education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ACCOUNTING P2

JUNE 2024

MARKING GUIDELINES

MARKS: 150

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.

These marking guidelines consist of 11 pages.

QUESTION 1

1.1

1.1.1	True ✔
1.1.2	True ✔
1.1.3	False ✔
1.1.4	False ✔
1.1.5	False ✔

5

1.2   BANK RECONCILIATION

1.2.1

CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL	
	Amount			**Amount**
Total	**615 900**		**Total**	**579 525**
	435 ✔			67 500 ✔
	9 375 ✔			2 700 ✔✔
				4 275 ✔
				5 500 ✔
				3 565 ✔
	625 710	☑ both totals must include provisional totals		663 065

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1.2.2

Calculate the correct bank balance on 31 July 2023.	
WORKINGS	**ANSWER**
150 225 ✔☑ + 625 710 ☑ – 663 065 ☑	112 870 ☑
OR	one part correct

150 255	663 065
625 710	c/d 101 435

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1.2.3   **BANK RECONCILIATION STATEMENT**

	Dr	**Cr**
Cr Balance per Bank Statement		98 450 ☑ balancing figure could be DR
Cr Outstanding deposit		41 000 ✓
Dr Outstanding EFT No. 228	16 800 ✓	
No. 230	4 255 ✓	
Correction of error		5 550 ✓✓
Dr deposit wrongly Cr	7 510 ✓	
Dr ATM withdrawal for wages	3 565 ✓	
Dr Balance per Bank Account	112 870 ☑ could be CR. see 1.2.2	
☑ both totals must	145 000	145 000

10

1.2.4

Explain why the rule of prudence will be used in accounting for fraudulent activities in the books and financial statements. Give ONE point.
Any valid answer ✓✓   part-mark for unclear/incomplete answer
• The business cannot guarantee that the amount will be recovered and must regard this transaction in a pessimistic light and take the conservative approach.
• The rule of prudence dictates a conservative approach in reporting financial information.

2

Explain how this type of fraudulent activity can be avoided in the future. Give TWO point.
Any valid answer ✓✓   part-mark for unclear/incomplete answer
• Division of duties where one person will not perform multiple tasks.
• All transactions must be authorised.
• Set up a bank notification service for all transactions.
Responses for 1 mark
• Supervision.
• Division of duties.

4

TOTAL MARKS
35

QUESTION 2

2.1

2.1.1	D ✔
2.1.2	E ✔
2.1.3	A ✔
2.1.4	B ✔

4

2.2   LENAH MANUFACTURERS

2.2.1.   FACTORY OVERHEADS COST

TOTAL before corrections	**2 031 500**
Indirect material	(8 000) ✔
Insurance (204 000 x $^2/_3$) [238 000 – 34 000] [238 000 x $^{12}/_{14}$]	136 000 ✔☑
Water and electricity (122 500 ✔ x 630/350 ✔) (420 000 x 630/1 200)	220 500 ☑
Rent expenses (945 000 x 6/9 = 630 000 – 210 000) (210 000 ✔ x 4/2✔)	420 000 ☑
Operation, must include 2 031 500	2 800 000 ☑

10

2.2.2   PRODUCTION COST STATEMENT ON 29 FEBRUARY 2024

Direct material cost prime cost - DLC	7 256 000 ☑
Direct labour cost (45 x 55 x 1 840) 4 554 000 ✔✔ Overtime (88 x 250 x 45) 990 000✔✔ + 4 554 000	5 544 000 ☑ one part correct
PRIME COST	**12 800 000**
Factory overheads cost	2 800 000 ☑
TOTAL MANUFACTURING COST	15 600 000 ☑
Work-in-progress at beginning of the year	**525 000**
	16 125 000
Work-in-progress at end of the year	(600 000) ☑
COST OF PRODUCTION OF FINISHED GOODS (34 500 x 450)	15 525 000 ✔✔

11

2.3 TLOTLO MANUFACTURERS

2.3.1 Control over raw material:

TLOTLO is concerned about the wastage of material in production. Calculate the number of metres of fabric that was wasted.	
WORKINGS	**ANSWER**
14 160/1,6 = 8 850 ✓✓ – 8 750 = 100 x 1,6 ✓ Or 14 160 – 14 000 <mark>one marks two marks</mark>	160 m ☑ <mark>one part correct</mark>

