basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ACCOUNTING P2

MARKING GUIDELINES

2021

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. 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.
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. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 9 pages.

QUESTION 1

1.1   VALUE-ADDED TAX (VAT)

1.1.1

Explain why the government implemented VAT in South Africa. State ONE point.

Any ONE valid explanation ✓✓   part mark for unclear/incomplete/partial answers

- Additional source of revenue for the government / on a more regular basis.
- To fund infrastructure / provision of public goods and services;
- To provide for basic/essential services for the communities;
- Finance public debts; maintain the large state owned enterprises.
- It is an indirect tax that is paid by all – easy and quick way to generate extra funds

2

Explain why some products are zero-rated products. State ONE point.

Any suitable explanation ✓✓   part mark for unclear/incomplete/partial answers

- To make basic necessities affordable to indigent / poor communities / help them to live better (provide food) / they are cheaper (by the amount of VAT)
- Zero-rates items are regarded as essential items – consumed by all; should be accessible to all.

2

1.1.2

Calculate the amount payable to SARS in respect of VAT for the two months ended 30 April 2021.

one part correct

✓   ✓✓   ✓✓   ✓   ✓✓   ✓   ✓   ☑

9 450 + 61 800 – 34 500 – 1 890 – 2 520 + 1 140 + 1 380 = 34 860

OR

– 9 450 – 61 800 + 34 500 + 1 890 + 2 520 – 1 140 – 1 380 = – 34 860

OR   ignore sign on final answer

                                                    9 450
Output VAT: 61 800 + 1 140 + 1 380   = 64 320
                                                    = 73 770
Input VAT: 34 500 + 1 890 + 2 520   = 38 910   Diff: 34 860

OR

VAT CONTROL*

34 500	9 450
1 890	61 800
2 520	1 140
34 860	1 380
73 770	73 770

Mark only ONE option
Choose the option that benefits the candidate

*   Amounts may be on opposite sides (mirror)
*   Underlined amounts may be in brackets, on the opposite side

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1.2.1 CREDITORS' RECONCILIATION

	Creditors' Ledger Account of PN Suppliers in the books of Khaya Stores	Statement of Account from PN Suppliers
Balance	**101 000**	**85 380**
(i)	(10 800 – 18 800) **– 8 000** ✓✓ Must be both for two marks	
(ii)		– 600 one mark – 600 one mark **– 1 200** ✓✓
(iii)	**+ 1 140** ✓	
(iv)	**– 6 100** ✓	
(v)		(11 800 – 12 980) **– 1 180** ✓✓ Must be both for two marks
(vi)		**– 2 660** ✓✓
(vii)		**+ 7 700** ✓
	88 040 ☑*	88 040

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1.2.2 State TWO benefits of using electronic funds transfers (EFTs) for payments to creditors.

Any TWO points ✓ ✓ accept short, incomplete statements, one-word answers if message is clear

Fast (no queues)	cheaper (lower charges)	reduces theft
Convenient	can operate outside business hours	
Easy to use	in the comfort of the business or home	
safe (security risks)	instant feedback (notifications/ proof of payment)	

2

The internal auditor feels that this incident of fraud should never have occurred in this business. Explain why he feels this way.

ONE valid point ✓✓   part mark for unclear/incomplete/partial answers

- The accountant, generally regarded as a senior employee in the business is expected to be responsible, professional and trustworthy / work independently.
- This was a deliberate action (nepotism) to defraud the business; which is not expected from an employee of his professional standing (loyal / ethical)
- The management should be aware of the potential for fraud of this nature and have internal control measures in place to prevent this / his competence may be questioned / he could be charged or sued for fraud or negligence.
- Preventative controls should have been in place to ensure employees are not tempted / consequences for defaulters should be in their contracts

2

Explain how this could have been prevented. State TWO points.

Any TWO points ✓✓ ✓✓   part mark for unclear/incomplete/partial answers

- Could have appointed two people to authorise each EFT payment / division of duties - one person serves as a check on another /
- Screen suppliers properly to ensure that they are reliable/credible organisations / ensure that they actually exist.
- Do character checks on newly appointed employees as a reference for ethical conduct from their previous employers
- Bank notifications (sms) / OTP to the owner or a supervisor for all bank transactions;
- Regular / random supervision or checking of accounting records / journals / documents

4

TOTAL MARKS	**35**

QUESTION 2

2.1

2.1.1	E ✓	selling and distribution
2.1.2	A ✓	factory overheads
2.1.3	B ✓	administration

3

<mark>Only ONE correct answer ; accept cost category or recognisable abbreviation</mark>

