



education

Department of  
Education  
FREE STATE PROVINCE

## ACCOUNTING

### GRADE 12

## JUNE 2023 – EXAMINATION PAPER 2

### MARKING GUIDELINE

**MARKS: 150**

#### **MARKING PRINCIPLES:**

1. Unless otherwise stated in the marking guidelines, 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. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, marker must inspect reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

**These marking guidelines consist of 10 pages.**

## QUESTION 1

## 1.1.1 Complete the Cash Journals for May 2023:

Cash Receipts Journal (figures only)		Cash Payments Journal (figures only)
232 030		102 500
14 500 ✓		24 400 ✓✓
216 ✓		108 000 ✓
		13 200 ✓
		(878 + 215 +409) 1 502 ✓✓
		7 800 ✓
		5 760 ✓
	Both totals	14 300 ✓
246 746	✓	277 462

12

## 1.1.2 Bank balance on 31 May 2023 in the General Ledger:

$$+ 32\,600 \checkmark\checkmark + 246\,746 \checkmark - 277\,462 \checkmark = 1\,884 \checkmark \text{ one part correct}$$

Accept alternative methods as ledger accounts etc.

5

## 1.1.3 Bank Reconciliation Statement on 31 May 2023:

	Debit	Credit
Balance according to Bank Statement Balancing figure		22 027 ✓
Cr EFT wrongly debited		5 262 ✓✓
Dr amount wrongly credited	7 900 ✓✓	
Cr Outstanding deposit		27 660 ✓✓
Dr Outstanding EFT – 323	45 165 ✓	
Dr Balance on the bank account See 1.1.2	1 884 ✓	
	54 949 ✓	54 949
	✓ beide bedrae en moet dieselfde wees	

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## 1.1.4 Refer to the outstanding deposit of R24 400. Provide TWO solutions to avoid this problem in future.

Any TWO solutions ✓✓ ✓✓

Division of duties the person receiving the money must not be the same person depositing the money.

Daily deposits of cash.

Encourage EFTs.

Notifications of all cash movements on banking app.

**For 1 mark**

Division of duties

4

**1.2.1 Calculate the correct Creditors' Control Account in the General Ledger.**

$$102\,350 \checkmark + 20\,000 \checkmark - 9\,180 \checkmark + 7\,775 \checkmark = 120\,945 \checkmark \text{ one part correct}$$

34 570 – 43 750]

5

**1.2.2 Prepare the correct Creditors' List of balances on 30 April 2023.**

<b>Motloung Traders</b> 36 650 – 14 600 ✓	22 050 ✓ No part mark
<b>Maritz Wholesalers</b> 40 500 – 9 180 ✓ + 14 600 ✓	45 920 * ✓
<b>Mkhize Stores</b> 30 300 – 9 600 ✓ + 7 775 ✓	28 475 * ✓
<b>Meyer Suppliers</b> + 7 250 one mark + 7 250 one mark 10 000 + 14 500 ✓ ✓	24 500 * ✓
✓ (One part correct)	120 945 * ✓

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**1.3 HALLOWA STORES****1.3.1 Explain how a debtors' age analysis can assist with internal control over debtors. Provide TWO points.**

Any TWO valid point. ✓✓ ✓✓ One mark for incomplete / unclear answer

- Gives an indication of debtors whose accounts are overdue.
- The analysis will give a clear idea of reliable debtor.
- Assist the business to review credit limits allowed to debtors.
- Assist the business when to refuse additional credit sales until accounts are paid.
- Gives a summary of total debtors and their credit history.

4

**1.3.2 Calculate the percentage of total debts exceeding the credit terms.**

17 200 one mark + 2 300 one mark

$$\frac{19\,500 \checkmark \checkmark}{65\,000 \checkmark} \times 100 = 30\% \checkmark \text{ one part correct; must be calculated as a \%}$$

OR      2 marks    1 mark    1 method mark  
26,5% + 3,5 = 30%

OR       $\frac{45\,500}{65\,000} \times 100\% = 70\% \quad 100\% - 70\% = 30\%$  accept this method only if the answer was deducted from 100%.

