



# NATIONAL SENIOR CERTIFICATE

## GRADE 12

### SEPTEMBER 2024

## ACCOUNTING P2 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. 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 marking guideline 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. 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, ÷ as per candidate's calculation (if valid) or per the marking guideline.
11. In calculations, do not award marks for workings if numerator and 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.

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This marking guideline consists of 12 pages.

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## QUESTION 1

## 1.1.1 Explain to her how the preparation of the Age Analysis can assist the business in controlling debtors.

Any TWO valid points ✓✓ ✓✓

Part mark for incomplete / unclear / partial answer

- Important internal control measure – it will help to identify which debtors are complying with credit terms and credit limits.
- Helps in recovering funds more efficiently by targeting accounts that are at the highest risk of becoming bad debts. /Measures could be implemented as to prevent bad debts.
- Age Analyses provide insights into the effectiveness of existing credit policies. If large portion of debtors fall into overdue brackets, current credit terms are too lenient and need adjustment.
- Age analysis indicates which debtors need to be charged with interest on overdue accounts / need to be handed over to debt collectors.

4

## 1.1.2 Calculate the average debtors' collection period for the year ended 31 July 2024.

[  $\frac{1}{2}$  (92 350 + 106 500)]

$$\frac{99\,425}{566\,580} \times 365 = 64,05 \text{ or } 64 \text{ days}$$

One part correct

(x 365 is not one part correct)

3

## 1.1.3 As the internal auditor, identify TWO concerns you would report to the owner of the business. In each case, quote figures to support your answer.

Any TWO concerns ✓✓

Figures ✓✓

- Cash flow problem might arise /debtors collection period 64 days.
- C Voges owes R27 000 of which R2 000 is exceeding his credit limit of R25 000.
- J Olivier owes R16 000 for 60+ days and he has not purchased goods in the last 60 days. Has he disappeared?
- C Voges is allowed to buy on credit even though he is overdue with R8 000.
- J Fourie, C Voges and J Olivier are not adhering to the credit terms of 30 days.

4

## 1.2.1 Reconciliation

	General Ledger Bank account	Bank statement received from NEBULA BANK
Balances before corrections	243 980	245 000
(i)	- 12 500 ✓	
(ii)	-10 000 one mark – 10 000 one mark - 20 000 ✓✓	- 9 000 ✓✓
(iii)	+ 4 000 ✓	
(iv)	- 340 ✓	
(v)	No entry in both columns ✓	
(vi)	(balancing amount) + 20 860 ✓	
Closing Balance	236 000	✓ * 236 000
* One part correct must include opening balances & totals the same amounts		

10

-1 foreign/superfluous items per row (only if marks are earned in the row)

## 1.2.2 Provide her with advice to avoid interest on overdue creditors in the future.

Any TWO valid points ✓✓ ✓✓

Part mark for incomplete / unclear / partial answer

- Develop streamlined procedures to process invoices swiftly and ensure timely payments.
- Collaborate with suppliers to negotiate payment terms suitable for the company's cash flow.
- Monitor cash flow to pre-empt any cash shortages that might result in delayed payments.
- Create a system to prioritise creditor payments based on due dates, supplier relationships, and potential penalties for late payments.

4

## 1.3 VAT

## 1.3.1

CALCULATION	BALANCE
$1\,245 \checkmark + 18\,900 \checkmark - 13\,185 \checkmark - 11\,985 \checkmark + 5\,430 \checkmark$ $+ 20\,169 \checkmark\checkmark - 1\,404 \checkmark\checkmark$ <p style="text-align: center;"><b>OR</b></p> $-1\,245 \checkmark - 18\,900 \checkmark + 13\,185 \checkmark + 11\,985 \checkmark - 5\,430 \checkmark$ $-20\,169 \checkmark\checkmark + 1\,404 \checkmark\checkmark$ <p>Choose one option that benefits the candidate.</p>	R19 170 ✓

10

QUESTION 1:  
TOTAL MARKS

35

## QUESTION 2

## 2.1.1 Complete the notes:

## Direct material cost

Opening stock of raw materials	28 958 ✓
Purchases	269 298 ✓
Carriages on purchases ✓	28 344 ✓
	326 600
Closing Stock ✓ $(326\,600 \div 230 \times 18)$ R1 420 (two marks)	(25 560) ✓
<b>Direct material cost</b>	<b>301 040 ✓</b>

