



**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

JUNE 2021

**ACCOUNTING P2
MARKING GUIDELINE
(EXEMPLAR)**

MARKS: 150

MARKING PRINCIPLES:

1. Penalties for foreign items are applied only if the candidate is not losing 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 is earning 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. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
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 cases, do not award the method mark. Indicate by way of ☒.
12. Be aware that some candidates provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 10 pages.

QUESTION 1

1.1 True or False

1.1.1	True ✓
1.1.2	False ✓

2

1.2 CREDITORS' RECONCILIATION

1.2.1

	Creditors control	Creditors list
Preliminary balance/total	R589 010	R585 050
A	+ 5 630 ✓	+ 5 630 ✓
B		+ 360 ✓
C	+ 645 ✓	+ 645 ✓
D		- 900 ✓ ✓ (-R450; - R450) (one mark each)
E	- 167 000 ✓ ✓ (-83 500; - 83 500) (one mark each)	- 167 000 ✓ (-83 500; - 83 500)
F	+ 34 000 ✓	+ 34 000 ✓
G	0 ✓	0 ✓
H	- 4 500 ✓	
Correct balance/total	457 785 ✓ *	457 785

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* 1 work with for **both** totals. Doesn't need to be the same, but opening balance/total has to be included.

1.3 DEBTORS ANALYSIS

1.3.1 Give TWO reasons why preparing a Debtors age analysis is a useful tool in managing debtors.

Any TWO ✓✓ ✓✓

- Help to identify problematic debtors
- Identify debtors who are not adhering to credit terms
- See how collections are made

4

1.3.2 Calculate the debtors' collection period for 2020 and comment on your findings. Keep in mind that the debtors' collection period for 2019 was calculated at 45 days. Provide figures in your comments. Discuss TWO points of advice which you can offer to the credit manager.

Calculation:

✓ ✓

$$\frac{1}{2} (68\,540 + 104\,190) \times 365 = 70 \text{ days } \checkmark \text{ One part correct}$$

$$448\,320$$

✓

Comment:

The debtors' collection period deteriorated from 45 days to 70 days, which is bad for the liquidity of the business. ✓✓

Advice:

Any TWO ✓✓ ✓✓

- Encourage debtors to settle their accounts within 30 days by charging interest on accounts in arrears or by offering discounts for early settlements.
- No more credit sales allowed for debtors if account is not up to date.
- Remind debtors of outstanding amounts by sending them SMSs/e-mails.

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QUESTION 1: TOTAL MARKS	32	
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QUESTION 2

2.1 MATCHING CONCEPTS

2.1.1	C ✓
2.1.2	B ✓
2.1.3	A ✓
2.1.4	D ✓

4

2.2 INVENTORY

2.2.1 Calculate the value of closing stock for rugby jerseys.

$$988 \times 500 = 494\,000 \quad \checkmark$$

$$12 \times 490 = \frac{5\,880}{499\,880} \quad \checkmark \checkmark \text{ One part correct}$$

$$\quad \quad \quad \checkmark \text{ One part correct}$$

4

2.2.2 Calculate the cost of sales for rugby jerseys.

$$\checkmark \quad \quad \checkmark \quad \quad \checkmark \quad \quad \checkmark \quad \quad \checkmark \text{ One part correct}$$

$$528\,000 + 1\,358\,000 - 6\,000 - 499\,880 = 1\,380\,120$$

5

2.2.3 Calculate the mark-up percentage on rugby jerseys.

$$2\,271\,200 - 1\,380\,120 = 891\,080 \text{ (GP)}$$

$$\checkmark \checkmark \text{ One part correct}$$

$$\frac{891\,080}{1\,380\,120} \times 100 = 64,6\% \quad \checkmark \text{ One part correct} \quad \text{Accept } 65\%$$

$$\quad \quad \quad \checkmark \text{ See 2.2.2}$$

4

2.2.4 How many months will it take to sell the rugby jerseys on hand on 31 May 2020?

$$\checkmark \text{ See 2.2.1} \quad \checkmark$$

$$\frac{499\,880}{1\,380\,120} \times 12 = 4,2 \text{ months} \quad \checkmark \text{ One part correct}$$

$$\checkmark \text{ See 2.2.2}$$

4

2.2.5 Calculate the value of closing stock for rugby balls.

$$\begin{array}{cccccc}
 \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark \\
 45\,000 + 1\,145\,000 - 2\,700 + 61\,140 \times 120 = 184 \times 120 = 22\,080 & & & & & & & & & & & & \checkmark \text{ One part correct} \\
 & & (300 + 6\,500) - 15 & & & & & & & & & & \\
 & & \checkmark & & \checkmark & & & & & & & &
 \end{array}$$

4 marks

$$1\,248\,440 \times 120 = 22\,080$$

6 785
2 marks

8

2.2.6 Calculate the number of rugby balls missing on 31 May 2020.

$$\begin{array}{cccccc}
 \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark & & \checkmark \\
 (300 + 6\,500) - 15 - 6\,660 - 120 = 5 & & & & & & & & & & & \checkmark \text{ One part correct}
 \end{array}$$

5

2.3 FIXED ASSETS

2.3.1 Calculate the cost of the additional garage that was built.

300 000 ✓

1

2.3.2 Calculate the balance of the Accumulated Depreciation on Equipment account on 30 April 2020. (You don't need to show the account.)

