



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**

**NATIONAL**  
**SENIOR CERTIFICATE**

**GRADE 12**

**ACCOUNTING P2**

**SEPTEMBER 2020**

**MARKS: 150**

**TIME: 2 Hours**

**This question paper consists of 14 pages (including a 1-page formula sheet) and an answer book of 12 pages.**

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully and follow them precisely:

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET for financial indicators is attached to this question paper. You may use it if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use dark pencil or black/blue pen to answer the questions.
7. Where applicable, show all calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

<b>QUESTION 1:45 marks; 35 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
Manufacturing	<b>Managerial accounting:</b> Production cost statement Break-even analysis <b>Managing resources:</b> Internal control

<b>QUESTION 2: 25 marks; 20 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
Bank and Creditors Reconciliation	<b>Financial accounting:</b> Bank and creditors reconciliation <b>Managing resources"</b> Internal control

<b>QUESTION 3: 45 marks; 35 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
Inventories	<b>Managing resources:</b> Stock systems Valuation of inventories Internal control

<b>QUESTION 4: 35 marks; 32 minutes</b>	
<b>Topic of the question:</b>	<b>This question integrates:</b>
Cash budget VAT	<b>Managerial accounting:</b> Cash budget VAT

**QUESTION 1      MANUFACTURING****(45 marks; 35 minutes)****1.1      CONCEPTS**

Give one word/term for each of the following descriptions by choosing a word/term from the list below. Write only the word/term next to the question number (1.1.1 – 1.1.4) in the ANSWER BOOK. (4)

Direct material cost	Direct labour cost
Factory overhead cost	Administrative cost
Sales and distribution cost	Break-even point

- 1.1.1 Fuel cost for the delivery of leather handbags.
- 1.1.2 The cost of leather for manufacturing leather handbags
- 1.1.3 The salary of the accountant for the business producing leather handbags.
- 1.1.4 The salary of the employee cutting the leather for the leather handbags.

**1.2      IMPACT COVERS**

Johnny Good is the owner of Impact Covers, a business that produces shockproof cell phone covers. The financial year ended on 30 June 2020. A mark-up of 25% on cost price is used.

**REQUIRED**

- 1.2.1 **Refer to Information B.** Calculate the Direct Labour cost. (7)
- 1.2.2 **Refer to Information C.** Complete the correct Factory Overhead Cost note. (12)
- 1.2.3 Complete the missing figures in the Production Cost Statement for the year ended 30 June 2020. (9)

**INFORMATION**

A	<b>List of balances on:</b>	<b>30 June 2020</b>	<b>1 July 2019</b>
	Indirect materials	5 000	6 100
	Work in Process	?	52 400
	Finished products	26 000	31 000

**B. Factory workers:**

- The factory workers worked 220 normal hours per month for the first three quarters of the year, at a rate of R60 per hour.
- Due to the Covid-19 situation, the factory workers only worked 30 hours in total over the last quarter of the year at the normal hourly rate.
- Over the whole financial year, the workers worked 60 hours overtime at a rate of 1,5 of the normal rates.

**C. The bookkeeper calculated the factory overhead cost for the year ended 30 June 2020:**

Sundry factory expenses	R43 320
Indirect material	R73 000
Insurance	R22 100
Water and electricity	R30 000
Marketing	R14 700
Rent expense	R163 800
Factory manager's salary	R126 800

With closer inspection, the following errors were noticed and should be rectified:

- The balances for Indirect materials were not taken into account. All Indirect materials are used in the factory.
- Insurance includes the payment for July 2020. The bookkeeper forgot that 30% of Insurance should be allocated to the Administrative department.
- Only 60% of Water and electricity was allocated to the factory. It should have been 70%.
- The Rent expense is the total amount paid for the whole year. This should be allocated between the Factory, Sales and Administrative departments in the ratio of 5 : 3 : 1.
- The factory manager received an increase of R700 per month on 1 November 2019. He will forfeit his whole salary for the last month due to the Covid-19 pandemic. The bookkeeper was not aware of this arrangement.

**D. Sales:**

- Sales for the year ended **30 June 2019** was R1 760 000.
- Sales for the year ended **30 June 2020** showed a decrease of 40% from the previous year.

**1.3 SUNNY DESKS**

Sunny Desks produces desks for children, which is sold at a mark-up of 50%. The financial year ended 31 August 2020.