10

## Factory overheads

Consumable stores	40 000
Depreciation	26 000
Water and Electricity ( $\underline{66\,000} \times \frac{4}{6}$ )	44 000 ✓✓*
Rent expense ( $\underline{240\,000} \times \frac{70\,000}{100\,000}$ )	168 000 ✓✓*
Indirect labour $[300\,000 + 40\,000] \times 5\%$	17 000 ✓
<b>Sundry expenses</b>	<b>7 000</b>
<b>Factory overhead cost</b>	<b>302 000</b>

6

\* If multiplied by underlined amount

## Finished goods stock

Opening stock	65 000
Cost of goods manufactured	855 000 ✓
	920 000
Less closing stock ✓ (balancing amount)	(60 000) ✓
<b>Cost of Sales</b> $(1376\,000 \times \frac{100}{160})$	<b>860 000 ✓✓</b>

5

**2.1.2 The owner, Shannon, has instructed the accountant to switch between the weighted-average and FIFO methods, when valuing the raw materials.**

**Give ONE reason why you think she would give this instruction.**

Any ONE valid point ✓✓

Part mark for incomplete / unclear / partial answer

Owner may seek to manipulate reported profits or inventory values / to show higher or lower profits depending on what she is trying to achieve

**Explain why you do not agree with her.**

Any ONE valid point ✓✓

Part mark for incomplete / unclear / partial answer

- It is unethical – business has to stick with one method in the interest of comparison.
- Switching methods undermines consistency and reliability in financial reporting.
- Violates principles of accounting integrity and can raise concerns about manipulation of financial statements.
- Continuously switching methods lead to confusion and inconsistency in financial information.

4

**2.1.3 If the accountant were to use the FIFO method, calculate the value of the closing inventory of the raw material.**

CALCULATIONS	ANSWER
$18 \checkmark \times 1\,472 \checkmark \checkmark$ (no part marks) $[1\,328 + 144]$	R26 496 <input checked="" type="checkbox"/>

4

**2.1.4 The Grade 12 class of 2025 would not want to buy the 18 tops left. Give ONE strategy on how she can use the closing stock meaningfully. This issue recurs annually. Offer ONE suggestion for preventing any remaining closing stock of finished goods in the future.**

<b>STRATEGY</b>	Any ONE valid point ✓✓ Part mark for incomplete / unclear / partial answer <ul style="list-style-type: none"> <li>• Offer a discount or special promotion</li> <li>• Bundle them with other products</li> <li>• Offer them as a bonus for larger purchases</li> <li>• Donate the items</li> </ul>
<b>SUGGESTION</b>	Any ONE valid point ✓✓ Part mark for incomplete / unclear / partial answer <ul style="list-style-type: none"> <li>• Produce only on order.</li> <li>• Do not begin manufacturing without at least a 50% deposit being paid.</li> </ul>

4

## 2.2 NASSI STRIDE

### 2.2.1 Calculate for 2024:

Net Profit	
CALCULATIONS	ANSWER
$(18\,000 \times 980)$ $17\,640\,000 \checkmark - 14\,040\,000 \checkmark$	3 600 000 <input checked="" type="checkbox"/>

3

### Break-even point

CALCULATIONS	ANSWER
$\frac{3\,600\,000 \checkmark}{980 \checkmark - 580 \checkmark}$ 400 two marks Mark numerator and denominator as such	9 000 pairs <input checked="" type="checkbox"/>

4

### 2.2.2 Nassi is not satisfied with the results of 2024. Explain and provide one reason (with figures or calculations) to prove why she should be much more satisfied with these results than she was the previous year.

Any ONE valid COMPARISON ☒ (no mark if there is no comparison)  
 Figure ☒ ☒ (no marks for figures if there is no comparison)

- BEP decreased from 10 909 to 9 000 (see 2.2.1) while units produced and sold increased from 12 000 to 18 000.
- Profit on 9 000 in 2024 while profit only on 1 091 units in 2023
- 6 000 (50%) more pairs sold although selling price increased with R120 (14%)

3

### 2.2.3 Calculate how many extra pairs of sneakers she would have to make to increase her profit by R400 000.

CALCULATIONS	ANSWER
$\frac{400\,000 \checkmark}{400 \checkmark}$ (see 2.2.1)	1 000 <input checked="" type="checkbox"/> pairs

3

2.2.4 Comment on the selling and distribution cost per pair. Quote the percentage change in cost per pair. Provide ONE possible reason for the change from 2023 to 2024.

