



Education and Sport Development

Department of Education and Sport Development
Departement van Onderwys en Sportontwikkeling
Lefapha la Thuto le Tlhabololo ya Metshameko

NORTH WEST PROVINCE

NATIONAL SENIOR CERTIFICATE

GRADE 12

ACCOUNTING

SEPTEMBER 2019

MARKING GUIDELINES

MARKS: 300

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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. Full marks for correct answer. If answer 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). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
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 and at least one part must be correct before awarding the mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped. This also applies to ratios.
12. 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

This marking guidelines consists of 19 pages.

QUESTION 1**1.1 CONCEPTS**

1.1.1	Exempted items	✓
1.1.2	An indirect	✓
1.1.3	Input	✓
1.1.4	the Minister of Finance	✓
1.1.5	False	✓

5

1.2.1 Calculate the amount owing to SARS in respect of VAT at the end of February 2019 after taking the transactions into account.

No.	Calculation	Amount owing to SARS
A	59 325 . 33 585	25 740 ✓
B	3 220 x 15/115	(420) ✓
C	30 800 x 15/100	4 620 ✓
D	(25 300 x 5/100 = 1 265) x 15/115	165 ✓✓
E	(92 x 500 = 46 000) x 15/115	(6 000) ✓✓
F		560 ✓
G	(2 280 -2 050 = 230) x 15/115	30 ✓✓
H	427 - 247	(180) ✓✓
	*accept a T account	24 515 <input checked="" type="checkbox"/> * *one part correct

13

1.2.2 Pro Party Shop is experiencing cash flow problems and there is no money available to pay SARS. The bank account shows an overdraft of R52 110 on 31 January 2019. The directors have asked the accountant to reduce the sales amount so that the business will then receive a refund from SARS.**Must the accountant go along with this suggestion?**

No ✓

Give ONE reason for your decision. Any valid point ✓

- It is tax fraud which is a very serious offence. It is unethical.
- SARS can charge interest and penalties and could have the guilty party imprisoned.

2

TOTAL MARKS
20

QUESTION 2**2.1 BANK RECONCILIATION AND INTERNAL CONTROL**

2.1.1 According to the January Bank Statement, does Rose Boutique have a favourable or unfavourable bank balance?

Unfavourable ✓

Give a reason for your answer.

The Bank Statement show the business bank account as a debit in their books which means that the business owes the bank funds. ✓

2

2.1.2 Calculate the Bank balance according to the books of Rose Boutique on 31 January 2019.

$41\,200 \checkmark \text{ (} . 52\,780 . 39\,800 \text{)} \checkmark + (420 + 2\,315 + 1\,620) \checkmark \checkmark$
 $. 275 \checkmark = (47\,300) \checkmark$

OR

$-41\,200 + 52\,780 + 39\,800 - 420 - 2\,315 - 1\,620 + 275$

$= 47\,300$

State whether this balance is favourable or unfavourable.

Favourable ✓

7

2.1.3 The Reconciliation Statement for January 2019 shows an error that was made by the bank. Give ONE example of the type of error the bank could have made in this instance.

Any reasonable answer ✓✓

- Cheque drawn by another account holder incorrectly posted to Rose Boutique's account
- Stop-/debit order processed twice in error
- Error in amount deducted by the bank when processing a cheque

2

2.1.4 There are large outstanding deposits on the Bank Reconciliation Statement provided by the bookkeeper. On investigation it appears that these funds were in fact received by the cashier on 20 and 25 January 2019.

(a) What concern should you have regarding the deposits?

Rolling of cash/An indication of theft ✓

1

(b) Provide TWO solutions to ensure that this does not happen in future.

Any TWO valid points ✓✓ ✓✓

- Encourage direct electronic transfer.
- Contact a security company to collect the deposits on a daily / regular basis.
- Cash is to be deposited on a daily basis.
- Separation of duties . deposits to be done by someone other than the cashier.
- Ad hoc checks of cashier duties to be done by internal auditor or manager.