**REQUIRED**

- 1.3.1 Calculate the following for the year ended 31 August 2020:
- (a) Variable cost per hat (4)
  - (b) Break-even point (5)
- 1.3.2 James, the owner of Sunny Hats, is concerned about the production and cost management of the past year. Examine the information and identify TWO different cost items that cause concern. Provide advice on how to improve in each case. (4)

**INFORMATION**

	2020	2019
Factory overhead cost	R702 000	R640 000
Prime cost per unit	R110	R70
Direct material	R70	R35
Direct labour	R40	R35
Fixed sales price per unit	R260	R260
Sales and distribution cost	R219 000	R189 000
Commission	R44 000	R54 000
Fuel cost	R96 000	R73 000
Maintenance of vehicles	R79 000	R62 000
Administrative cost	R221 000	R200 900
Salaries of office staff	R151 000	R132 900
Insurance	R70 000	R68 000
Units produced during the year	9 300	9 900
Units sold during the year	7 300	9 000
Break-even point	?	3 400

**QUESTION 2 RECONCILIATIONS****(25 marks; 20 minutes)****2.1 PLATO TRADERS**

You are provided with information from the books of Plato Traders.

**REQUIRED**

Complete the table provided in the ANSWER BOOK to show the effect of the transactions on the Bank Account and the Bank Statement. Indicate the figure as well as a + for increase and a – or brackets for decrease. If there is no entry to be made, place a X in the No Entry column. (14)

**INFORMATION**

- A. On 31 May 2020, The Bank Statement reflected a balance of R10 320 and the Bank Account a balance R21 340.

B. **Extract of the Bank Reconciliation Statement on 30 April 2020**

Outstanding cheques	
No. 1436	5 400
No. 1464	4 700
No. 1466	3 200
Outstanding deposit	16 900

- C. After comparing the Bank Statement for May 2020 with the Bank Reconciliation Statement of 30 April 2020 and the Cash Journals for May 2020, the following differences were noted:

- (i) A debit order for the manager's cell phone for R1 700, appeared on the Bank Statement only.
- (ii) Cheque No.1436 is dated 11 November 2019.
- (iii) The Bank Statement reflected a deposit of R16 900 which does not appear the Cash Receipts Journal for May 2020.
- (iv) The Cash Receipts Journal (CRJ) reflected a deposit of R17 200, which does not reflect on the Bank Statement.
- (v) An electronic deposit from a debtor for R2 300, appeared on the Bank Statement only.
- (vi) Cheque No. 1464 reflects on the Bank Statement as R4 100. The entry in the Cash Payments Journal (CPJ) is correct.
- (vii) Cheque No. 1466 appeared on the May 2020 Bank Statement.
- (viii) Cheque No. 1481 for R2 000 appeared only in the Cash Payments Journal (CPJ) for May 2020.

- (ix) The Bank Statement shows a R/D cheque for R1 300. It was previously received from a debtor, to settle his account of R1 500.
- (x) The following charges appeared on the Bank Statement:
  - Service fees R530
  - Interest on credit balance R190
- (xi) The Bank statement reflects a debit of R780 which was determined to be an incorrect entry made by a bank official. The Bank will correct the error in June 2020.

## 2.2 JORDAN PLUMBERS

Jordan Plumbers deliver plumbing services in and around Polokwane. The Statement received from a supplier, Tryston Supplies, differs significantly from the account in the Creditor's Ledger. The bookkeeper of Jordan Plumbers, Barry Reese, took leave from 25 February 2020.

### REQUIRED

Take all the information and documents into account and:

- 2.2.1 Calculate the correct balance of Tryston Supplies in the Creditor's Ledger as on 29 February 2020. (4)
- 2.2.2 Prepare a Creditor's Reconciliation Statement for Tryston Supplies on 29 February 2020. (5)
- 2.2.3 **Refer to Information D.** What consequences could Barry Reese face after his actions? Explain ONE point. (2)

### INFORMATION

#### A. Creditor's Ledger of Jordan Plumbers

TRYSTON SUPPLIES					
Date			Debit	Credit	Balance
Feb <sup>20</sup>	1	Balance			18 100
	8	Invoice 4278		5 200	23 300
	11	Cheque 2417	18 100		5 200
	14	Debit note – discount received on Invoice 4278	520		4 680
	24	Invoice 4481		2 070	6 750





B. **Statement received on 28 February 2020:**

TRYSTON SUPPLIES					
PO Box 471, Polokwane, 0700			Tel: 015 617 5211		
Jordan Plumbers		Date: 26 February 2020			
PO Box 1244					
Polokwane					
0700					
Date			Debit	Credit	Amount
Feb <sup>20</sup>	01	Outstanding balance			18 100
	06	Invoice 4278	5 200		23 300
	17	Credit note 248 – 10% trade discount omitted on Invoice 4278		20	23 280
	22	Invoice 4481	1 800		25 080
	26	Invoice 4508	4 700		29 780