COMMENT AND PERCENTAGE	REASON
Decreased ✓ by 8,3% ✓ $(\frac{10}{120} \times 100)$	<p>Any ONE valid point ✓✓</p> <p>Part mark for incomplete / unclear / partial answer</p> <ul style="list-style-type: none"> <li>• Decrease in fuel price</li> <li>• Cheaper transport contract</li> <li>• Customers live closer / more local customers</li> <li>• Better control of deliveries / less private use of vehicles</li> <li>• Change in salary system of sales persons</li> <li>• Cheaper advertising medium</li> </ul>

4

QUESTION 2:  
TOTAL MARKS

50

## QUESTION 3

## 3.1 CASH BUDGET AND PROJECTED STATEMENT OF COMPREHENSIVE INCOME – September 2024

No.	Cash Budget		Projected Statement of Comprehensive Income	
	Receipts	Payment	Income	Expense
E.g.		3 200		3 200
(i)	4 000 ✓		4 000 ✓	
(ii)				3 000 ✓✓
(iii)	65 000 ✓		65 000 ✓	54 000 ✓
(iv)		31 860 ✓	3 540 ✓✓	

10

## 3.2 CASH BUDGET

Month	Fee Income on credit	MAY	JUNE
April 2024	R160 000	92 800	
May 2024	R154 000	58 520	89 320 ✓✓ (154 000 x 58%)
June 2024	210 000* ✓✓ (90 000 x $\frac{70}{30}$ )	-----	79 800 ✓ <input checked="" type="checkbox"/> * see fee income on credit* (210 000* x $\frac{40}{100}$ x $\frac{95}{100}$ )
		151 320	

6

## 3.2.2 Calculate:

(i) Fee income from cash customers for May	
$154\,000 \times \frac{30}{70}$	66 000 ✓✓
(ii) Rent income for June	
$4\,400 \times \frac{92,5}{100}$	4 070 ✓✓
(iii) Fuel for May	
$63\,250 \times \frac{100}{115}$	R55 000 ✓✓
(iv) Surplus/Shortage for June	
$320\,000 - 405\,200$	(85 200) ✓ must be negative
(v) Cash at the end of June	
$(85\,200) + 317\,400$	R232 200 ✓ <input checked="" type="checkbox"/> One part correct

9



Outstanding balance of the loan on 1 May 2024	
WORKINGS	ANSWER
$1\,650 \checkmark \times \frac{12 \checkmark}{0,11 \checkmark}$	R180 000 <input checked="" type="checkbox"/> One part correct

4

Percentage increase in salaries on 1 June 2024	
WORKINGS	ANSWER
$\frac{1\,440 \checkmark}{48\,000 \checkmark} \times 100$	3% <input checked="" type="checkbox"/> One part correct

3

### 3.2.3 The employees are not satisfied with the increase in salaries.

<b>ONE point to support them</b>	Any ONE valid point <input checked="" type="checkbox"/> (no figures required)
	<ul style="list-style-type: none"> <li>• Increase below inflation rate</li> <li>• Huge increase in cash sales</li> <li>• Adjustment do not address the rising cost of living</li> <li>• Feel undervalued and unappreciated</li> </ul>
<b>ONE point against their opinion.</b>	Any ONE valid point <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>• Cash flow problems of business / June shortage</li> <li>• Might be economic difficult times for business</li> <li>• High increase in fuel price over which business has no control</li> </ul>

2

### 3.2.4 At the end of May, Zeland was concerned about the control of the collection from debtors and maintenance of vehicles.

	Reasons <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Figures <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Advice <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<b>Collection from debtors</b>	<ul style="list-style-type: none"> <li>• Poor control over collections</li> <li>• Only 74,4% of expected amount received</li> <li>• Expected R151 320, but only received R112 650</li> </ul>	<ul style="list-style-type: none"> <li>• Send reminders regularly</li> <li>• Do age analysis to determine defaulting debtors and take action</li> </ul>
<b>Maintenance of vehicles</b>	<ul style="list-style-type: none"> <li>• Aging / old vehicles</li> <li>• Unforeseen event/breakage</li> <li>• No control over maintenance in the past</li> <li>• Overspend by 100%</li> <li>• Budgeted R22 000 spent R44 000</li> </ul>	<ul style="list-style-type: none"> <li>• Allocate sufficient funds</li> <li>• Plan for unforeseen events</li> <li>• Upgrade to better vehicles</li> </ul>