4

2.1.5 Rose Boutique issued a post-dated cheque no. 510 (dated 15 April 2019). Explain how this cheque will be handled in the financial statements on the financial year end, 28 February 2019.

Increase cash and cash equivalents (bank) ✓ and increase trade and other payables (trade creditors) ✓ with R1 620.

2

2.2 CREDITORS' RECONCILIATION AND INTERNAL CONTROL**2.2.1 CREDITORS' RECONCILIATION STATEMENT ON 30 JUNE 2019**

	R
Balance as per statement of account	10 115 ✓
Invoice 5671	6 555
6 900 ✓ + (6 900 - 345) ✓	13 455 ✓
OR one mark one mark	
13 800 - 345	
Invoice 5780	(3 320) ✓
Invoice 5801	1 850 ✓✓
Invoice 6011	5 800 ✓
Electronic payment	(10 000) ✓
Discount received	(500) ✓
	17 400 ✓*

*one part correct

Calculate the correct balance of Bailey Ltd in the Creditors' Ledger.

$$17\ 850 - 450 = 17\ 400 \quad \checkmark\checkmark$$

13

2.2.2 Refer to Information D.

Calculate the average creditors' payment period in days.

$$\frac{114\ 000 + \frac{1}{2}(50\ 000 + 64\ 000)}{416\ 100} \checkmark\checkmark \times 365 \checkmark$$

$$= \frac{57\ 000}{416\ 100} \text{ two marks} \times 365 \text{ one mark}$$

$$= 50 \text{ days } \checkmark^*$$

*one part correct

5

2.2.3 Provide TWO internal control measures which can be implemented by a business for good internal control over creditors.

Any TWO measures ✓✓ ✓✓

- The statement of account of individual creditors must be reconciled with their accounts in the CreditorsqLedger.
- Conduct internal audits to minimise the possibility of fraud and error.
- Check documents to ensure accuracy of calculations and entries.
- Ensure that items ordered from creditors are correctly received.
- Ensure that all purchases have valid authorisation.
- Ensure that creditors are paid on time to make use of discounts / avoid interest charged discounts.
- Make full use of credit terms to assist cash flow.

4

TOTAL MARKS

40

QUESTION 3

3.1

3.1.1	Fixed cost ✓
3.1.2	Indirect material cost ✓
3.1.3	Selling and distribution cost ✓
3.1.4	Variable cost ✓
3.1.5	Administration cost ✓

5

3.2 N'SYNC MANUFACTURERS

3.2.1 Calculate the value of the raw material on hand on 28 February 2019, using the weighted-average method.

Calculation	Answer
$\begin{array}{r} (55\,000 + 1\,135\,000) \\ \underline{1\,190\,000} \checkmark \\ 9\,520 \checkmark \quad \times 560 \checkmark \\ (9\,020 + 500) \end{array}$	70 000 ☑* *one part correct Must x 560
OR 125 two marks x 560 one mark	

4

3.2.2 Calculate the value of the direct material issued for production.

Calculation	Answer
$\begin{array}{r} (55\,000 + 1\,135\,000) \\ 1\,190\,000 \checkmark \cdot 70\,000 \checkmark^* \text{ (see 3.2.1)} \end{array}$	1 120 000 ☑* *one part correct
OR $(9\,520 \cdot 560) \times 125$ one mark one method mark (see 3.2.1)	

3

3.2.3 Prepare the note for Factory overhead cost.

	R	
Factory overhead cost	616 280	
Indirect material		
52 354 four marks (261 770 three marks x 1/5 one mark) [(4 500 ✓ + 260 000 ✓ - 2 730 ✓) x 1/5 ✓] - 1750 ✓	50 604 ✓*	
Insurance		
(124 992 - 19 096 ✓✓) - 59 520 ✓ - 7 440 ✓ (105 896 two marks - 66 960 two marks)	38 936 ✓*	
Must be above 616280	706 440 ✓	12