## C. Invoice no. 4481 reflected the following totals:

Subtotal of invoice	R1 800
VAT 15%	R270
Total of Invoice	R2 070

D. **Cheque No. 2417**

- The Bank Statement that Jordan Supplies received for February 2020, was accompanied by their cashed check (no. 2417), issued on 11 February 2020 to the value of R18 100.
- This cheque which was issued to Reese and Sons, was entered into the Creditor's Ledger Account of Tryston Supplies, although they never received the cheque or the payment. This account has to be amended.
- Mike Jordan immediately suspected Barry Reese, his bookkeeper, since the business does not have a creditor named Reese and Sons in their ledger.

**QUESTION 3      INVENTORY SYSTEMS AND VALUATION OF INVENTORY**  
**(45 marks; 35 minutes)****3.1      CONCEPTS**

Classify each of the following statements as **being part of either** the PERIODIC or the PERPETUAL inventory system. Write only "Periodic" or "Perpetual" next to the question number (3.1.1 – **3.1.4**) in the Answer book.

- 3.1.1    It is an inexpensive system to manage and operate. (1)
- 3.1.2    Cost of Sales is determined at the point of sale. (1)
- 3.1.3    Stocktaking is done throughout the year. (1)
- 3.1.4    When stock is purchased, the Purchases account is debited. (1)

**3.2      SNAP-IT SHOP**

Snap-It Shop sells cell phones and various equipment and extra accessories for cell phones. Billy Jones is the owner. The financial year ended 31 August 2020.

**REQUIRED****3.2.1    Refer to Information A – Selfie sticks:**

- (a) Calculate the value of the Closing stock on 31 August 2020 using the FIFO Method. (7)
- (b) Calculate the mark-up % achieved in this financial year. (4)
- (c) Billy is of the opinion that this item **should not be sold** any more. Interpret the information and give him your opinion, using figures to prove your point. (3)

**3.2.2    Refer to Information B – Cell phone ring holders:**

- (a) Calculate the stock holding period for cell phone ring holders, in days, using Closing stock. (3)
- (b) Calculate the number of missing cell phone ring holders. (5)
- (c) Devise TWO methods the owner can implement in order to solve this problem. (4)

**3.2.3    Refer to Information C – Cell phones**

- (a) Calculate the value of Closing Stock on 31 August 2020 using the Specific Identification Method. (7)
- (b) Examine the stock figures and identify the problem with the stock ordered. Provide TWO points. (4)
- (c) Discuss the problem that Billy now faces with regards to the stock and formulate a plan to assist him in solving this issue. (4)

**INFORMATION****A. Selfie Sticks – Stock records:**

	Units	Unit price	Total
Opening stock 1/9/19	110	R80	R8 800
Closing stock 31/8/20	205	?	?
<b>Purchases:</b>	<b>510</b>		<b>R49 700</b>
October 2019	250	R90	R22 500
February 2020	140	R100	R14 000
June 2020	120	R110	R13 200
<b>Returns:</b>			
25 items of June 2020	25	?	?
<b>Sales</b>	<b>390</b>	<b>R130</b>	<b>R50 700</b>
<b>Cost of sales</b>			<b>R34 300</b>

**B. Cell phone ring holders – Stock records:**

	Units	Total
Opening stock 1/9/19	400	R28 000
Closing stock 31/8/20	120	R9 800
<b>Purchases:</b>	<b>740</b>	<b>R66 600</b>
October 2019	260	
February 2020	310	
June 2020	170	
<b>Units sold</b>	<b>960</b>	
<b>Cost of Sales</b>		<b>R79 600</b>

**C. Cell phones:**

- The store room manager, Clive, is also responsible for ordering new stock.
- The owner noticed that although there are cell phones available in the store, there are only two different models available in the store – Samsung Galaxy A20 and Samsung Galaxy S10
- The store room manager has recently been seen using a very new and exclusive Samsung tablet which is not available for retail yet.
- **Stock records:**

	Units	Price per unit	Total
<b>Purchases:</b>	<b>300</b>		<b>R1 528 000</b>
Samsung Galaxy A20	220	R2 400	R528 000
Samsung Galaxy S10	80	R12 500	R1 000 000
<b>Sales:</b>	<b>87</b>		<b>R503 000</b>
Samsung Galaxy A20	65	R3 000	R195 000
Samsung Galaxy S10	22	R14 000	R308 000

**QUESTION 4      CASH BUDGETS AND VAT****(35 marks; 25 minutes)**

Julie Mason plans to open her business, Julie's Crafts, on the 1<sup>st</sup> of November 2020. Her cash budget for the first 4 months are given below, starting from 1 November 2020 to 28 February 2021.

