

## MARKING GUIDELINES

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		MAY/JUNE 2024	
SUBJECT		ACCOUNTING	
PAPER		2	
MARK TOTAL		150	
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SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE  
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## 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 item). No double penalty applied.
2. Full marks for correct answer. If answer incorrect, mark the workings provided.
3. 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).
4. 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.
5. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
6. Where penalties are applied, the marks for that section of the question cannot be a final negative.
7. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
8. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
9. Codes: f=foreign item; p=placement/presentation.



## QUESTION 1: COST ACCOUNTING

(40 marks; 30 min)

- 1.1 Indicate whether the following statements are TRUE or FALSE. Write the answer next to the question numbers (1.1.1 – 1.1.3) in the ANSWERBOOK.

1.1.1	False ✓
1.1.2	True ✓
1.1.3	True ✓

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### 1.2 Peters T-Shirts

#### 1.2.1 Calculate direct labour cost.

<u>Workings</u>	<u>Answer</u>
<b>Normal wages</b> $3 \checkmark \times 2\,608 \checkmark \times 135 \checkmark$ + $1 \times 2\,210 \times 135$ = 1 056 240 = 298 350 ✓✓	
<b>+ Bonus</b> $1\,056\,240 \times 25/100$ + $18\,200 \checkmark$ = 264 060 ✓✓ (25% of normal time)	
<b>1 056 240 + 264 060 + 298 350 + 18 200</b>	<b>= 1 636 850 ✓</b>

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#### 1.2.2 Production Cost Statement for the year ended 31 May 2024.

Direct material cost	2 192 450
Direct labour cost see 1.2.1	1 636 850 ✓
<b>Prime cost operation</b> <span style="float: right;"><b>DMC + DLC check</b></span>	3 829 300 ✓
Factory overhead cost (541 000 ✓ + 30 000) [541 000 + (73 125 ✓ - 5 625 ✓) x 4/9 ✓]	571 000 ✓
<b>Total production cost</b>	4 400 300 ✓
<b>Work in progress (1 June 2023)</b>	153 300 ✓
	4 553 600 ✓
Work in progress (31 May 2024) <b>balancing figure</b>	(826 100) ✓
<b>Cost of production of finished goods</b> (26 250 x 142)	3 727 500 ✓✓

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### 1.3 Trellis Security Gates

1.3.1 Calculate the break-even point for the year ended 31 May 2024.

**Workings**

$$\begin{array}{r} (100\ 800 \checkmark + 77\ 490 \checkmark) \\ \hline (1\ 365 \checkmark - 865 \checkmark) \\ \hline = \frac{178\ 290}{500} = 356,6 \text{ units} \end{array}$$

**Answer**

= 357 Units

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1.3.2 Compare and comment on the break-even point AND the production level achieved over the last two years. Quote figures.

Compulsory response:

**Comparison of the BEP with the level of production of 2024**   **Figures**

- Business produced 273 (43%) more than the BEP (630 – 357) **see 1.3.1**
- The business made a profit on 273 units (630 – 357) compared to 358 units last year (810 – 452)

**Comparison of 2023 and 2024 BEP or production**   **Figures**

- BEP decreased from 452 units in 2023 to 357 units in 2024 (95 units; 21%)
- The business produced 180 units (22,2%) less than last year (810 – 630)

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1.3.3 Give TWO reasons for the increase in direct material cost. Suggest ONE way to control this cost.

REASONS	SUGGESTION
<p><b>Any TWO valid reasons</b> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• Inflationary increases/ transport cost / fuel price increase</li> <li>• Scarcity</li> <li>• Wastage due to poor workmanship.</li> </ul>	<p><b>ONE valid suggestion</b> <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> <li>• Cheaper suppliers</li> <li>• Negotiate discounts</li> <li>• Bulk discount advantage</li> <li>• Use off-cuts</li> <li>• Minimise wastage, train workers</li> </ul>
<ul style="list-style-type: none"> <li>• Theft of material (in factory) poor internal control</li> <li>• Change in exchange rate (imported raw materials)</li> </ul>	

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**Total Marks**

**40**

**QUESTION 2: VAT AND CREDITORS' RECONCILIATION**

**(35 marks; 25 min)**

**2.1 VAT**

**2.1.1**

	Workings	Answer
(a)	$1\,280 \times 115/100$ ✓	1 472 ✓
(b)	$147\,280 \times 15/100$ ✓	22 092 ✓
(c)	$2\,100 \times 100/15$ ✓	14 000 ✓
(d)	$(314\,916 - 15\,400 - 2\,310) \times 15/115$ OR $314\,916 \times 15/115 = 41\,076 - 2\,310$ ✓	38 766 ✓ one part correct

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**2.1.2 The owner, Katherine, bought a new car for R828 000 including VAT and made the payment out of the business bank account. Katherine says the vehicle must be recorded as a business asset and R108 000 must be recorded as a VAT input in the business' books.**

**Explain what you would say to Katherine. Provide TWO points.**

**Two valid point** ✓✓ ✓✓

- This is tax evasion / she is attempting to reduce the amount due to SARS for VAT (this is illegal and unethical).
- She will be increasing the input VAT, effectively reducing the amount due to SARS.
- She could be fined or imprisoned because it is a criminal offence.
- Personal transactions and business transactions should be kept separate (business entity concept) / Katherine should pay for this out of her private bank account.
- As the car is not used for business purposes, the full amount of R828 000 should either be treated as Drawings.

