (with figures) Costs ✓ ✓ trend ✓ ✓	REASON Explanation ✓ ✓ Accept if cost item or figures are provided in this column
Point 1	<u>Direct labour cost</u> / unit increased (from R6,70) to R11,20 / by R4,50 / by 67,2%.	Poor supervision Excessive overtime / linked to load shedding or other disruptions / needed to meet targets Inflationary increases in wages (not linked to production). Poor or lack of effective training. Poor recruitment policy. Lack of motivation – no incentives or rewards for effort.
Point 2	<u>Factory overhead cost</u> per unit increased (from R11,64) to R14,20 / by R2,56 / by 22%.	Diseconomies of scale / drop in production while FOHC remains constant / economies of scale not being achieved. Poor management / supervision of production process – drop in production. Do not accept increases in specific expenses such as rent or electricity (total FOHC was constant over the two years).

6

2.2.3 Explain whether the new Starlet bulbs were a good idea or not. Provide TWO points. Quote figures.

Part mark for incomplete or unclear answers

Any TWO valid points ✓ ✓

Comparative figures ✓ ✓

Comparison: Starlet exceeds or is better than Orion	
Better sales revenue	By R7 802 000 (15 300 000 – 7 498 000) / by 104%
More units sold	By 62 000 units (225 000 – 163 000) / by 38%
Better profit	By 89 041 units above BEP (102 896 – 13 855) Better CPU by R7,10 (27,10 – 20,00) includes VC By R2 511 382 (2 788 482 – 277 100).
Less units to break-even	By 27 041 (149 145 – 122 104)
Enjoys economies of scale	Better fixed cost per unit of R14,71 compared to R18,30.
* Significant profit on sales of Starlet bulbs	Produced and sold 102 896 units above the BEP (225 000 – 122 104) OR profit of R2 788 482.
Negatives trends in Orion:	
More expensive to produce	BEP increased by 24 337 units (149 145 – 124 808) Marginal increase of 13 855 units above the BEP.
Not popular – drop in production / sales levels	By 35 860 units (198 860 – 163 000) / 18%
Drop in sales revenue	By R854 120 (8 352 120 – 7 498 000) / 10,2%

4

TOTAL MARKS

35

QUESTION 3**3.1 Identify TWO items that were incorrectly recorded in the Cash Budget.**

Any TWO valid items ✓ ✓

- Discount received
- Bad debts
- Depreciation

2

Identify TWO items in the Cash Budget that would NOT appear in a Projected Statement of Comprehensive Income.

Any TWO valid items ✓ ✓

- Cash from debtors
- Payment to creditors

2

3.2 DEBTORS' COLLECTION SCHEDULE

MONTHS	CREDIT SALES	NOVEMBER	DECEMBER
SEPTEMBER	535 500	42 840	Superfluous entry; Lose method on total
OCTOBER	640 500	320 250	51 240 ✓✓
NOVEMBER	651 000	247 380	325 500 ✓✓
DECEMBER	682 500	x 40% x 95%	259 350 ✓✓☑*
CASH FROM DEBTORS		610 470	636 090 ☑*

8

*one part correct

Accept correct figures placed in the wrong rows in December column.
Ignore workings or correct figures not reflected in the December column.

3.3 Calculate:

(i) Discount allowed in November 2023	
WORKINGS	ANSWER
$651\,000 \checkmark \times [40\% \overset{2\% \text{ one mark}}{\times 5\%}] \checkmark \text{ OR } 651\,000 \times [0,4 \overset{0,02}{\times 0,05}]$ <p>OR $260\,400 \text{ one mark} - 247\,380 \text{ one mark}$</p> <p>OR $247\,380 \text{ one mark} \times \frac{5}{95} \text{ one mark}$</p> <p>OR $[651\,000 - 247\,380 - 325\,500] - 65\,100$ $\quad\quad\quad 78\,120 \text{ one mark} \quad\quad\quad \text{one mark}$</p>	<p>13 020 <input checked="" type="checkbox"/> one part correct</p>
(ii) Interest on savings account in December 2023	
WORKINGS	ANSWER
$1\,200 \checkmark + \overset{[84\,000 \times 4\%] \text{ one mark}}{3\,360 \checkmark} \times \frac{1}{12} \checkmark$ <p>OR $[84\,000 + 360\,000]$ $444\,000 \text{ two marks} \times 4\% \times \frac{1}{12} \text{ one mark}$</p> <p>Note: 4% does not constitute 'one part correct'.</p>	<p>1 480 <input checked="" type="checkbox"/> one part correct</p>
(iii) Payments to creditors in December 2023	
WORKINGS	ANSWER
$1\,067\,500 \checkmark \times \frac{100}{175} \checkmark$ <p>$[640\,500 \times 100/60] \text{ one mark}$</p>	<p>610 000 <input checked="" type="checkbox"/> one part correct</p>
(iv) Rent expenses for November 2023	
WORKINGS	ANSWER
$31\,640 \times \frac{100}{113}$	<p>28 000 <input checked="" type="checkbox"/><input checked="" type="checkbox"/> No part marks</p>