**REQUIRED:**

- 4.1 Calculate the percentage of the sales that will be on credit. (4)
- 4.2 Calculate the percentage debtors who will pay their accounts in December 2020. (8)
- 4.3 Evaluate the effective use of Julie's capital contribution. Explain TWO points that you notice and use figures to support your answer. (5)
- 4.4 Julie plans to apply for a loan in January 2021. Considering the figures in the Cash Budget, advise her on TWO items she could manage differently before she considers the loan. Quote figures to support your answer. (4)
- 4.5 Calculate the amount of the loan she is considering to take out in January 2021. (4)
- 4.6 Explain to Julie why it would be ethically correct to register her business as a VAT vendor. Name TWO points (4)
- 4.7 **Refer to Information D.** Calculate the VAT that Julie would have to pay to SARS for January and February 2021. Round off all figures to the nearest Rand if necessary. (6)

**INFORMATION****A. CASH BUDGET FOR JULIE'S CRAFTS FOR 1 NOVEMBER 2020  
– 28 FEBRUARY 2021**

	<b>November 2020</b>	<b>December 2020</b>	<b>January 2021</b>	<b>February 2021</b>
<b>CASH RECEIPTS</b>				
Cash sales	202 500	206 500	210 600	214 800
Cash received from debtors		40 500	66 200	51 400
Capital	75 000			
Loan: Nedbank			?	
<b>TOTAL RECEIPTS</b>	<b>277 500</b>	<b>247 000</b>	<b>?</b>	<b>266 200</b>
<b>Cash payments</b>				
Cash purchases	64 800	66 000	66 600	68 700
Payments to creditors		92 300	94 100	96 000
Equipment	60 000		60 000	
Salaries and wages	82 000	82 000	102 000	102 000
Interest on loan (16%)				1 600
Drawings	21 000	21 000	21 000	21 000
Sundry expenses	43 200	20 900	21 100	21 300
<b>TOTAL PAYMENTS</b>	<b>271 000</b>	<b>282 200</b>	<b>364 800</b>	<b>310 600</b>
Surplus (Deficit)	6 500	(35 200)	?	(44 400)
Bank opening balance	–	6 500	(28 700)	?
Bank closing balance	6 500	(28 700)	?	?

**B. Debtors:**

- Julie is aware that some debtors will not adhere to the 30 days settlement period.

**C. Sales:**

- Total sales for January 2021 – R280 800
- Total sales for February 2021 – R286 400

**D. VAT:**

- Total sales: January and February 2021, R567 200 (excl. VAT)
- Total purchases: January and February 2021, R317 200 (incl. VAT)
- Purchase of equipment: January 2020, R60 000 (incl. VAT).

GRADE 12 ACCOUNTING: FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
Total assets : Total liabilities	Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$	
$\frac{\text{Trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
Long term liabilities : Shareholder's equity	$\frac{\text{Net income after tax}}{\text{Average shareholder's equity}} \times \frac{100}{1}$	$\frac{\text{Net income after tax}}{\text{Number of shares issued}} \times \frac{100}{1}$
$\frac{\text{Net income before tax + interest on loan}}{\text{Average shareholder's equity + Average long-term liabilities}} \times \frac{100}{1}$		$\frac{\text{Net income after tax + interest on loan}}{\text{Average shareholder's equity + Average long-term liabilities}} \times \frac{100}{1}$
$\frac{\text{Shareholder's equity}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends per year}}{\text{Number of issued shares}} \times \frac{100}{1}$	$\frac{\text{Dividends per year}}{\text{Earnings per shares}} \times \frac{100}{1}$



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**ACCOUNTING**

**GRADE 12**

**PAPER 2**

**SEPTEMBER 2020**

**NAME OF CANDIDATE**

**GRADE AND CLASS NO.**

***SPECIAL ANSWER BOOK***

QUESTION	MARKS	TOTAL	INITIAL	MOD.
1		45		
2		25		
3		45		
4		35		
TOTAL		150		





**1.2.2 Production Cost Statement for the year ended 31 May 2020**

Direct material	
Direct labour	
<b>Prime cost</b>	
Factory overhead cost	
<b>Total production cost</b>	<b>849 700</b>
Work in process	
Work in process	
<b>Total cost of production of complete products</b>	

9

**1.3 SUNNY DESKS****1.3.1 Calculate the following for the year ended 31 August 2020:****(a) Variable cost per unit.**

4

**(b) The break-even point.**

5

1.3.2

James, the owner of Sunny Hats, is concerned about the production and cost management of the past year. Examine the information and identify TWO different cost items that cause concern. Use figures to support your answer. Provide advice on how to improve in each case.