3.2.4 PRODUCTION COST STATEMENT ON 28 FEBRUARY 2019

	R	
Direct material cost (see 3.2.2)	1 120 000 ✓*	
Direct labour cost		
467 720 ✓ + 312 850 ✓ + (7 002 + 2 428) ✓ 9 430 one mark 322 280 two marks	790 000 ✓*	
Prime cost (DMC + DLC)	1 910 000 ✓*	
Factory overhead cost	706 440 ✓*	
Manufacturing cost (PC + FOHC)	2 616 440 ✓*	
Work-in-progress: Beginning	65 050	
	2 681 490 ✓*	
Work-in-progress: End (Balancing figure)	(189 490) ✓*	
Total cost of production	2 492 000 ✓*	14
2 512 950 ✓ + 80 500 ✓ - 101 450 ✓		

*one part correct

3.3 CRAFTY WOOD

3.3.1 Calculate the break-even point for 2018.

Calculation	Answer
$\frac{548\,410 \checkmark + 247\,500 \checkmark}{18,85 \checkmark \cdot (5,50 + 4,60 + 1,65) \checkmark}$ $(11,75)$ <p style="text-align: center;">OR</p> $\frac{795\,910}{7,10}$ <p style="text-align: center;">two marks two marks</p>	<p>112 100 units ✓✓*</p> <p>* one part correct answer in units</p>
	6

3.3.2

Calculate the units produced and sold for 2018.

Calculation	Answer
$\frac{607\,750}{5,50} \text{ OR } \frac{508\,300}{4,60} \text{ OR } \frac{182\,325}{1,65}$	110 500 units ✓✓

2

3.3.3

Explain whether you think the owner, Jenny, should or should not be concerned about the profitability and sustainability of her business. Provide TWO reasons and justify your answer by providing supporting figures

The owner should be concerned because the business is not sustainable. ✓

Discussion ✓✓ Quoted figures ✓

Answer for THREE marks:

- BEP has been calculated at 112 100 units and they are only producing and selling 110 500 units. Therefore they are 1 600 units short. Thus not making profit.
- In 2017 the BEP was 78 000 units and they managed to produce and sell 98 000 units, thereby registering a profit on 20 000 units. This will not happen in 2018.

Answer for TWO marks:

- The BEP has increased from 78 000 units to 112 100 units / by 34 100 units.

4

TOTAL MARKS

50

QUESTION 4

4.1

Choose a GAAP principle in COLUMN B that matches the description in COLUMN A.	
4.1.1	E ✓ historical cost
4.1.2	D ✓ materiality
4.1.3	B ✓ matching
4.1.4	F ✓ going concern
4.1.5	C ✓ business entity

5

4.2.1 (a) **ORDINARY SHARE CAPITAL**

Authorised shares: 1 000 000 ordinary shares		
Issued share capital:		
700 000 ✓	Ordinary shares on 1 July 2018	2 100 000 ✓
(30 000) ✓	Shares re-purchased R3 ✓ ✓	(90 000) <input checked="" type="checkbox"/> *
100 000 ✓	Shares issued at R7 each	700 000 <input checked="" type="checkbox"/> *
770 000 ✓	Ordinary shares on 30 June 2019	2 710 000 ✓

10

*one part correct

(b) **RETAINED INCOME**

Balance on 1 July 2018	(Balancing figure)	483 160 <input checked="" type="checkbox"/> *
Net profit after income tax		900 000 <input checked="" type="checkbox"/> *
	1 250 000 ✓ . 350 000 ✓ (1 250 000 one mark x 72/100 one mark)	
30 000 shares re-purchased at R6 each		(180 000) ✓ <input checked="" type="checkbox"/> *
Ordinary share dividends		(403 500) <input checked="" type="checkbox"/> *
Interim dividends 670 000 x 0,20 ✓		134 000 ✓
Final dividends 770 000 <input checked="" type="checkbox"/> * x 0,35 ✓		269 500 <input checked="" type="checkbox"/> *
Balance on 30 June 2019		799 660 ✓