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## 2.2 CREDITORS RECONCILIATION

2.2.1

	CREDITORS LEDGER ACCOUNT OF RUDI'S SHOES	STATEMENT FROM AWA FASHION WHOLESALEERS
Balance	266 080	261 870
(i)	+ 4 000 ✓✓	—
(ii)	(73 710) ✓✓	—
(iii)	—	+ 54 000 ✓✓
(iv)		(9 720) ✓✓
(v)	(14 580) (14 580) (29 160) ✓✓	—
(vi)	(5 520) ✓✓	(5 520) ✓✓
(vii)		(138 940) ✓✓
	161 690 <input checked="" type="checkbox"/>	<b>both totals</b> 161 690

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2.2.2 It was discovered that the store manager, Rose, had signed a fictitious order form and took the goods for herself when it arrived.

- **ONE suggestion for action to be taken against her.**

✓✓ **one valid point**

Disciplinary hearing / Deduction from her salary (payment for the goods taken) / Written warning / transfer to another department.

- **ONE suggestion to prevent this problem in future.**

✓✓ **one valid suggestion**

Division or rotation of duties – one person check orders, the other receives stock.

Stock records to be updated with every invoice.

Authorization of orders.

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<b>Total Marks</b>
<b>35</b>



**QUESTION 3: INVENTORY VALUATION AND FIXED ASSETS**

(45 marks; 35 min)

**3.1 CONCEPTS**

3.1.1	C✓
3.1.2	E✓
3.1.3	A✓
3.1.4	D✓

4

**3.2 Bags&Baggage**

<b>3.2.1 Calculate the value of the closing stock on 30 June 2024 using the first-in-first-out (FIFO) method.</b>	
<p><b>WORKINGS</b>  <i>Closing stock = 595</i>  <b>June: 540 – 30 ✓</b>                  510 x 3 640 = 1 856 400✓</p> <p><b>March: 595 – 510✓</b>                  85 x 3 510 = 298 350 ✓</p>	<p><b>ANSWER</b></p> <p>1 856 400 +                  298 350</p> <p>= 2 154 750✓</p>
<b>3.2.2 Zena suspects that suitcases have been stolen. Provide a calculation to support her concern.</b>	
<p><b>WORKINGS</b></p> <p>504✓ + (3785 – 30) ✓ – 3 470✓                  = 789 - 595✓</p>	<p><b>ANSWER</b></p> <p>= 194 unit stolen                  ✓</p>

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**3.2.3 Zena is concerned about the volume of stock on hand.**

<b>Calculate for how many days her closing stock is expected to last.</b>	
<p><b>WORKINGS</b></p> $\frac{2\ 154\ 750 \text{ ✓ see 3.2.1}}{(1\ 315\ 440 \text{ ✓} + 12\ 165\ 100 - 109\ 200 \text{ ✓} - 2\ 154\ 750 \text{ ✓})} \times 365 \text{ ✓}$ <p><b>Or UNITS used</b></p> $\frac{595 \text{ ✓}}{3\ 470 \text{ ✓}} \times 365 \text{ ✓} = 62,6 \text{ days ✓}$	<p><b>ANSWER</b></p> <p><b>= 70,1 days ✓</b></p>
<p><b>State ONE problem with keeping too much stock on hand</b>                  ✓✓ (Part mark for partial answer)</p> <ul style="list-style-type: none"> <li>• Higher risk of stock being stolen, more stock make internal control and stock take more difficult.</li> <li>• Stock can damage and get outdated.</li> <li>• Storage space to hire.</li> </ul>	
<p><b>State ONE problem with keeping insufficient stock on hand.</b>                  ✓✓ (Part mark for partial answer)</p> <ul style="list-style-type: none"> <li>• Will not meet the needs of costumers – they may go elsewhere to buy.</li> <li>• Orders may take long to arrive and shelves will be empty.</li> </ul>	

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2
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2
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**3.3 PPE Traders**