Problem (with figures)	Advice

4

TOTAL MARKS
45

**QUESTION 2 RECONCILIATIONS****2.1 PLATO TRADERS**

	<b>Bank Reconciliation Statement on 31 May 2020</b>	<b>Bank Account on 31 May 2020</b>	<b>No entry</b>
<b>Balance</b>	<b>R10 320</b>	<b>R21 340</b>	
(i)			
(ii)			
(iii)			
(iv)			
(v)			
(vi)			
(vii)			
(viii)			
(ix)			
(x)			
(xi)			

**2.2 JORDAN PLUMBERS****2.2.1 Calculate the correct balance of Tryston Supplies in the Creditor's Ledger as on 29 February 2020.**

<b>Balance</b>	<b>R6 750</b>
<b>Correct balance</b>	

4

**2.2.2 Prepare a Creditor's Reconciliation Statement for Tryston Suppliers on 29 February 2020.**

<b>Balance per statement of account</b>	<b>29 780</b>
<b>Correct balance</b>	

5

**2.2.3 Refer to Information D. What consequences could Barry Reese face after his actions? Explain ONE point.**

2

**TOTAL  
MARKS****25**

**QUESTION 3      INVENTORY SYSTEMS AND VALUATION OF INVENTORY****3.1      CONCEPTS**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

**3.2      SNAP-IT SHOP****3.2.1****Refer to Information A:**

(a) Calculate the value of the Closing stock on 31 August 2020 using the FIFO Method.

7

(b) Calculate the mark-up % achieved in this financial year.

4

(c) The owner is of the opinion that this item **should not be sold any more.** Interpret the information and provide evidence (with figures) to prove his point.

3

3.2.2

**Refer to Information B:**

(a) Calculate the stock holding period for cell phone ring holders, in days, using Closing stock.

3

(a) Calculate the number of missing cell phone ring holders.

5

(c) Devise TWO methods the owner can implement in order to solve this problem.

4

3.2.3

**Refer to Information C:**

(a) Calculate the value of Closing Stock on 31 August 2020 using the Specific Identification Method.

7





**(b) Examine the stock figures and identify the problem with the stock ordered. Provide TWO points.**

4

**(c) Discuss the problem that Billy now faces with regards to the stock and formulate a plan to assist him in solving this issue.**

4

<b>TOTAL MARKS</b>
<b>45</b>

**QUESTION 4      CASH BUDGETS AND VAT**

**4.1      Calculate the percentage of the sales that will be on credit.**

4

**4.2      Calculate the percentage debtors who pay their accounts in December 2020.**

8

**4.3      Evaluate the effective use of Julie's capital contribution. Explain TWO points that you notice and use figures to support your answer.**

5

- 4.4 Julie plans to apply for a loan in January 2021. Considering the figures in the Cash Budget, advise her on TWO items she could manage differently before she considers the loan. Quote figures to support your answer.

4

- 4.5 Calculate the amount of the loan she is considering to take out in January 2021.

4

- 4.6 Explain to Julie why it would be ethically correct to register her business as a VAT vendor. Name TWO points.

4

4.7

**Refer to Information D. Calculate the VAT that Julie would have to pay to SARS for January and February 2021. Round off all figures to the nearest Rand, if necessary.**

6

<b>TOTAL MARKS</b>
35

**TOTAL: 150 marks**



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**GRADE 12**

**PAPER 2**

**SEPTEMBER 2020**

***MEMORANDUM***

**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 12 pages.

## QUESTION 1 MANUFACTURING

### 1.1 CONCEPTS

1.1.1	Sales and Distribution (or S&D) ✓
1.1.2	Direct material cost (or DM / DMC) ✓
1.1.3	Administrative cost (or Admin / AC) ✓
1.1.4	Direct labour cost (of DL / DLC) ✓

4

### 1.2 IMPACT COVERS

#### 1.2.1 Refer to Information B. Calculate the Direct Labour cost.

Normal time: 220 hours x R60 x 9 months = R118 800 ✓✓\*

Last quarter: 30 hours x R60 = R 1 800 ✓✓\*

Overtime: 60 hours x R90 = R 5 400 ✓✓\*

R126 000 ✓

\*one part correct

7

#### 1.2.2 Factory Overhead Cost

Sundry factory expenses	✓ 43 320
Indirect material (6 100 + 73 000 – 5 000)	✓✓* 74 100
Insurance (22 100 – 1 700 ) x 70%	✓✓* 14 280
Water and electricity (30 000 x $\frac{70}{60}$ )	✓✓ 35 000
Rent expense (163 800 x $\frac{5}{9}$ )	✓✓* 91 000
Factory manager's salary (126 800 – 10 800)	✓✓ 116 000
Total factory overhead cost	✓ 373 700