1 440 000 x 20% = 288 000 one mark

But carrying value is only 120 000 → Dep = 119 999 ✓✓✓

Opening balance = 1 320 000 ✓

1 439 999 ✓ One part correct

5

2.3.3 Complete the Accumulated Depreciation on Vehicles account. The account must be balanced on 30 April 2020.

Accumulated Depreciation on Vehicles					
2020 Jan 31	Asset disposal (192 999✓ + 79 200✓)	271 200 ✓	2019 May 1	Balance	b/d 192 000 ✓
2020 Apr 30	Balance	c/d 26 000 ✓	2020 Jan 31	Depreciation	79 200 ✓✓
			2020 Apr 30	Depreciation	26 000 ✓✓
		297 200			297 200
			2020 May 1	Balance	b/d 26 000 ✓

10

2.3.4 Complete the Asset Disposal account.

Asset Disposal					
2020 Jan 31	Vehicles ✓	720 000 ✓	2020 Jan 31	Accumulated deprecia-tion on Vehicles ✓	271 200 ✓
	Profit on sale of asset ✓	11 200 ✓		Creditors control ✓	460 000 ✓
		731 200			731 200

8

QUESTION 2: TOTAL MARKS	58	
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QUESTION 3**3.1 True or False**

3.1.1	True ✓	2
3.1.2	False ✓	

3.2.1 Note for Factory overhead costs

Indirect material (8 400 + 59 400 ✓ – 13 200 ✓)	54 600	<input checked="" type="checkbox"/> *
Salary: Factory foreman / Indirect labour	288 000	<input checked="" type="checkbox"/>
Electricity (78 408 x 75%)	58 806	<input checked="" type="checkbox"/> *
Factory maintenance	81 000	<input checked="" type="checkbox"/>
Rent expense (216 000 x 2/4)	108 000	<input checked="" type="checkbox"/> *
Depreciation (97 500 x 80%)	78 000	<input checked="" type="checkbox"/> *
	668 406	<input checked="" type="checkbox"/> *

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

3.2.2 Production cost statement on 29 February 2020.

Direct labour (1 072 400 + 47 520 ✓ + 10 724 ✓✓ + 64 800 ✓✓)	1 195 444	<input checked="" type="checkbox"/> *
Direct material (115 800 + 1 445 400 ✓ – 46 200 ✓ + 57 600 ✓ – 69 000 ✓)	1 503 600	<input checked="" type="checkbox"/> *
Prime cost DL + DM	2 699 044	<input checked="" type="checkbox"/>
Factory overhead costs See 3.2.1	668 406	<input checked="" type="checkbox"/>
Total manufacturing costs PC + FOC	3 367 450	<input checked="" type="checkbox"/>
Work-in-process (1 March 2019)	218 400	
	3 585 850	
Work-in-process (28 February 2020)	(120 600)	<input checked="" type="checkbox"/>
Cost of production of finished goods	3 465 250	<input checked="" type="checkbox"/>

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* 1 part must be correct

3.3 COST ACCOUNTING

3.3.1 Calculate the break-even point for 2020.

$$\frac{\overset{\checkmark}{2\ 193\ 510} + \overset{\checkmark}{990\ 000}}{\underset{\checkmark}{80} - (\underset{\checkmark}{18} + \underset{\checkmark}{22} + \underset{\checkmark}{7})} = \overset{2\ \text{marks}}{\frac{3\ 183\ 510}{33}} = 96\ 470 \quad \checkmark \text{ One part correct}$$

3 marks

6

3.3.2 Calculate the units produced during 2020. (All products were sold.)

1 981 800 / 18 = 110 100 One part correct
 OR 2 422 200 / 22 = 110 100
 OR 770 700 / 7 = 110 100

2

3.3.3 Should Mickey, the owner, be concerned about the level of production for Nail Art? Give TWO reasons, with supporting figures, to motivate your answer.

TWO reasons Figures
 Mark comments on 2020, according to candidate's calculations.

No need for concern.
 During 2019, 92 000 units were produced and sold and the break-even was 102 000. No profits were made.
 During 2020, 110 100 (see 3.3.2) units were produced and sold and the break-even was 96 470 (see 3.3.1). Profits were made on 13 630 units.

4

QUESTION 3: TOTAL MARKS	42	
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QUESTION 4

4.1 CONCEPTS

4.1.1	External ✓	
4.1.2	Shareholders ✓	2

4.2.1 **What kind of audit report did Knights Sports Ltd receive for the financial year ended 31 May 2020? Give ONE reason for your answer.**

Unqualified ✓

The report states that the statements fairly represent the financial position. ✓

2

4.2.2 **Why does the Companies Act in South Africa require public companies to be audited?**

Any ONE ✓✓

To protect shareholders.

Public funds are used.

To be accountable to stakeholders eg. shareholders, SARS.

To discourage fraud.

2

4.2.3 **The directors feel that the audit fees charged by the external auditors are excessive. Explain how better internal control will have a positive effect on fees charged by the external auditors.**

Any ONE ✓✓

Internal auditors will correct mistakes made by bookkeepers.

Internal auditors will make sure all documents are in order and easy to find.

External auditors will spend less time on the auditing process.

2

4.3.1 **To which GAAP principle was the internal auditor referring to when he expressed his concern about this matter?**

(Business) entity principle ✓✓

2

4.3.2 **Give TWO consequences for the company should the CEO ignore the internal auditors' advice.**

Any TWO responses ✓✓ ✓✓

The external auditor could classify the audit report as a qualified report
The extra expense would lead to a smaller profit and this could result in smaller dividends for shareholders
Suspicious could be cast over the ethics of the CEO and the company
Lack of confidence in the CEO and the company

4

4.3.3 **At the annual general meeting (AGM), the directors suggested that the company should sponsor a childcare facility in the local community. Give TWO reasons why companies would get involved in these kinds of activities.**

Any TWO responses ✓✓ ✓✓

Investing in the community from which it gains profits
Corporate social responsibility
Investment in the community to enhance goodwill
Create a good/positive image of the company
BEE points for development
Tax deductible

4

QUESTION 4: TOTAL MARKS	18	
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TOTAL: 150