4

**1.3.3 Explain ONE problem (with figures) relating to EACH of the following debtors:**

DEBTOR	<p>problem ✓ ✓ figures ✓ ✓</p>
<p><b>P Naidoo</b></p>	<p>Exceeded the credit limit of R15 000 / by R1 900 Owes R16 900 which is more than the credit limit of R15 000</p>
<p><b>J Platjies</b></p>	<p>Exceeded credit terms of 30 days / The R12 300 exceeds the credit terms / There are outstanding amounts for 60 days (R10 000) / 90 days (R2 300).</p>

4
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TOTAL MARKS
60

## QUESTIONS 2

## TABLES

2.1	<b>Calculate the value of closing stock for tables on 28 February 2023 using the first-in first-out method.</b>		
	<b>Workings</b>	<b>Answer</b>	
	$270$ $(150 - 20 = 130 \checkmark \times 1\,600 \checkmark) = 208\,000$ $140 \checkmark \times 1\,500 \checkmark = 210\,000$	<p>two marks</p> <p>one mark/one ww</p> $R418\,000 \checkmark \checkmark$ <p>one part correct must use both figures</p>	
		<b>5</b>	

2.2.1	<b>Calculate the % mark-up achieved in 2023:</b>		
	<b>Workings</b>	<b>Answer</b>	
	$\frac{1\,686\,000}{3\,372\,000} \times 100$	$50\% \checkmark \checkmark$ <p>one part correct</p>	
		<b>2</b>	

2.2.2	<b>Provide TWO points (with figures) to prove that this decision achieved its aims.</b>		
	TWO different & valid points ✓ ✓ Figures ✓ ✓		
	<ul style="list-style-type: none"> <li>• Sales increased from R4 910 680 to R5 058 000 / R147 320 / by 2,9 / 3%</li> <li>• Number of customers increased to 24 to 32 / by 8 / by 33,3%</li> <li>• Number of units sold increased from 2 270 to 2 370 / by 150 / by 6,8%</li> </ul>		
		<b>4</b>	

2.2.3	<b>The shareholders feels that this decision also negatively affected the company. Provide TWO points (with figures) to support his opinion.</b>		
	TWO different & valid points ✓ ✓ Figures ✓ ✓		
	<ul style="list-style-type: none"> <li>• Gross profit decreased from R1 841 505 to R1 686 000/ to by R155 505 / by 8,4%</li> <li>• Selling price drop from R2 221 to R2 134 / by R87 / by 3,9%</li> <li>• Sales per customers on record dropped from R204 611,67 to R158 062,50 / by R46 549,17 / by 22, 8%</li> </ul>		
		<b>4</b>	
<b>Give them advice to solve this problem. Explain TWO points.</b>			
TWO different & valid points ✓ ✓			
<ul style="list-style-type: none"> <li>• Restrict (be selective with) trade discounts to good customers only.</li> <li>• Find a cheaper supplier (to compensate for keeping selling prices low)</li> <li>• Increase marketing / advertising in areas outside the current areas targeted.</li> <li>• Provide other incentives such as after-sales services, maintenance or free deliveries</li> </ul>			
		<b>2</b>	

## CHAIRS

2.3

Calculate the stockholding period for chairs (use closing stock).	
Workings	Answer
$\frac{55\,575 \checkmark}{766\,825 \checkmark} \times 365$ $\frac{285}{3\,850} \times 365$ <p style="text-align: center;">OR units</p> $= 27 \text{ days}$	26,5 days accept 26,4 <input checked="" type="checkbox"/> one part correct
	3