4

Calculate the total cost of the wastage of fabric.	
WORKINGS	**ANSWER**
160 m x 250 <mark>See 2.2.1</mark>	R40 000 ✓☑ <mark>one part correct</mark>

2

Provide TWO possible reasons for this wastage.
<mark>TWO valid points</mark> ✓✓   ✓✓ <mark>part marks for incomplete / unclear responses</mark> • Poor supervision in the factory / in production process. • Untrained employees – making many mistakes • Carelessness – because of no consequences for poor workmanship • Poor quality material used.

4

2.4 SUZAN'S TOY FACTORY

2.4.1

Provide a calculation to confirm that the break-even point for the 2024 financial year is correct.	
$\dfrac{245\ 700\ ✓}{255\ ✓ - 192\ ✓} = 3\ 900$ units 63 two marks Numerator and denominator must be marked as such	**3**

2.4.2

Explain why Suzan is pleased with the production level, sales, and break-even point. Quote figures.

Valid comparison ✓✓ Figures ✓✓ part marks for incomplete / partial / unclear responses
Must mention Production (and sales) and BEP for four marks

- Produced and sold 1 014 units above the BEP (4 914 – 3 900) / making a profit on 1 014 units.
- Made a profit (includes production and sales) on 1 344 units (4 914 – 3 900) in 2024 compared to 250 units (4 000 – 3 750) in 2023 / profit on an additional 764 units (305,6%)
- Profit (includes production and sales) was R63 882 (1 014 x R63) in 2024 and R16 000 (250 x R64) in 2023; an increase in of R47 882.
- Sales / production increased by 914 units (4 914 – 4 000) / by 22,85% whereas BEP increased by only 150 (3 900 – 3 750) / by 4%. – good control over costs.

Two-mark options: Only ONE of: (max 2 marks)
- Revenue from sales increased from R960 000 to R1 249 500 (R289 500 / 30,2%)
- Comparison of units produced only (4 914 – 4 000) / by 914
- Comparison of BEP only (3 900 – 3 750) / by 150

4

2.4.3

Suzan is concerned about the increase of R5 700 in total fixed costs. Provide ONE reason why he should not be concerned. Quote figures.

ONE point that either mentions or explains economies of scale ✓✓✓ Three marks or nothing

- <u>Enjoy Economies of scale:</u> As more units are produced, fixed cost per unit would decrease.
- Increased production (by 914 units) resulted in a decrease in fixed cost per unit, due to fixed cost remaining fairly constant or not influenced by levels of production.
- The average fixed cost per unit would decrease as units produced increases / total fixed costs (constant) are divided by a large number of units.

3

TOTAL MARKS
45

QUESTION 3

3.1　STOCK CONCEPTS

3.1.1	Periodic ✓
3.1.2	Specific identification ✓
3.1.3	Asset ✓
3.1.4	Weighted average ✓

4

3.2　LUELLA LADIES HANDBAGS

3.2.1

Calculate the value of the closing stock on 31 December 2023.

200 - 20
180 x R1 275 x 1.1 = R 252 450✓✓ **OR**　229 500+ 22 950　= 252 450
40 x R1 250 x 1.1　=　　55 000 ✓✓**OR**　50 000 + 5 500　= 55 000
　　　　　　　　　　307 450 ☑　　　　　　　　　　　　307 450
　　　　　　　　one part correct

5

Calculate the Gross profit for the year ended 31 December 2023.
see 3.2.1
237 600✓ + 1 127 500✓ − 25 500✓✓ − 307 450☑ = 1 032 150

1 295 000✓ − 1 032 150☑ = 262 850☑ one part correct
　　　　　　　　see above

8

Calculate how long (in days) it will take to sell the closing stock of Luella ladies handbags.
see 3.2.1
　307 450 ☑　x 356 = 29,8 days ☑
1 032 150 ☑　　　　one part correct

3

3.2.2

Calculate the number of handbags that are missing.

180✓ + 820✓ − 20✓ − 220✓ − 740✓ = 20☑ missing one part correct

6

Explain to Reatlegile why she only discovered the loss at the end of the year.