3

4

3

2

3.4.1 Explain the changes that Adam made.

Any valid explanation ✓✓ figures not required

He introduced a commission to sales staff / decided on a smaller or reduced fixed salary.

2

Explain why some of the salespersons regretted their decision to agree to these changes. Quote figures or show calculations.

Comment ✓ comparative figures ✓✓

- The fixed salary plus commission of R161 050 is less than R165 000 which they earned previously. This is R3 950 or 12% less than the previous month.
- Their contribution to total sales is R325 500 (30%) above the budgeted sales (1 410 500 – 1 085 000), yet they now earned less.
- Attracted 160 (33,3%) more customers than budgeted (640 – 480), yet earned less.

3

Adam feels that the decision has benefitted the company, while the sales manager, Milly, is concerned that it did not benefit the company. Provide ONE point (with figures or calculations) to support EACH of these opinions.

ADAM
Point ✓
Figure ✓

Total sales is above budget by R325 500 (1 410 500 – 1 085 000) by 30%.
Attracted 160 more customers than expected (640 – 480) / by 33,3%.
Profit exceeds budget by **R139 500 (604 500 – 465 000)** / by 30%.

One mark options

May lead to improved sales in the future / good for advertising.

MILLY
Point ✓
Figure ✓

Credit sales above budget by R417 700 (1 068 700 – 651 000) / by 64,2% /
Credit sales is 76% of total sales (1 410 500 – 1 068 700)
Lower cash sales – R92 200 less than budget (434 000 – **341 800**); cash flow problems.

One mark options

This compromises the liquidity of the business / may cause additional admin duties / possible bad debts / better control over delivery needed.

Note: Delivery expenses are not relevant to the decision on commission.

4

3.4.2 Calculate the net effect of this purchase on the receipts and payments in the Cash Budget.

-1 (max -1) for figures that are not relevant to the calculation.

Mark the option that benefits the candidate; mark each line consistently.

WORKINGS	ANSWER
OPTION 1: ✓ ✓ ✓ ✓ [+ 1 000 000 + 1 500 000 – 2 500 000] – 18 750 – 12 500 + 31 640 – 7 500	– 7 110 <input checked="" type="checkbox"/> one part correct
OR (signs reversed) one mark one mark one mark one mark [– 1 000 000 – 1 500 000 + 2 500 000] + 18 750 + 12 500 – 31 640 + 7 500	+ 7 110 method mark

5

Give ONE reason why Adam has decided to go ahead with this purchase.

Any ONE valid point ✓✓ **part mark for incomplete / unclear / partial answer**; figures are not necessary
 Response may relate to candidate's answer above.

Capital growth / business acquires a fixed asset / long term stability of the business / future may be secure (sustainability) / Savings on escalating rent expenses.

2

TOTAL MARKS**40**

QUESTION 4

Accept recognisable abbreviations.

4.1	4.1.1	perpetual	✓	
	4.1.2	weighted average	✓	WA or WAM
	4.1.3	first-in-first-out	✓	FIFO

3

4.2.1 Calculate the value of the closing stock on 28 February 2023. Use the specific identification method.

WORKINGS		ANSWER
HAWI	YAMA	R826 650 ✓ one part correct; must include components of each model.
$[90 + 340 - 5]$ $425 - 300$ $125 \checkmark \boxtimes \times R3\ 800 \checkmark$ $475\ 000$ three marks +	$495 - 430$ $65 \checkmark \times R5\ 410 \checkmark$ $351\ 650$ two marks	
OR $[342\ 000 + 1\ 292\ 000 - 19\ 000]$ $1\ 615\ 000 - 1\ 140\ 000$ one mark two marks $475\ 000$ three marks +	$2\ 677\ 950 - 2\ 326\ 300$ one mark one mark $351\ 650$ two marks	