13

*one part correct

**4.2.2 SAHARA LTD
BALANCE SHEET ON 30 JUNE 2019**

ASSETS		
NON-CURRENT ASSETS	3 168 660 <input checked="" type="checkbox"/> *	
Fixed Assets	2 580 000 <input checked="" type="checkbox"/> *	
1 275 000 ✓ + 300 000 ✓✓ + 720 000 ✓ + 600 000 ✓ - 315 000 ✓✓		
Financial assets: Fixed Deposit ✓	588 660 <input checked="" type="checkbox"/> *	11
CURRENT ASSETS (1 090 000 x 1,5)	1 635 000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	
Inventory	790 000 <input checked="" type="checkbox"/> *	
Trade and other receivables (530 000 ✓ + 24 000 ✓ + 50 000 ✓✓)	604 000 <input checked="" type="checkbox"/> *	
Cash and cash equivalents (66 000 ✓ + 175 000 ✓✓)	241 000 <input checked="" type="checkbox"/> *	
TOTAL ASSETS	4 803 660 <input checked="" type="checkbox"/> **	13
** (Must be the same figure as Total Equity and Liabilities)		
EQUITY AND LIABILITIES		
SHAREHOLDERS EQUITY	3 509 660 <input checked="" type="checkbox"/> *	
Ordinary share capital ✓ (see 4.2.1 (a))	2 710 000 <input checked="" type="checkbox"/> *	5
Retained income ✓	799 660 ✓	
NON-CURRENT LIABILITIES	204 000	
Loan: Quality Bank (300 000 ✓ + 8 000 ✓✓ - 56 000 ✓ . 48 000 ✓✓)	204 000 <input checked="" type="checkbox"/> *	7
CURRENT LIABILITIES (**SEE ALTERNATIVE)	1 090 000 <input checked="" type="checkbox"/> *	
Trade and other payables (720 000 ✓ + 35 500 ✓ + 17 000 ✓✓)	772 500 <input checked="" type="checkbox"/> *	
Shareholders for dividends (see 4.2.1 (b))	269 500 <input checked="" type="checkbox"/> *	
Current portion of loan ✓	48 000 <input checked="" type="checkbox"/> *	10
TOTAL EQUITY AND LIABILITIES (SHE + NCL + CL)	4 803 660 <input checked="" type="checkbox"/> *	46

*one part correct

***** ALTERNATIVE FOR CURRENT LIABILITIES:**

CURRENT LIABILITIES	1 090 000 <input checked="" type="checkbox"/> *	
Trade and other payables (720 000 ✓ + 35 500 ✓ + 269 500 <input checked="" type="checkbox"/> * (see 4.2.1 (b)) + 17 000 ✓✓)	772 500 <input checked="" type="checkbox"/> *	
Current portion of loan ✓	48 000 <input checked="" type="checkbox"/> *	10
TOTAL EQUITY AND LIABILITIES	4 803 660 <input checked="" type="checkbox"/> *	

4.3 AUDIT REPORT**4.3.1 Provide ONE reason why public companies must be externally audited.**

Any valid answer ✓✓

- Because they work with public funds.
- To be accountable to stake holders e.g. shareholders.
- To discourage fraud.
- Requirement of the Act/IFRS (compliance).

2

4.3.2 What type of report did Giovanni Ltd receive from the independent auditors? Explain your answer.**Type:**

Unqualified report ✓

Explain your answer: ✓✓

- The auditors found that the financial statements were accurate.
- The financial statements fairly present the financial performance and financial position of the company.
- The financial statements are in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

3

4.3.3 Refer to information B.**One of the directors says that “the company must not waste money on things like this.” Provide THREE reasons against his opinion.**

Any TWO valid answers ✓✓ ✓✓ ✓✓

- This forms part of their corporate social investment/responsibility which is necessary as the company relies on the goodwill (support/positive image/good publicity) of the community in which they operate.
- Creates a safer environment which encourages customers to visit the business/creates better working environment.
- In accordance with the King Code.