- Periodic inventory system is in use where physical stock is counted at particular periods. ✓✓

2

Suggest ONE additional measure that she can implement to address the problem of missing items.
<mark>Any one relevant comments</mark> ✓✓

- Do regular stock taking and compare with stock records.
- Change to perpetual inventory system.

2

3.2.3

Explain TWO points to the owner regarding the benefits of using Specific Identification method.
<mark>Any two relevant point</mark> ✓✓ ✓✓

- Simplest method of stock valuation
- Realistic valuation
- Each item is assigned a specific cost
- The system is best suited for business selling small quantities of large and expensive items

4

Calculate the value of closing stock on 31 December 2023 using Specific Identification method.

January	60 x 1 200 x 1.1	79 200 ✓
February	45 x 1 230 x 1.1	60 885 ✓
June	85 x 1 250 x 1.1	116 875 ✓
September	10 x 1 275 x 1.1	14 025 ✓
Value of stock	<mark>Operation, one part correct</mark>	270 985 ☑

5

3.3.1

	PROBLEM Problem ✓ figure ✓	**ADVICE** ✓✓
OMOLEMO BRANCH	Only R120 000 deposited instead of R127 600 – R7 600 cash is missing. 60% of total sales is on credit.	Division of duties Regular check on sales and deposit. Increase cash sales/ reduce the credit sales.
NGIXI BRANCH	8 units were returned. Worked only 75% of the normal time/ worked 96% of the overtime.	Set sales targets. Calculate commission on net sales. Minimise overtime hours.

6

TOTAL MARKS
45

QUESTION 4

FIXED ASSETS

4.1.1

Explain to the bookkeeper why his method is incorrect: <mark>Part mark for incomplete of unclear answer</mark> Explanation ✓✓ Explanation and calculation may be provided in the same response. He has not realised that the asset is almost fully depreciation/ The R100 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:** (500 000 – 450 000) CV = 50 000 – 1 50 000 = 49 999 ✓✓	**4**

Calculate the carrying value of Bakkies at the end 30 June 2023. (Show all calculations)		
WORKINGS		**ANSWER**
Depreciation New 70 000 437 500 x 9/12 ✓=328 125 x 0.20✓ = 65 625 ☑ Depreciation: (49 999 ☑+ 70 000 ✓ + 65 625☑) = 185 624☑ Accumulated depreciation at the end (450 000 + 185 624) = 635 624✓ ☑ (635 624 – 65 625) = 569 999 Or (450 000 + 87 500)= 537 500 + 185 624 – 153 125 Carrying value at the end (500 000 + 350 000) = 850 000 ✓– 569 999 ☑		R280 001 ☑ <mark>one part correct</mark>

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4.1.2

	Identify and explain ONE big problem with each bakkie and its driver. Quote figures in each case and provide a solution.	
	PROBLEM ✓ ✓ ✓ **FIGURES** ✓ ✓ ✓ Mark problem and figures independently	**SOLUTION** ✓ ✓ ✓
Bakkie 1 (Lebo)	• Neo made only 280 deliveries. • Neo was absent too much – 50 days of work. • Neo is paid the same salary despite the fact that he is making only 7,6% of deliveries. • Vehicle is underutilized because it has the lowest operating costs (R1, 30) but makes only 7,6% of total deliveries. • Poor internal control that allows the vehicle to be operated at a loss. (Income: R70 000 Cost: R88 000)	Pay drivers per delivery – this will encourage them to work harder. Give this vehicle to the best/ most reliable driver.
Bakkie 2 (Nomsa)	• Thabo worked too hard with this vehicle – he did (2,100/260 days = 8 deliveries a day). • This vehicle is old and has the highest operating costs (R2,05) but it does 2,100/3,680 = 57% of all deliveries.	Limit the use of this vehicle if it cannot be replaced. Give this vehicle to the weakest/most idle driver.
Bakkie 3 (Dan)	• Cleo is dishonest and he stole R50 000 of the fees collected (R325 000 – R275 000).	Conduct a full audit of fees collected. Fees must be paid electronically in advance. No cash should be handled by drivers. Institute disciplinary action against Cleo.

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TOTAL MARKS
25