– F for foreign item of Marketing R14 700

\*one part correct

12

**1.2.2 Production Cost Statement for the year ended 31 May 2020**

Direct material	
Direct labour	
<b>Prime cost</b>	
Factory overhead cost	
<b>Total production cost</b>	<b>849 700</b>
Work in process (1 July 2019)	✓ 52 400
	✓ 902 100
Work in process (30 June 2020) <span style="float: right;">balancing</span>	☑ (62 300)
<b>Total cost of production of complete products</b> $1\,760\,000 \times 60\%(\text{two marks}) \times 100/125$ (one mark) CS 26 000 ✓ + sold 844 800 ✓✓✓ – OS 31 000 ✓	☑* 839 800

9

\*one part correct

Finished Goods			
Balance	31 000	Cost of Sales	844 800
Tot Prod Cost	*839 800	Balance	26 000

**Cost of Sales calculation:**Sales:  $1\,760\,000 \times 40\% = 1\,056\,000$ CoS for 2020 =  $1\,056\,000 \times \frac{100}{125} = 844\,800$ **1.3 SUNNY DESKS****1.3.1 Calculate the following for the year ended 31 August 2020:****(a) Variable cost per unit.**

$$\begin{array}{rcl}
 \text{Prime cost} & = & \text{R}110 \quad \checkmark \\
 \text{S \& D} & = & \text{R } 30 \quad \checkmark \checkmark \quad (\text{R}219\,000 / 7\,300 \text{ units}) \\
 & & \text{R}140 \quad \checkmark \text{ one part correct}
 \end{array}$$

4

**(b) The break-even point.**

$$\begin{array}{rcl}
 \frac{702\,000 \checkmark + 221\,000 \checkmark}{260 \checkmark - 140 \checkmark} & & (\text{see 2.3.1}) \\
 = \frac{923\,000}{120}
 \end{array}$$

$$= 7\,692 \quad \checkmark \text{ one part correct, must be full units, do not accept } 7\,691,67 \text{ or } 7\,691 \text{ units}$$

5

**1.3.2**

James, the owner of Sunny Hats, is concerned about the production and cost management of the past year. Examine the information and identify TWO different cost items that cause concern. Use figures to support your answer. Provide advice on how to improve in each case.

Problem with figure ✓ ✓  
Advice ✓ ✓

Problem (with figures)	Advice
Units sold decreased – from 9 000 to 7 300 (or by 1 700 units)	More effective marketing to increase sales (do not accept increase marketing, the figure has increased from the previous year)
Fuel cost increased from 73 000 to 96 000  <b>OR:</b>	Purchase a more fuel-efficient vehicle / Charge a delivery fee for clients that are far away / Check the delivery records against the vehicles log book / install a tracking device
Commission decreased from 54 000 to 44 000 <b>OR:</b>	Change or increase commission structure to motivate staff to sell more items.
Sales and distribution cost increased – from R189 000 to R219 000 (or by R30 000)	Any of the reasons of the above
Break-even point increased – from 3 400 units to 7 692 (see 1.3.1 b) (or by 4 292 units)	Decrease factory overhead cost / Find a cheaper supplier of Direct material / Limit wastage of Direct material
Salaries of office staff increased from 132 900 to 151 000 <b>OR:</b>	Cut unnecessary salaries / do not give salary increase when the production is down /
Administrative cost increased – from R200 900 to R221 000 (or by R20 100)	

4

TOTAL  
MARKS

45



**QUESTION 2 RECONCILIATIONS****2.1 PLATO TRADERS**

	<b>Bank Reconciliation Statement on 31 May 2020</b>	<b>Bank Account on 31 May 2020</b>	<b>No entry</b>
<b>Balance</b>	<b>R10 320</b>	<b>R21 340</b>	
(i)		( 1 700 ) ✓	
(ii)		+ 5 400 ✓	
(iii)			X ✓
(iv)	+ 17 200 ✓		
(v)		+ 2 300 ✓	
(vi)	( 600 ) ✓✓		
(vii)			X ✓
(viii)	( 2 000 ) ✓		
(ix)		(1 300 ) ✓	
(x)		( 530 ) ✓	
		+ 190 ✓	
(xi)	+ 780 ✓		
	<b>25 700</b>	<b>25 700</b>	



added with starting totals included

**2.2 JORDAN PLUMBERS****2.2.1 Calculate the correct balance of Tryston Supplies in the Creditor's Ledger as on 29 February 2020.**

