



# NATIONAL SENIOR CERTIFICATE

**GRADE 12**

**JUNE 2022**

## ACCOUNTING P2 MARKING GUIDELINE

**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.

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This marking guideline consists of 9 pages.

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**QUESTION 1**

**1.1 CREDITORS' RECONCILIATION**

**1.1.1**

	<b>Creditors ledger account of Fragrance Suppliers</b>	<b>Statement received from Fragrance Suppliers</b>
<b>Preliminary balance/total</b>	<b>R28 375</b>	<b>R33 770</b>
<b>(i)</b>		- 375 ✓✓
<b>(ii)</b>		- 1 500 ✓✓ ( - 750 - 750) (one mark each)
<b>(iii)</b>	- 500 ✓✓	
<b>(iv)</b>	+ 1 800 ✓✓ (9 700 - R7 900) (two or 0)	
<b>(v)</b>	- 12 500 ✓	
<b>(vi)</b>	+ 6 320 ✓	
<b>(vii)</b>		- 8 000 ✓
		- 400 ✓
<b>Correct balance/total</b>	<b>23 495</b> <input checked="" type="checkbox"/> *	<b>23 495</b>

<b>13</b>

\* for both totals Opening balance/total have to be included.

**1.1.2 Calculate the average creditors' payment period (in days).**

114 000 three marks

$$\frac{1}{2} \checkmark (100\ 000 \checkmark + 128\ 000 \checkmark) \times 365$$

$$832\ 200 \checkmark$$

$$\frac{114\ 000}{832\ 200} \times 365$$

50 days  One part correct and MUST be multiplied by 365

<b>5</b>

**1.1.3 Provide TWO internal control measures which can be implemented to ensure better management over creditors.**

Any TWO ✓✓ ✓✓

- Internal audits can minimise possibility of fraud
- Check documents to ensure accuracy of entries
- Proper authorisation for purchases
- Ensure creditors are paid on time to qualify for discounts / to maintain a good credit rating
- Make full use of credit terms to assist cash flow

<b>4</b>

**1.2 MANAGEMENT OF CASH**

**1.2.1 Provide TWO concerns the owner should have regarding these deposits.**

Any TWO ✓✓ ✓✓

- Possible theft / fraud
- Rolling of cash

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**1.2.2 Provide TWO suggestions that can be used to ensure that this does not happen again.**

Any TWO ✓✓ ✓✓

- Cash to be deposited daily OR cash collected daily by security company
- Separation of duties
- Encourage EFTs for debtors and other account-paying clients

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<b>QUESTION 1: TOTAL MARKS</b>	<b>30</b>	
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QUESTION 2

2.1 STUTTERHEIM MANUFACTURERS

2.1.1 Production Cost Statement for the year ended 30 April 2022.

<b>Direct labour cost</b>	<b>2 150 880</b>	
Direct material cost (112 800 ✓ + 1 665 000 ✓ - 63 000 ✓ - 175 680 ✓)	1 539 120	✓*
<b>Prime cost</b> <span style="float: right;">DLC + DMC</span>	<b>3 690 000</b>	✓
Factory overhead cost (1 405 350 ✓ + 40 950 ✓ ✓ - 36 300 ✓ ✓)	1 410 000	✓
<b>Total manufacturing cost</b>	<b>5 100 000</b>	✓*
<b>Work-in-progress (1 May 2021)</b>	<b>426 000</b>	
	5 526 000	✓
Work-in-process (30 April 2022)	(261 000)	✓*
<b>Cost of production of finished goods</b> (39 000 x R145)	<b>5 265 000</b>	✓✓

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\*Check operation; -1 foreign items, max. 2

2.1.2 Abridged Statement of Comprehensive Income (Income Statement) for the year ended 30 April 2022.

<b>Gross profit</b>	<b>3 750 000</b>
Selling and distribution cost (1 829 550 ✓ + 14 520 ✓ ✓)	(1 844 070) ✓
Administration cost (1 331 850 ✓ - 40 950 ✓ see 2.1.1 + 21 780 ✓ ✓)	(1 312 680) ✓
<b>Net profit</b>	<b>593 250</b> ✓*

10

2.2 UNIT COST AND BREAK-EVEN

2.2.1 Explain the difference between *fixed cost* and *variable cost*.

Any valid explanation ✓✓

Fixed cost remains the same irrespective of the number of units produced.  
Variable cost varies in direct proportion to the number of units produced.