2.4

Calculate the number of missing chairs.	
Workings	Answer
$580 \checkmark + 3\,700 \checkmark - 285 \checkmark - 3\,850 \checkmark$	145 <input checked="" type="checkbox"/> one part correct
	5
Give TWO suggestions to solve this problem.	
TWO valid & different suggestions ✓ ✓	
<ul style="list-style-type: none"> <li>• Divide duties / delegate to different employees.</li> <li>• Written warning and threaten strong disciplinary action (in future) / recover cost from culprit.</li> <li>• Increase supervision at regular intervals / random physical inspection of stock.</li> <li>• Change to the perpetual inventory system to record stock.</li> <li>• CCTV as an internal control measure.</li> <li>• Insist on proper documents for all stock supplied.</li> </ul>	
	2

## TELEVISION SETS

2.5

Calculate the value of the closing stock of TV sets on 28 February 2023 using the specific identification method.	
Workings	Answer
<b>SONN</b> $900 + 600 \quad \text{two marks}$ $1\,500 \checkmark - 440 \checkmark = 1\,060 \times 4\,000 \quad \text{three marks}$ $4\,240\,000 \checkmark$ $3\,600\,000 + 2\,400\,000 - 1\,760\,000 =$ <p style="text-align: center;">one mark    one mark</p>	R15 420 000 <input checked="" type="checkbox"/> one part correct and both figures added
<b>TELE</b> $980 + 670 \quad \text{two marks}$ $1\,650 \checkmark - 350 \checkmark = 1\,300 \times 8\,600 \quad \text{three marks}$ $11\,180\,000 \checkmark$ $8\,428\,000 + 5\,762\,000 - 3\,010\,000 =$ <p style="text-align: center;">one mark    one mark</p>	
	7

2.6

**Explain THREE different concerns that the shareholders would have about this problem.**

THREE different & valid concerns ✓✓ ✓✓ ✓✓ **part-marks for partial or incomplete answers**

- Directors engaging in fraud and corruption / bribes / conflict of interests.
- Unethical behaviour of CFO places the company placing at risk.
- Image of the company negatively affected / will affect the share price and further investments from potential investors.
- High stock value is tied up in stock / Obsolete / Affects liquidity.
- Shareholders may want to sell their shares.
- It will negatively affect the audit report.
- Business will lose goodwill as it is unethical.

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<b>TOTAL MARKS</b>
40

**QUESTION 3****3.1 Choose ONE cost account for each of the following descriptions:**

3.1.1	Administration cost	✓
3.1.2	Selling and distribution cost	✓
3.1.3	Raw materials cost	✓
3.1.4	Direct labour cost	✓

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**3.2 ALYSSA MANUFACTURERS****3.2.1 PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023:**

Direct material cost	1 646 120	
Direct labour cost 655 520 x 100/68 OR 655 520 + 308 480	964 000 one part correct	✓✓
Prime cost <b>DMC + DLC</b>	2 610 120	✓
Factory overhead cost -102 800 + 61 680 21 400 + 25 680 725 600✓ – 34 880 ✓ – 41 120✓✓ + 4 280 ✓✓	653 880 one part correct	✓
Cost of production of finished goods <b>PC + FOHC</b>	3 264 000	✓

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**3.2.2 ABRIDGED STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT) FOR THE YEAR ENDED 28 FEBRUARY 2023:**

Sales	4 560 700	
Cost of sales <b>see (3.2.1)</b> 188 000 + 3 264 000 – 104 000 <b>All three figures correct 2 method marks</b> <b>Two figures correct 1 method mark</b> <b>COFG in the PCS – 1 method mark</b>	(3 348 000)	✓✓*
Gross profit <b>Sales – COS</b>	1 212 700	✓
Other expenses	(498 920)	✓*
Selling and distribution costs -21 400+ 17 120 234 400✓ + 30 840✓ – 4 280 ✓ <b>see FOHC above</b>	260 960	✓*
Administration cost 192 800✓ + 34 880 ✓ + 10 280✓	237 960	✓*
Net profit for the year <b>GP – OE</b>	713 780	✓