6

**TOTAL
MARKS**

85

QUESTION 5**5.1 FIXED ASSETS**

5.1.1 Calculate the cost price of the delivery vehicle that was traded in on 31 August 2018.

Calculation	Answer
1 120 000 ✓ + 450 000 ✓ . 1 270 000 ✓	300 000 ✓*
OR . 1 120 000 . 450 000 + 1 270 000	*one part correct

4

5.1.2 Calculate the missing figures as indicated by (i)–(iv) on the fixed asset note.

No.	Calculations	Answer
(i)		(400 000) ✓ ignore brackets
(ii)	(6 015 000 . 5 715 000) + 400 000	700 000 ✓✓
(iii)	$\frac{[(300\ 000 \cdot 60\ 000) \times 20\%] \times 6/12}{300\ 000 \cdot (60\ 000 \cdot 24\ 000)}$ one mark one mark 84 000 three marks	216 000 ✓* *one part correct
(iv)	New: $(65\ 000 \times 18/100) \cdot 3/12 = 2\ 925$ Old: $29\ 000 - 1 = 28\ 999$	(31 924) ✓* *one part correct

14

5.2 CASH FLOW STATEMENT**5.2.1 Reconciliation between profit before taxation and cash generated from operations.**

	R
Profit before tax (60 000 + 90 000)	150 000 ✓✓
Adjustment in respect of:	56 100 ✓*
Interest on loan	12 900 ✓
Depreciation	43 200 ✓
Operating profit before changes in working capital:	206 100 ✓*
Changes in working capital:	29 900 ✓*
Inventory 134 000 (126 150 + 7 850) ✓ - 162 000 ✓	28 000 ✓* Must not be in brackets
Trade and other receivables (23 800 + 1 400) ✓ . 36 000 ✓ OR 25 200 one marks (28 000 . 2 800) . 36 000 one mark one mark	10 800 ✓* Must not be in brackets
Trade and other payables 54 800 ✓ . (63 000 + 700) ✓ OR 54 800 one mark 63 700 one mark (74 800 . 20 000) . (83 700 - 12 000 . 8 000) one mark one mark	(8 900) ✓* Must be in brackets
Cash generated from operations	236 000 ✓*

17

*one part correct

5.2.2	Cash effects of operating activities	110 300 <input checked="" type="checkbox"/> *	
	Cash generated from operations (see 5.2.1)	236 000 <input checked="" type="checkbox"/>	
	Interest paid	(12 900) <input checked="" type="checkbox"/> Must be in brackets	
	Dividends paid 50 000 three marks 12 000 ✓ + [(32 000 ✓ + 90 000 ✓ - 72 000 ✓) - 20 000 ✓] OR 12 000 one mark + 30 000 four marks OR 62 000 four marks . 20 000 one mark OR 50 000 -12 000 - (32 000 + 90 000 - 72 000) + 20 000 OR -12 000 one mark - 30 000 four mark (Accept T-account)	(42 000) <input checked="" type="checkbox"/> * Must be in brackets	
	Income tax paid 8 000 ✓ + 60 000 ✓ + 2 800 ✓ OR -8 000 - 60 000 - 2 800 (Accept T-account)	(70 800) <input checked="" type="checkbox"/> * Must be in brackets	<input type="text"/> 13

5.2.3	Net change in cash and cash equivalents	(69 600) <input checked="" type="checkbox"/> *	
	Cash and cash equivalents : Beginning		
		16 400 ✓	
	Cash and cash equivalents : End (6 800 . 60 000)	(53 200) ✓✓	<input type="text"/> 4