<b>3.3.1</b>	<b>Workings</b>	<b>Answer</b>		
<b>(i)</b>	1 852 200 – 571 200	1 281 000 ✓✓		
<b>(ii)</b>	27 300 – 1 (R1 clause)	27 299 ✓✓		
<b>(iii)</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"><b>Old</b> 2 625 000 x 10% =262 500 ✓</td> <td style="width: 50%; padding: 5px;"><b>New</b> 362 250 x 10/100 x 4/12 ✓ = 12 075 ✓</td> </tr> </table>	<b>Old</b> 2 625 000 x 10% =262 500 ✓	<b>New</b> 362 250 x 10/100 x 4/12 ✓ = 12 075 ✓	= 274 575 ✓
<b>Old</b> 2 625 000 x 10% =262 500 ✓	<b>New</b> 362 250 x 10/100 x 4/12 ✓ = 12 075 ✓			
<b>(iv)</b>	<p>369 600 – 268 800                      =100 800 ✓ x 20/100 x 7/12 ✓                      =11 760</p> <p>369 600 ✓ – (268 800 + 11760) ✓</p>	= 89 040 ✓		
<b>(v)</b>	1 680 000 ✓ + 11760 ✓ – 280 560 ✓	= 1 411 200 ✓		

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**3.3.2 Explain how the internal auditor should check that movable fixed assets were not stolen.**

✓ **one valid point**  
 Conduct physical inspection (regular and random)  
 Compare to fixed asset register.

1

**3.3.3 Apart from theft, name ONE more risk to which fixed assets are exposed to and ONE control measure to prevent this risk.**

RISK	CONTROL MEASURE
✓ <b>one risk</b> <ul style="list-style-type: none"> <li>• Employees can misuse assets.</li> <li>• Can be damaged/ stop working or out of order.</li> </ul>	✓ <b>one control measure</b> <ul style="list-style-type: none"> <li>• Discuss code of ethics, for use of equipment, sign in and out.</li> <li>• Good maintenance plan.</li> </ul>

2

**3.3.4 Provide a reason as to why Land and Buildings is usually not depreciated.**

Land and Buildings usually appreciate in value over time ✓ and are therefore not depreciated in the books.

1

<b>Total Marks</b>
45



## QUESTION 4: CASH BUDGET

(30 marks; 25 min)

### 4.1 Debtors' Collection Schedule of October 2024

Months	Credit sales	September 2024	October 2024
July	887 000	195 140	—
August	922 500	507 375	202 950 ✓
September	967 680	183 859	532 224 ✓✓
October	1 008 000	—	191 520 ✓✓✓
		886 374	926 694 ✓

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### 4.2 Calculate the amounts indicated by (i) to (iii) in the extract from the Cash Budget.

	Workings	Answer
(i)	$967\ 680 \times 60/40$ ✓	1 451 520 ✓
(ii)	$61\ 500 \times 109/100$ ✓	67 035 ✓
(iii)	<p>Total sales: September  <math>967\ 680 \times 100/40</math>  <math>= 2\ 419\ 200</math> ✓</p> <p>Cost of sales  <math>2\ 419\ 200 \times 100/250</math>  <math>= 967\ 680</math> ✓</p> <p>Credit purchases  <math>967\ 680 \times 50/100</math> ✓</p>	483 840 ✓

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### 4.3 Calculate the % increase in salaries of sales assistants for October 2024.

Workings	Answer
$\frac{(245\ 045 - 221\ 760)}{221\ 760} \times 100$	10,5% ✓
<p><b>Explain whether they should be satisfied with this increase.</b>            They should be satisfied as a 10,5% increase is a fair increase which is above the current inflation rate. ✓ They also receive commission on sales.</p>	

4

**4.4 A new competitor moved into the area during September 2024. Mr. Heat was not aware of the competitor and did not take any action during September.**

**4.4.1 Explain the effect of the new competitor on any TWO items in the budget for September. Provide figures.**

✓✓ **Two valid point** ✓✓ **figures**

- Total sales decreased from R2 419 200 to R2 016 000 (by R403 200)
- 40 fewer air-conditioners were sold.
- Cash sales are below budget (1 451 520 – 1 209 600)
- Reduced delivery expenses R161 280 and commission on sale R60 480 due to poor sales.

4

**4.4.2 Identify TWO changes Mr. Heat implemented in October in response to the new competitor. Quote figures. Give ONE reason for EACH change.**

**Changes**

✓✓ **item with figures**

- Decrease in Cash purchases from the expected (R720 000 – 604 800).

**Reason**

✓✓ **possible reason**

- To improve cash flow / to ensure supplies for increased sales.

- Increased delivery from R192 000 to R331 770 decided to overspend on delivery budget by R139 770.

- Offer of free delivery to increase sales volume/wider target market.

- Credit sales increased from R1 008 000 to R2 116 800.

- Sold on credit to increase number of customers.

- More commission from R75 600 to R110 500.

- To motivate sales staff to sell more products.

4

**4.4.3 With the increase in credit sales. Name TWO items that could possibly appear in the projected income statement for November.**

✓✓

- Bad debts
- Discount allowed

2

<b>Total Marks</b>
<b>30</b>