2

2.2.2 Calculate the break-even point for 2022.

240 000 one mark x R16,20 one mark  
3 888 000 ✓✓  
 53,40 ✓ - 34,80 ✓  
 18,60 two marks  
 209 032,2 → 209 033 units ✓ One part correct

5

**2.2.3 Comment on the break-even point and the level of production for 2021 and 2022. Quote figures.**

Comment and compare BEP with Production for 2021 ✓✓ figure ✓  
Comment and compare BEP with Production for 2022 ✓✓ figure ✓ see 2.2.2

In 2021 the break-even was 195 000 and 195 000 were produced and sold.

The business broke even / no profit and no loss was made.

In 2022 the break-even was 209 033 units (See 2.2.2) and 240 000 units were produced and sold.

The business made a profit on 30 967 units.

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**2.2.4 Identify the variable cost which the owner should be concerned about. Explain and provide a calculation to support your answer.**

Direct labour cost ✓ increased by 15,7% (1,65/10,50) or by 1,65. ✓

Direct labour cost increased by more ✓ than the inflation rate of 6%. ✓

**OR:** Accept Selling and distribution cost decreased by 54c – could affect sales in the future / competitors may enter the market

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**2.2.5 Even though there was a decrease in the fixed costs per unit, the owner is still not satisfied with the control over fixed costs. Explain why he feels this way and provide calculations to support his concern.**

Explanation of economies of scale ✓✓  
Comparative figures quoted ✓✓

In 2021 total fixed cost was R3 217 500 (195 000 x R16,50) and

In 2022 total fixed cost was R3 888 000 see 2.2.2

**OR**

Total fixed cost increased by R670 500 or by 20,8%.

Total fixed cost is expected to remain fairly constant (or unchanged) irrespective of the number of units produced – within limits.

4

**2.2.6 Give ONE possible reason for the decrease in selling and distribution cost.**

Any ONE valid explanation ✓✓

More effective or local advertising

Sales on commission base instead of fixed salary

Cheaper deliveries

2

**QUESTION 2:**  
**TOTAL MARKS**      **50**

**QUESTION 3**

**3.1 INVENTORY VALUATION**

**3.1.1 Calculate the value of closing stock on 28 February 2022.**

$$\frac{63\ 140 \checkmark + 328\ 330 \checkmark - 3\ 740 \checkmark - 2\ 900 \checkmark \checkmark}{412 \checkmark + 2\ 010 \checkmark - 22 \checkmark - 20 \checkmark} \times 320$$

5 marks

$$384\ 830 \times 320$$

$$2\ 380$$

4 marks

9 marks

$$161,69 \times 320$$

$$= R51\ 740,80 \text{ Accept } R51\ 741 \checkmark$$

Must be x 320

10

**Calculate the gross profit for the year ended 28 February 2022.**

Sales (1 986 x R220)	436 920	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Cost of sales (384 830 <input checked="" type="checkbox"/> - 51 741 <input checked="" type="checkbox"/> )	(333 089)	<input checked="" type="checkbox"/>	
Gross profit	103 831	<input checked="" type="checkbox"/>	one part correct

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**3.1.2 What advice can you offer Happiness in this regard? State TWO points.**

Any TWO valid points

He should explain to Nelson that it is unethical to favour family/friends to the disadvantage of the business.

There should be policies in place to make sure all employees understand and abide.

Best quality and prices should always be a priority for the business.