2.2 MEISIES OUTFITTERS

2.2.1 FACTORY OVERHEAD COST NOTE

Factory rent 122 400 x 320/1280	30 600 ✓✓
Water and electricity 81 600 x 15%	12 240 ✓✓
Insurance 20 720 x 12/14 x 1/3 17 760	5 920 ✓☑*
Indirect labour / wages to cleaners 155 760 ✓ x 90/590 ✓ **OR** 26 400 x 90% or – 2 640 one mark one mark	23 760 ☑*
Salary of dressmaking supervisor	**76 960**
Depreciation on machines	**30 300**
Sundry factory expenses	**10 670**
TOTAL	190 450 ☑*

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<mark>*operation, one part correct
-1 foreign item (e.g. delivery expenses)</mark>

2.2.2

Calculate the total cost of production of school dresses produced.	
WORKINGS	**ANSWER**
✓ ✓ ☑ <mark>see 2.2.1</mark> 475 600 + 535 450 + 190 450	1 201 500 ☑ <mark>one part correct</mark>

4

2.2.3

Minnie is concerned about wastage of fabric in the dressmaking section. Calculate the cost of this wastage to the business.	
WORKINGS	**ANSWER**
520 three marks (29 000 ✓– 28 480✓✓) x R16,40 ✓ **OR** 29 000 x 16,40 17 800 x 1,6m x 16,40 475 600 – 467 072 two marks two marks **OR** 520 three marks (18 125 – 17 800) two marks (325 x 1,6m) x R16,40 two marks one mark one mark	R8 528 ☑ <mark>one part correct</mark>

5

2.2.4 **The internal auditor expressed concern about the direct labour cost for the school dresses.**

Explain the problem that is of concern to the auditor. Quote figures.	
Explanation ✓ figures (showing a comparison) ✓✓ (5 x 8 x 46) • Normal hours worked is less than expected by 590 (1 840 – 1 250) / 32%. • Overtime hours is high; 36,5% of total production time worked (720/1 970) • Overtime pay is R9 200 more than the normal time pay (259 200 – 250 000) / exceeds normal time pay by R9 200.	**3**
State TWO possible causes of this problem.	
Any TWO reasons ✓ ✓ accept short, incomplete statements if message is clear • Interruptions due to load-shedding/lockdown (Covid -19 related) /strikes • Fluctuating periods of high and low demand (opening of schools/each term) • Poor supervision during normal time / deliberate wasting of time. • Authorizing overtime / exploiting overtime (due to higher overtime rate)	**2**

2.2.5 **Provide a calculation to confirm that the break-even point for the current financial year is 17 000 units.**

WORKINGS	ANSWER	
Mark numerator and denominator as such $\dfrac{229\ 500 \checkmark}{75,00 \checkmark - 61,50 \checkmark}$ 13,50 two marks	17 000 units Amount given	**3**

2.2.6 **Comment on the level of production achieved and the break-even point calculated above. Quote figures.**

Comment (must compare production to BEP) ✓ figures ✓ • The business produced 800 units more than the BEP (17 800 – 17 000) / the business is making a profit on 800 units. • Low profitability (on only 800 units) considering the wastage of material and time lost in production.	**2**

2.2.7 **Calculate the extra profit that would be earned if an additional 500 dresses are made and sold. Assume that all costs are unchanged.**

WORKINGS		ANSWER	
500 ✓ x R13,50 ✓ (75,00 – 61,50) one mark	17 500 x 13,50 **OR** 236 250 – 229 500 (18 300 x 13,50) (17 800 x 13,50) **OR** 247 050 – 240 300 (500 x 75) (500 x 61,50) **OR** 37 500 – 30 750 one mark one mark on each line	R6 750 ✓	**3**

TOTAL MARKS	**35**

QUESTION 3

3.1

NO.	CASH BUDGET FOR JULY		PROJECTED INCOME STATEMENT FOR JULY	
	RECEIPT	**PAYMENT**	**INCOME**	**EXPENSE**
e.g.		**4 200**		**4 200**
3.1.1		6 000 ✓		4 000 ✓
3.1.2	300 ✓	45 000 ✓	300 ☑* <mark>see receipt</mark>	
3.1.3	23 200 ✓		23 200 ✓ <mark>#accept net amount: R7 200 two marks</mark>	16 000 ✓

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<mark>-1 per line for foreign entries (mark scored for an amount elsewhere on a line, or additional superfluous entries above max marks per line)</mark>