*one part correct

5.3 INTERPRETATION AND ANALYSIS**5.3.1 Comment on the following financial indicators:**

	Comment with figures ✓ ✓ ✓ ✓	Reason for change ✓ ✓	
(a) % gross profit on the cost of sales	Increased from 47% to 56%. 56% is less than the mark-up of 60%	Advertising used to increase sales; improved marketing strategies; purchased from cheaper suppliers; trade discount allowed to customers	<input type="text"/> 3
(b) % operating expenses on sales	Improved/decreased from 23% to 18%	Kept within budget; avoided wastage; Increase sales; cut down expenses	<input type="text"/> 3

5.3.2 From 2017 to 2018 the directors made a well-considered decision to change the policy on the distribution of profit in the form of dividends. Explain this change. Quote figures or calculations to support your answer.

Expected response for FOUR marks
(explanation ✓ ✓ figures/calculation ✓ ✓)

They paid out $(42 \div 42 \times 100)$ 100% of all their earnings in 2017, compared to $(28 \div 50 \times 100)$ 56% of their earnings in 2018. The business is retaining funds for future expansions/developments/to improve NAV in 2018.

Expected response for TWO marks:

The DPS decreased from 42 cents to 28 cents/decreased by 14 cents and the EPS improved from 42 cents to 50 cents/improved by 8 cents.

4

5.3.3 Shareholders are satisfied with the issue price of the new shares. Quote TWO financial indicators with figures to support this statement.

Financial indicators and figures ✓ ✓
Valid comment ✓ ✓

- New shares have been sold at 873 cents above the NAV of 648 cents
- New shares have been sold at 873 cents above the market value per share of 763 cents

4

5.3.4 One of the directors feel that the loan should be paid as soon as possible. Do you agree? Quote TWO financial indicators with figures to support your opinion.

Opinion:

No ✓

Financial indicators with figures:

Explanation ✓ ✓ Trend from 2017 to 2018 ✓ ✓

Debt-equity ratio is 0,06 : 1 which means the business is in a position to borrow more money. This indicates low risk.

The return on total capital employed (ROTCE) for 2018 is 26% which is higher than the interest rate of 18%. This indicates positive gearing.

5

5.3.5 The shareholders should be satisfied with the return on their investment and the companies' earnings. Explain TWO financial indicators with figures to support this opinion.

Explanation ✓ ✓ Figures ✓ ✓

Return on shareholders' equity improved from 9,5% to 20%.
20% is higher than return on alternative investment of 7% or 13%.

Earnings per share improved from 42 cents to 50 cents per share.

4

TOTAL MARKS
75

QUESTION 6

6.1 **Complete the Debtors' Collection Schedule for August 2019.**

DEBTORS' COLLECTION SCHEDULE FOR AUGUST 2019		
	CREDIT SALES	AUGUST
May	42 000	
June	49 200	3 936 ✓✓
July	43 200	30 240 <input checked="" type="checkbox"/> ** **Must x70%
August	33 600	6 384 ✓✓
		40 560 <input checked="" type="checkbox"/> * *one part correct

6

6.2 **Calculate the missing amounts indicated by (i)–(iv) on the Cash Budget.**

No.	Calculations	Answer
(i)	$(84\,000 \times 100/150 \checkmark) \times 25\% \checkmark$	14 000 <input checked="" type="checkbox"/> *
(ii)	$(82\,000 \times 75\%) \checkmark \times 95\% \checkmark$	58 425 <input checked="" type="checkbox"/> *
(iii)	$2\,904 \times 100/110$	2 640 ✓✓
(iv)	$- 22\,600 \checkmark . 10\,200 \checkmark$	(32 800) <input checked="" type="checkbox"/> * *one part correct

11

6.3 **Refer to Information A and E.**

The workers are dissatisfied with the increases they will be receiving in August 2019. They have also indicated that they will embark on strike action in October 2019 if the owner does not address their concerns.

Give ONE reason (with figures) that the owner could use to justify the increase he granted to the workers in August 2019.