<b>Balance</b>	<b>R6 750</b>	
Reverse fraudulent payment	+ 18 100	✓✓
Invoice not recorded	+ 4 700	✓
<b>Correct balance</b>	<b>29 550</b>	One part correct ✓

**2.2.2 Prepare a Creditor's Reconciliation Statement for Tryston Suppliers on 29 February 2020.**

<b>Details</b>	<b>Amount</b>	
<b>Balance per statement of account</b>	<b>29 780</b>	
Amount without VAT reflected	+ 270	✓✓
Incorrect entry of credit note 248	– 500	✓✓
<b>Correct balance</b>	<b>29 550</b>	One part correct ✓

**2.2.3 Refer to Information D. What consequences could Barry Reese face after his actions? Explain ONE point.**

✓✓ Part marks for unclear or incomplete answer.

- Barry Reese could be arrested for fraud.
- He could be removed from the roll of qualified accountants.
- He must repay the money to Jordan Plumbers.
- He will get a disciplinary hearing.
- Etc.

**TOTAL  
MARKS****25**

**QUESTION 3 INVENTORY SYSTEMS AND VALUATION OF INVENTORY****3.1 CONCEPTS**

3.1.1	Periodic ✓
3.1.2	Perpetual ✓
3.1.3	Perpetual ✓
3.1.4	Periodic ✓

4

**3.2 SNAP-IT SHOP****3.2.1 Refer to Information A:**

**(a) Calculate the value of the Closing stock on 31 August 2020 using the FIFO Method.**

One mark One mark  
(120 – 25)

$$95 \checkmark\checkmark \times R110 \checkmark = R10\,450$$

One mark One method  
(205 – 95 above)

$$110 \checkmark\checkmark \times R100 \checkmark = R11\,000$$

$$205 = R21\,450 \checkmark \text{ one part correct}$$

OR:

$$\text{OS } R8\,800 + \text{Purch } 49\,700 - \text{Returns } 2\,750 - \text{CoS } 34\,300 = 21\,450$$

one mark                      one mark                      2 marks (25 x R110)                      two marks                      method mark

7

**(b) Calculate the mark-up % achieved in this financial year.**

(2 marks, no split marks)  
16 400

$$\left( \frac{50\,700 - 34\,300}{34\,400} \right) \checkmark\checkmark \times 100$$

$$=47,81\% \checkmark \text{ one part correct}$$

4

**(c) The owner is of the opinion that this item **should not be sold** any more. Interpret the information and provide evidence (with figures) to prove his point.**

Explanation ✓✓ figures ✓

- There were more items in the Closing stock as in the Opening stock, 205 vs 110. This item is not selling well.

3

3.2.2

**Refer to Information B:****(a) Calculate the stock holding period for cell phone ring holders, in days, using Closing stock.**

$$\frac{9\,800 \checkmark}{79\,600 \checkmark} \times 365$$

=45 days ☒ one part correct, must be x by 365, accept 44,9 or 44,94 days

3

**(b) Calculate the number of missing cell phone ring holders.**

$$\begin{array}{ccccccc} \text{OS} & & \text{Purch} & & \text{CS} & & \text{Sold} \\ 400 \checkmark & + & 740 \checkmark & - & 120 \checkmark & - & 960 \checkmark \\ & & & & & & = 60 \text{ units} \end{array}$$

☒ one part correct

5

**(c) Devise TWO methods the owner can implement in order to solve this problem.**

Two valid and different points ✓✓ ✓✓

Part marks for unclear or incomplete answer

- This is a small item, so keep it behind the cashier's desk.
- Clients choose item from a picture and store room manager collects the chosen item from the store room.
- Improve security/supervision where the most likely items to be stolen are kept.
- Install cameras to improve security.
- Etc.

4

3.2.3

**Refer to Information C:****(a) Calculate the value of Closing Stock on 31 August 2020 using the Specific Identification Method.**

<b>A20</b>	<div>one mark one mark (65 x R2 400)</div> <div>528 000✓ – 156 000 ✓✓</div>	372 000
	<div>2 marks 1 mark</div> <div>OR: 220 – 65 = 155 units x R2 400</div>	
<b>S10</b>	<div>one mark one mark (22 x R12 500)</div> <div>1 000 000✓ – 275 000 ✓✓</div>	725 000
	<div>2 marks 1 mark</div> <div>OR: 80 – 22 = 58 units x R12 500</div>	
		<input checked="" type="checkbox"/> R1 097 000 one part correct

7



**(b) Examine the stock figures and identify the problem with the stock ordered. Provide TWO points.**

✓✓

✓✓

Part marks for unclear or incomplete answer

- There was no separation of duties – Clive cannot be the only one responsible for ordering stock.
- Too many phones were ordered – 220 for the A20, but only 65 phones were sold, or 80 for the S10 purchased, but only 22 sold.
- It seems as if Clive was bribed to order these items since he is using a new tablet.
- Etc.