3.2   ANOKHI (PTY) LTD

3.2.1   CREDITORS' PAYMENT SCHEDULE

	CREDIT PURCHASES	MAY 2021	JUNE 2021	JULY 2021
March 2021	**164 500**	**16 450**		
April 2021	**170 800**	**85 400**	**17 080**	
May 2021	**171 500**	**65 170**	**85 750**	17 150 ✓✓
June 2021	**178 500**		**67 830**	89 250 ✓✓
July 2021	182 000 ✓✓		<mark>*if x 40% x 95% four marks if answer is correct</mark>	69 160 ☑☑
Payment to creditors		**167 020**	**170 660**	175 560 ☑ <mark>one part correct</mark>

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<mark>Ignore foreign entries, penalise on final answer
mark correct amounts in July column, even if not on the appropriate lines</mark>

3.2.2   Calculate:

WORKINGS	ANSWER
(a) Rent income in July 2021 15 500 x 1,09 or 15 500 + 1 395	**2** 16 895 ✓✓
(b) Amount of the loan 37 800 two marks $\frac{3\ 150\ ✓\ \text{x}\ 12\ ✓}{13,5/100\ ✓}$ or 13,5% Loan amount x 13,5% x 1/12 = 3 150 (3 150 x 12) / 0,135 **OR** (3 150 x 12 x 100) / 13,5	**4** 280 000 ☑ <mark>one part correct mark numerator & denominator as such</mark>
(c) Salaries of sales assistants (41 000 x 3/5 x 0,75) two marks (8 200 x 3 x 75%) two marks (8 200 x 50%) two marks 41 000 ✓ + 18 450 ✓✓ + 4 100 ✓✓ **OR** 24 600 x 175% 8 200 x 2 8 200 x 50% 43 050 + 16 400 + 4 100 two marks one mark two marks	**6** 63 550 ☑ <mark>one part correct</mark>
(d) Directors' fees 720 000/12 (38 880 x 100/108) two marks 60 000 ✓ + 36 000 ✓✓	**4** 96 000 ☑ <mark>one part correct</mark>

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3.2.3

Comment on the effectiveness of the advertising. Quote figures.	
Comment on control (actual vs budgeted; may be implied in response)✓ effect on sales ✓ figure ✓ Although the same amount (Nil change / R0 / R35 280) as budgeted was used, actual sales was less than budgeted by 20% or by R176 400 or R882 000 – R705 600; advertising was therefore not effective.	**3**
Comment on the control over delivery expenses. Quote figures. Comment on control (actual vs budgeted; may be implied in response)✓ effect on sales ✓ figure ✓ • Delivery expenses is lower than budgeted by R6 130 (R57 330 – R51 200) or by 10,7%, while sales were less than expected by 20% or by R176 400 (R882 000 – R705 600); delivery expenses therefore not well controlled. • Budgeted for 6,5% of sales – actual was 7,3% of sales (0,8% higher); delivery expenses therefore not well controlled.	**3**

3.2.4

State TWO benefits of this decision.	
TWO valid points ✓ ✓ <mark>accept short, incomplete statements if message is clear</mark> • The business will own an asset (increase in value of assets) • Deliveries can be made at the convenience of the business / is under the control of the business. • Possible savings / more economical (saves on the mark-up which would apply to a supplier) / cutting out the middleman. • Can be used to generate other income by outsourcing the vehicle	**2**

Apart from the items reflected in the Budget (Information F), list FOUR other items that Kayla should include in the budget.		
Any FOUR items: ✓ ✓ ✓ ✓ be alert to other valid alternative answers related to the vehicle Possible responses Do not accept any non-cash items, e.g. Depreciation		

Insurance	Repairs	Delivery fee income
Petrol and fuel	Instalment payments and interest	
Additional driver	Vehicle licence	
Toll charges	Security for vehicle (garage)	
Maintenance	Accommodation for driver (working late)	**4**

TOTAL MARKS	**45**

QUESTION 4

<mark>Accept recognisable abbreviations / only ONE correct answer</mark>

4.1

4.1.1	First-in-first-out (FIFO) ✓
4.1.2	Periodic ✓
4.1.3	Weighted average (WAM) ✓
4.1.4	Perpetual ✓

4

4.2.1

Calculate: Value of the closing stock	
WORKINGS	**ANSWER**

WORKINGS:
(3 700/20 = 185)
320 - 20   380 – 300 or units in first part
(300 ✓   x   185 ✓)   +   (80 ☑   x 173 ✓)
55 500 two marks   13 840 two marks
(59 200 – 3 700) two marks