Appropriate reason ✓✓ relevant figure ✓✓

- The business is experiencing cash flow problems as the bank balance is expected to be overdrawn at the end of August 2019 by R120 000.
- The total sales for June (R89 100) is below the budgeted amount (R123 000) and he expects this trend to continue.
- Collection from debtors decreased from R46 440 to R40 896.

4

6.4

Refer to Information A and G.

The owner requires your comment regarding the new vehicle.

Apart from the deposit and the monthly instalment of R6 250, explain how the next Cash Budget will be affected. State THREE points.

Any 3 valid points ✓ ✓ ✓

- Delivery expenses paid to MJ Deliveries will be avoided.
- Petrol costs must be included.
- Salary of a driver must be included.
- Insurance must be included.

3

6.5

Refer to Information H.

At the end of August 2019 the following figures were identified. The owner has asked that you explain to him why the budgeted and actual amounts of certain items differ significantly.

Comment on the control of the following items in September 2019. Provide ONE point of advice to Terry in respect of each item.

COMMENT	ADVICE
<p>ADVERTISING:</p> <p>Under spent. This lead to the decrease in sales. ✓✓</p>	<p>Increases advertising to increase sales.✓</p>
<p>PACKING MATERIALS:</p> <p>Over spent. Sales is less so packing materials must also be less. ✓✓</p>	<p>Regular stock counting to check for possible theft ✓</p>

6

TOTAL MARKS
30

TOTAL: 300

DISTRIBUTION OF QUESTIONS IN TERMS OF COGNITIVE LEVELS (Table)

ACCN	September 2019			BLOOMS TAXONOMY									CHALLENGE			PROBLEM-SOLVING			
Q	Marks		Topic	Remember	Understand comprehend	Apply (recall)	Apply (process)	Analyse (understand)	Analyse (productive)	Evaluate	Create		Easy	Medium	Difficult		Surface	Deep	
1.1	5		Concepts	5									5						
1.2.1	13		Calculate owing to SARS				10		3				4	6	4				
1.2.2	2		Ethics		2								2					2	
		20		5	2		10		3										
2.1.1	2		B/S Balance		2								2						
2.1.2	7		Bank balance			1	4		2				2	5					
2.1.3	2		B/S Error							2					2				
2.1.4 (a)	1		Identify problem							1					1				1
2.1.4 (b)	4		Internal Control		4									4					4
2.1.5	2		Post-dated cheque				2							2					
2.2.1	13		Cred. Recon State			6	5		2				1	7	5				
2.2.2	5		Calculate average cred. payments						5					5					
2.2.3	4		Internal control		4									4					
		40			3	13	5	10		9									

ACCN	September 2019		BLOOMS TAXONOMY										CHALLENGE			PROBLEM-SOLVING	
Q	Marks	Topic	Remember	Understand comprehend	Apply (recall)	Apply (process)	Analyse (understand)	Analyse (productiv e)	Evaluate	Create		Easy	Medium	Difficult		Surface	Deep
3.1.	5	Concepts		5								5					
3.2.1	4	Value closing stock (WA)				4							4				
3.2.2	3	Calculate DM				3							3				
3.2.3	12	Factory overhead				10		2				4	5	3			
3.2.4	14	Prod. cost statem			7	7						5	5	4			
3.3.1	6	Break-even point						6					6				
3.3.2	2	Units produce					2					2					
3.3.3	4	BEP & Units prod							4				2	2			
		50	0	5	7	20	2	12	4	0							
4.1	5	GAAP-principles	5									5					
4.2.1 (a)	10	Ord. share capital			2	6		2				2	4	2			
4.2.1 (b)	13	Retained Income			2	8		3				2	7	6			
4.2.2	46	Balance sheet			15	21	2	8				15	16	15			
4.3.1	2	External Oudit		2								2					
4.3.2	3	Identify audit report and explain							3					3			
4.3.3	6	King Code							6				4	2			
		85	5	2	19	35	2	13	9	0							
5.1.1	4	Cost price vehicle						4					4				
5.1.2	14	Fixed asset note			6	6		2				4	5	5			
5.2.1	17	Note 1 Cash flow			7	10						3	7	7			
5.2.2	13	Cash effect			7	6						3	5	5			