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\*one part correct



**3.3 CONTROL OF RAW MATERIAL****3.3.1**

<b>Calculate the metres of fabric:</b>	<b>Internal control strategy:</b> ✓ ✓ * do not accept "install cameras"
<b>Missing from the storeroom:</b>  $1\ 390$ $(2\ 950 + 11\ 200 - 12\ 760) - 830$ $= 560 \text{ metres } \checkmark \checkmark$ <p style="text-align: center;">one part correct</p>	<ul style="list-style-type: none"> <li>Physical counts / random inspections / keep detailed stock records / control or monitor the movement of fabric</li> <li>Rotation / division of duties / storeroom manager to be accountable</li> <li>Improve security at receipt / dispatch points / limit access to storeroom</li> <li>Storeroom staff to have lockers (no bags allowed in storeroom)</li> </ul>
<b>Wasted in the factory:</b>  $8\ 100 \times 1,55 \text{ metres}$ $12\ 760 - 12\ 555 = 205 \text{ m } \checkmark \checkmark$ <p style="text-align: center;">one part correct</p>	<ul style="list-style-type: none"> <li>Improve training</li> <li>Use cutting patterns / technology</li> <li>Improve supervision</li> <li>Make use /or buy good quality material</li> <li>Effective use of off-cuts</li> <li>Minimizing wastage</li> </ul>

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**3.3.2**

<b>Calculate the total cost of the metres of fabric lost and wasted.</b>	
<b>WORKINGS</b>	<b>ANSWER</b>
$560 + 205 \text{ see 3.3.1 both } = 765 \checkmark \times 120 \checkmark$ <p><b>OR</b>    <math>R67\ 200 + R24\ 600</math>  <math>560 \times 120 \quad 200 \times 120</math></p>	$R91\ 800 \checkmark$ <p style="text-align: center;">One part correct</p>
<b>Explain how this loss should be shown in the Abridged Statement of Comprehensive Income.</b>  <p>Any valid answer, e.g. ✓</p> <ul style="list-style-type: none"> <li>Amount shown as an expense item</li> <li>Examples of possible expense items: loss due to theft / wastage / adjust factory overhead cost / cost of sales.</li> </ul>	

4

**3.4 SIMPHIWE TOY FACTORY**

**3.4.1 Calculate the break-even point for the 2023 financial year.**

$$\frac{212\,500 \checkmark}{275 \checkmark - 198 \checkmark} = 2\,760 \text{ units } \checkmark \text{ one part correct}$$

77 two marks

4

**3.4.2 Explain to Simphiwe why the fixed cost per unit decreased from R55,00 to R50,00.**

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

Economies of scale:

- FC are not influenced by level of production but if expressed in FC/unit, fixed cost per unit would decrease if more units were produced. **OR**
- Increased production resulted in a decrease in fixed cost per unit

2

**3.4.3 Simphiwe made deliberate decisions regarding variable costs to improve the business. Explain the decisions that she might have taken on these costs and how these could have had positive effects on the business. Quote figures.**

Cost	Comment and positive effect (with figures) <small>Unit costs must be compared (not the total amounts for cost items)</small>
<b>Direct material cost</b>  Comment (with figure) ✓ Positive effect ✓	Increased from R90 to R110 per unit / by R20 / 22,2%  Improved sales due to better quality of cars / justifies price increase. Better quality/less returns/improved sales/ higher profits.
<b>Direct labour cost</b>  Comment (with figure) ✓ Positive effect ✓	Decreased from R72 to R60 per unit / by R12 / 16,7%  Improved production/increase profit Better workers improve image of business
<b>Selling and distribution cost</b>  Comment (with figure) ✓ Positive effect ✓	Increased from R24 to R28 per unit / by R4 / 16,7%  Delivering to a wider area makes business more know. / Free delivery will attract more customers Motivate selling personal/ increase sales and profit

6

<b>TOTAL MARKS</b>
50

**TOTAL: 150 MARKS**