   (300 x 170) (300 x 15) (80 x 160)   (80 x 13)
OR 51 000   + 4 500   + 12 800   + 1 040   one mark each

ANSWER:
69 340 ☑
<mark>one part correct</mark>

5

Calculate: Cost of sales	
WORKINGS	**ANSWER**

WORKINGS:
      336 870 three marks
  (83 500 + 129 750 + 59 200) one mark
(68 120+ 272 450 – 3 700) – 69 340
   ✓   ✓   ✓   ☑ <mark>see CS above</mark>
           (670 x 173)
OR 68 120 + 83 500 + 115 910
  one mark   one mark   two marks

ANSWER:
267 530☑
<mark>one part correct</mark>

5

4.2.2

Calculate the average stockholding period (in days).	
WORKINGS	**ANSWER**

WORKINGS:
                    OR using units
68 730 three marks <mark>see CS above</mark>
½ ✓ (68 120 ✓ + 69 340 ☑)   x 365   ½ (420 + 380)
267 530 ☑ <mark>see COS above</mark>   400   x 365
                       1 590
             <mark>Allocate marks accordingly</mark>

ANSWER:
93,8 days☑
<mark>one part correct</mark>
<mark>If x 365</mark>

OR
91,8 days

5

| Explain whether Gwen should be satisfied with this figure, or not. State TWO points. |
| NOTE: The average stock holding period on 29 February 2020 was 52 days. |

Any TWO points ✓✓   ✓✓   <mark>part mark for unclear/incomplete/partial answers</mark>
<mark>Figures not required by question; mark according to candidate's calculation above.</mark>

"NOT SATISFIED" OPTIONS
- The stockholding period has increased (from 52 days to 93,8 days see above) / Stock is not moving as fast has she expects.
- Possibility of bags becoming out-dated / out of fashion / obsolete
- Occupying storage space / idle stock is a risk of theft
- Too much working capital / cash tied up in stock / she will have to reduce prices to reduce stock

"SATISFIED" OPTIONS
- Bags are durable and can be sold in the future / possibly taken advantage of bulk discounts / increased profitability in the future (inflation)
- State of the economy (luxury goods) drop in demand was expected.

4

4.3   PROBLEM-SOLVING

<mark>Mark relevant problem or figures if in wrong columns / award for appropriate advice, even if problem is unclear / incorrect   # be alert to additional correct options / figures</mark>

	PROBLEM FOR 2021 (with figures) TWO valid problems ✓ ✓ with figures ✓ ✓	ADVICE Per problem identified ✓ ✓ Mark advice independently Different problems required
JACKETS	• Too much stock on hand (615 units) Increased by 208 units (from 407 to 615) • Drop in stock turnover rate 1,9 to 0,9 / high stock balance results in stock not moving / higher mark-up % also contributes to this • Price too high (MU% increased from 50% to 75% / a 25% increase / price increase of R90 per unit (R630–R540) • Purchasing the same number of units (800) despite having excess stock; contributing to stock piling. • Stock items missing or stolen (42 units or 407 +800 – 550 – 615)	• Increase advertising; • Consider discounts • Reduce mark-up% • Order according to sales / orders received • Reduce mark-up % to increase sales • Have clearance sales • Regular stock-take to assess available stock • Replace stock according to units sold (base stock) • Security tags on products • Physical inspection or regular stock count • Install cameras • Sell online (if customers are the problem)
	TWO valid problems ✓ ✓ with figures ✓ ✓	ADVICE Per problem identified ✓ ✓
JERSEYS	• Decrease in units sold: 290 (2 260 – 1 970) or 302 (2 182 – 1 880) **OR** drop in sales from 436 400 – 399 500 / by 36 900 / 8,5% **OR** by 86 900 (436 400 – 349 500 if missing cash not detected) • Cash missing or stolen R50 000 (399 500 – 349 500) Or 69 125 (if returns not included) • High returns from customers; 78 (3,5% of sale) to 90 (4,6% of sales)	• Increase advertising • Keep selling price the same to increase sales • Division of duties • Encourage use of EFTs • Request sms for deposits • Reconcile deposits with items sold / sales deposits • Online sales / sell on credit – less cash handling • Daily depositing / routine • Effect stricter return policy • Improve quality to reduce returns / do not buy inferior (cheaper) products • change styles of jerseys / in fashion • Train personnel to give best advice to customers.

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TOTAL MARKS	35

TOTAL: 150