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**3.2 MANAGEMENT OF STOCK (PROBLEM-SOLVING)**

**3.2.1 Provide a calculation to prove that sun hats are being stolen.**

412 ✓ + 1 968 ✓ - 320 ✓ - 1 986 ✓ = 74  one part correct

**Give TWO points of advice to Happiness to address this problem.**

Any TWO valid points ✓✓ ✓✓

- Improve security/security guards/security tags on hats
- Restrict access to storeroom
- Order smaller quantities, more often / order as needed
- Regular stock count and check against records

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**3.2.2 Happiness is unsure whether he is charging the correct prices for the sun glasses and the beach bags.**

**Give him advice on EACH product. Quote figures.**

PRODUCT	ADVICE WITH FIGURES Any valid advice ✓✓ ✓✓ Figures ✓✓
<b>Sun glasses</b>	Mark-up of 25% is deemed as reasonable by buyers. Selling price of R3 438 acceptable for buyers. 1 850 units are sold. Stock holding period is 52 days. Closing stock only 280 units.
<b>Beach bags</b>	Mark-up of 80% is deemed as too high by buyers. Selling price of R702 is not acceptable for buyers. Only 740 units are sold. Stock holding period of 163 days / way too long Closing stock of 420 units are too high. If mark-up % is reduced, sales may increase.

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QUESTION 3: TOTAL MARKS	35	
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**QUESTION 4**

**4.1 FIXED ASSETS**

**4.1.1 GENERAL LEDGER OF FEZEKA TRADERS LTD**

Dr		Equipment		Cr	
2021 Jul 1	Balance b/d	260 000	2022 Mar 31	Asset disposal	35 000 ✓
2022 Apr 1	Creditor's control ✓	192 000 ✓	2022 Jun 30	Balance b/d	420 000 ✓
2022 Apr 1	Bank ✓	3 000 ✓			
		455 000			455 000
2022 Jul 1	Balance b/d	420 000 ✓			

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**Accumulated Depreciation on Equipment**

2022 Mar 31	Asset disposal (7 000 ✓ + 4 200 ✓)	11 200 ✓	2021 Jul 1	Balance b/d	90 000
2022 Apr 30	Balance c/d	121 150 ✓	2022 Mar 31	Depreciation	4 200 ✓ ✓ *
			2022 Jun 30	Depreciation (28 400 ✓ ✓ * + 9 750 ✓ ✓ *)	38 150 ✓
		132 350			132 350
			2022 May 1	Balance b/d	121 150 ✓

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**Asset Disposal**

2022 Mar 31	Equipment	35 000 ✓	2022 Mar 31	Accumulated depreciation on Equipment	11 200 ✓
	Profit on sale of asset ✓	2 000 ✓		Bank ✓ check operation	25 800 ✓ ✓ Balancing figure one part correct
		37 000			37 000

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\* Check workings. Award one method mark if any one part is correct.

**Workings:**

Dep on 31 March 2022:

1/7/20 – 30/6/21  $35\ 000 \times 20\% = 7\ 000$

1/7/21 – 31/3/22  $(35\ 000 - 7\ 000) \times 20\% \times 9/12 = 4\ 200$

Dep on 30 June 2022:

Old F:  $(260\ 000 - 35\ 000) - (90\ 000 - 7\ 000) \times 20\% = 28\ 400$

New F:  $195\ 000 \times 20\% \times 3/12 = 9\ 750$



**4.2 INTERNAL AUDIT PROCESSES**

**4.2.1 Name the type of report that was received.**

Qualified ✓

1

**4.2.2 Explain TWO possible consequences of such a report, for the company.**

Any TWO valid points ✓✓ ✓✓

Might have a negative effect on profitability / lose customers / poor image  
Negative image of the company can possibly affect demand for shares and share price.  
Potential investors might decide not to invest in company.

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**4.2.3 How should the Board of Directors handle this matter? Provide TWO points.**

Any TWO valid points ✓✓ ✓✓

Investigate the findings of the external auditor.  
Request the internal auditor to account for negligence.  
Hearing / disciplinary action / enquiry.  
Give the CEO an opportunity to explain and provide evidence.

4

<b>QUESTION 4: TOTAL MARKS</b>	<b>35</b>	
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**TOTAL: 150**