6

4.2.2 Calculate how long (in days) it will take to sell the closing stock of the Hawi printers.

Mark numerator and denominator as such. Principle 7

WORKINGS		ANSWER
$\frac{R475\ 000 \boxtimes}{1\ 140\ 000 \checkmark \checkmark} \times 365$ (300 x 3 800) two marks OR $(1\ 615\ 000 - 475\ 000)$ two marks	OR (using units) $\frac{125 \text{ one m.mark}}{300 \text{ two marks}} \times 365$	$152,1 \text{ days} \boxtimes$ one part correct if x 365

4

4.2.3 Explain whether Sipho should be concerned about the stockholding periods of the Hawi and Yama printers. Quote figures. Give possible reasons for the difference in the holding periods of the two models.**Hawi:** Explanation ✓ figure ✓ **Yama:** Explanation ✓ figure ✓

Possible reason ✓✓ part mark for incomplete / unclear / partial answers

May be included in the same statement. Concern will be implied in the response.

HAWI

Note that candidates responses will relate to their answer in 4.2.2. Mark accordingly.

- On the shelves for 152,1 days see 4.2.2 (more than 3 months)
 - Slow sales / not popular / older model (returns) / possible obsolescence.
- OR** Durable; can be sold in future.

YAMA

- On the shelves for only 55,2 day (less than 2 months)
- Although more expensive, more steady sales or there is good demand.

*** FOR FOUR MARKS: Combined answer combining both models**

Hawi is on the shelves for 97 days (3 months) longer than Yama /

Yama sales are 97 days faster than Hawi even though it is more expensive.

Possible reason for difference

Yama is a later model / offer latest, up-to-date technology / compatible with latest computers programmes / better quality (more features).

6

4.3.1 Calculate the cost price of vehicles on 1 March 2022.

WORKINGS	ANSWER
$930\,000 - 260\,000 \checkmark + 180\,000 \checkmark$ Accept alternative presentations for calculations e.g. ledger format, signs reversed or use of brackets	R850 000 <input checked="" type="checkbox"/> one part correct; accept 930 000 as 'one part correct'

3

Calculate the trade-in value received on the vehicle disposed of on 1 June 2022.

WORKINGS		ANSWER								
<p>Asset disposal</p> <table><tr><td>180 000</td><td>one mark</td><td>70 560</td><td>one m.mark & one mark</td></tr><tr><td>5 560</td><td>one mark</td><td>93 112</td><td>one m.mark</td></tr></table>		180 000	one mark	70 560	one m.mark & one mark	5 560	one mark	93 112	one m.mark	<p>R115 000 <input checked="" type="checkbox"/></p> <p>one part correct</p>
180 000	one mark	70 560	one m.mark & one mark							
5 560	one mark	93 112	one m.mark							
<p>OR</p> <p>64 800 + 5 760</p> <p>180 000 + 5 560 − 70 560</p> <p>one mark one mark one mark & one m.mark</p>										

5

4.3.2 Explain to the bookkeeper why his method is incorrect:

Explanation ✓✓

part mark for incomplete or unclear answer

Explanation and calculation may be provided in the same response.

He has not realised that the asset is almost fully depreciated /

The R75 000 cannot be correct as this would lead to a negative carrying value /

A fully depreciated asset must retain a R1 book value for disclosure purposes.

Provide a calculation to support your explanation:

(R300 000 – 262 500)

37 500 – 1 = 37 499 ✓✓

no part marks

4

4.3.3 Explain TWO possible arguments that the CEO can use to support his decision.

Any TWO valid reasons ✓✓ ✓✓

part mark for incomplete or unclear answer

Be alert to same point expressed differently, or two points mentioned in the same sentence.

- The donation to a school in the community is part of the company's compliance to CSR (corporate social responsibility / triple-bottom line / King Code).
- It promotes the good image of the company / good publicity / will attract more customers.
- Giving back to the community that supports the business.
- It is a tax-deductible donation.
- The assets may be close to residual value / fully depreciated / not productive / not compatible with new programmes for the company.

4

TOTAL MARKS**35****TOTAL:****150**