**(c) Discuss the problem that Billy now faces with regards to the stock and formulate a plan to assist him in solving this issue.**

Problem ✓✓

Plan ✓✓

Part marks for unclear or incomplete answer

Problem:

- The clients only have two options to choose from.
- There are many units unsold at the end of the year – this increase the risk of theft of damage

Plan:

- Lower the sales price and try to improve sales of these two items
- Order other models and/or cheaper models to increase the choice of phones for clients.
- Launch a promotion or competition where if you buy 1 cell phone, you stand the chance to win a second phone.
- Try to sell the phones to other shop owners.
- Contact an organisation and make a deal to supply all their workers with cell phones.
- Etc.

4

4

<b>TOTAL MARKS</b>
<b>45</b>

**QUESTION 4 CASH BUDGETS AND VAT****4.1****Calculate the percentage of the sales that will be on credit.**

January 2021:	OR	February 2021:
$\frac{210\,600}{280\,800} \times 100$ $= 75\% \text{ for cash sales}$ <p>Credit sales = 25% <input checked="" type="checkbox"/> one part correct (100% - answer above)</p>		$\frac{214\,800}{286\,400} \times 100$ $= 75\% \text{ for cash sales}$ <p>Credit sales = 25%</p>

4

**4.2****Calculate the percentage debtors who will pay their accounts in December 2020.**Nov total sales = 202 500 ☒  $\times \frac{100}{75}$  ☒ = 270 000Nov total sales 270 000 ☒ – cash sales 202 500 ☒ = R67 500 ☒  
credit sales
$$\frac{40\,500}{67\,500} \times 100$$
= 60% ☒ one part correct, must by %

8

**4.3****Evaluate the effective use of Julie's capital contribution. Explain TWO points that you notice and use figures to support your answer.**It was not used effectively ☒

Any TWO points indicating that the R75 000 was not enough:

Point ☒ Figure ☒ Point ☒ Figure ☒

- The capital amount of R75 000 will not cover her payments for January R271 000
- The capital amount of R75 000 will not cover her salaries and wages for the month R82 000
- Within a month the business will be in a deficit of R35 200
- Etc.

5

4.4

**Julie plans to apply for a loan in January 2021. Considering the figures in the Cash Budget, advise her on TWO items she could manage differently before she considers the loan. Quote figures to support your answer.**

Item ✓ Figure ✓      Item ✓ Figure ✓

- Increase the capital amount of R75 000
- Do not give the workers an increase of R20 000 in total within the first two months
- Do not purchase equipment (R60 000 and R60 000) with cash
- Decrease the drawings (R21 000)
- Etc.

4

4.5

**Calculate the amount of the loan she is considering to take out in January 2021.**

Loan  $\times 16\%$  ✓  $\times \frac{1}{12}$  ✓ = 1 600 ✓  
 Loan = R120 000 ☒ one part correct

4

4.6

**Explain to Julie why it would be ethically correct to register her business as a VAT vendor. Name TWO points.**

✓✓      ✓✓

- The projected cash sales alone, would already be more than R1m per year – so she would have to register for VAT
- If she does not register, she would receive a fine
- She could be arrested if she does not register for VAT
- Etc.

4



4.7

**Refer to Information D. Calculate the VAT that Julie would have to pay to SARS for January and February 2021. Round off all figures to the nearest Rand, if necessary.**

Output VAT:  $567\,200 \checkmark \times \frac{15}{100} \checkmark = 85\,080$

Input VAT:  $(317\,200 \checkmark + 60\,000 \checkmark) \times \frac{15}{115} \checkmark = 49\,200$

If done separately, only one calculation gets the mark for  $\frac{15}{115}$

Amount owed to SARS =  $85\,080 - 49\,200$   
=  $35\,880 \checkmark$

**OR:**

**VAT Control**

	(3 marks)		(2 marks)
Input	49 200	Output	85 080
Balance	35 880		
	<u>81 795</u>		<u>81 795</u>
		Balance	(1 method mark) 35 880

6

TOTAL MARKS
35

**TOTAL: 150 marks**