ACCN	September 2019		BLOOMS TAXONOMY										CHALLENGE			PROBLEM-SOLVING	
Q	Marks	Topic	Remember	Understand comprehend	Apply (recall)	Apply (process)	Analyse (understand)	Analyse (productive)	Evaluate	Create		Easy	Medium	Difficult		Surface	Deep
		operating															
5.2.2	4	Net change cash				4							2	2			
5.3.1	3	% gross profit					1		2			1	2				
	3	% operating expenses					1		2			1	2				
5.3.2	4	Comment dividends							4					4			
5.3.3	4	Issue price							4					4			
5.3.4	4	ROTCE							5					5			
5.3.5	5	ROSHE															
		75	0	0	20	26	2	6	21	0							
6.1	6	Credit sales and Debtors collection			1	5							4	2			
6.2	11	Cash Budget			7	4						3	4	4			
6.3	4	Internal control							4				2	2			
6.4	3	Identify problem								3			2	1			3
6.5	6	Actual vs Budget							2	4			3	3			6
		30	0	0	8	9	0	0	6	7							
			10	19	61	115	6	39	43	7		57	135	89			
Total	300		30%			41%			29%			19%	45%	30%		10%	
Required %			30%			40%			30%								

ACCOUNTING CAPS - DATE: September 2018

Question topics:

Q1	Q2	Q3	Q4	Q5	Q6
VAT & Ethics	Bank and Cred. Recons	Manufacturing & Inventory	GAAP, Balance sheet, Audit	Cash Flow & analysis	Cash Budget
20	40	50	85	75	30

DISCIPLINE 1: FINANCIAL ACCOUNTING

12.1.1	Concepts - companies
12.1.2	Concepts - GAAP & IFRS
12.1.3	Selected ledger accounts & interpretation - companies
12.1.4	Accounting equation - companies
12.1.5	Final accounts - companies
12.1.6	Financial statements - IS - companies
12.1.7	Financial statements - BS & Notes - companies
12.1.8	Cash Flow Statement - companies
12.1.9	Analysis and interpretation of FS - companies
12.1.10	Analyse published FS & audit report of companies
12.1.11	Close corporations - background only
12.1.12	Interpret reconciliations: bank, debtors, creditors, age-analysis
12.1.13	VAT calculation & Control acc (VAT form background only)

			4		
			71		
				37	
				13	
			6		
		31			
18					

DISCIPLINE 2: MANAGERIAL ACCOUNTING

12.2.1	Manufacturing concepts
12.2.2	Production Cost Stmt, short-form Inc Stmt & notes - manufacturing
12.2.3	Analysis & interpretation of unit costs & break-even
12.2.4	Projected IS - sole trader - analyse & interpret
12.2.4	Projected IS - company - analyse & interpret
12.2.5	Cash budget - sole trader - analyse & interpret
12.2.5	Cash budget - company analyse & interpret

	5				
	26				
	15				
					30

DISCIPLINE 3: MANAGING RESOURCES (AUDITING & GOVERNANCE)

12.3.1	Interpret & report on movements of assets			25	
12.3.2	Valuation of inventories - FIFO & WA & Specific Identification	4			
12.3.2	Periodic & perpetual inventory systems				
12.3.3	Professional bodies & Code of conduct				
12.3.4	Application of internal control & internal audit processes	9			
12.3.5	Ethical behaviour in financial environment	2			
12.3.6	Legislation governing companies (overview only)		4		

Content coverage:

Indicate the actual weighting of all content topics in terms of marks against the prescribed/suggested weighting as in accordance with the CAPS.

Content/Topic	Suggested	Actual
Financial Accounting	50%-60%	60%
Managerial Accounting	20%-25%	25%
Managing resources	20%-25%	15%
TOTAL	300	100%