6

QUESTION 3:  
TOTAL MARKS

40

## QUESTION 4

## 4.1 FIXED ASSETS

## 4.1.1 Calculate the missing amounts:

<b>(a) Additions of land and buildings</b>		
<b>WORKINGS</b>	<b>ANSWER</b>	
1 830 000 – 1 150 000	680 000 ✓	1

<b>(b) Asset disposal ✓</b>	1
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<b>(c) Creditors Control ✓</b>	1
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<b>(d) R460 000 ✓</b>	1
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<b>(e) Depreciation on 1 April 2024</b>		
<b>WORKINGS</b>	<b>ANSWER</b>	
$(180\,000 - 108\,000) \times \frac{10}{100} \times \frac{9}{12}$	5 400 ✓✓ One part correct	2

<b>(f) Accumulated depreciation</b>		
<b>WORKINGS</b>	<b>ANSWER</b>	
108 000 ✓ + 5 400 ✓ see (e)	R113 400 ✓ One part correct	3

<b>(g) Depreciation on 30 June 2024</b>		
<b>WORKINGS</b>	<b>ANSWER</b>	
<b>OLD:</b> $\begin{aligned} & 320\,000 \text{ two marks} \quad 42\,000 \text{ two marks} \\ & (500\,000 \checkmark - 180\,000 \checkmark) - (150\,000 \checkmark + [5\,400 - 113\,400] \checkmark) \times 10\% \\ & \quad \quad \quad = 27\,800 \checkmark \end{aligned}$	R39 300 ✓ One part correct	8
<b>NEW:</b> $460\,000 \times 10\% \times \frac{3}{12} = 11\,500 \checkmark \checkmark$		

## 4.1.2 Provide ONE example of how the vehicles of a trading business would contribute towards the generation of profit.

Any ONE valid point ✓✓ Part mark for incomplete / unclear / partial answer

- Timely delivery of goods to customers, ensuring customer satisfaction and repeat business/returning customers.
- By enhancing customer service, reducing delivery times, and increasing sales volumes.
- Give access to new markets and customers without their own transport
- Attracting customers seeking efficient and dependable transport services – higher sales/market share and increased profitability.
- Offering services that meet or exceed customer expectations, the business can command higher prices and profit margins, leading to higher profits.

2

**4.2 FIXED ASSET MANAGEMENT****4.2.1 Describe ONE consequence of omitting assets from a fixed asset register?**

Any ONE valid point ✓✓

Part mark for incomplete / unclear / partial answer

- Inaccurate financial reporting: Omitting assets from the fixed asset register can lead to inaccuracies in financial statements, misrepresenting the company's financial position.
- Without proper tracking and management, omitted assets may lead to inefficiencies in asset utilization and allocation.
- Lack of oversight on unregistered assets can increase the risk of theft or loss, as they may not be adequately safeguarded or monitored.
- Incomplete asset information can hinder effective decision-making processes, as stakeholders may lack a comprehensive understanding of the company's resources and capabilities.

2

**4.2.2 Explain ONE point to illustrate the importance of authorisation before purchasing fixed assets.**

Any ONE valid point ✓✓

Part mark for incomplete / unclear / partial answer

- Control: ensures that purchases of fixed assets are aligned with budgets and financial goals, preventing overspending or unauthorized acquisitions / Ensures that only necessary and approved fixed assets are acquired
- Accountability: assigns responsibility for fixed asset purchases to specific individuals/departments, promoting accountability and transparency in the procurement process.
- Preventing misuse: helps prevent unauthorized or inappropriate purchases of fixed assets, reducing the risk of misuse of company resources.
- Compliance with policies and procedures: ensures that fixed asset purchases adhere to organizational policies, procedures, and procurement guidelines, promoting consistency and compliance with internal controls.

2

## 4.2.3

**The auditor recommended the use of a barcode scanner. Explain to the directors how a barcode scanner will improve asset management.**

Any ONE valid point ✓✓

Part mark for incomplete /unclear / partial answer

- Efficiency: streamline asset tracking, saving time and effort.
- Accuracy: reduce errors in data entry, ensuring precise asset records.
- Inventory Control: prevent loss and theft by providing accurate asset location information.
- Real-Time Updates: instant updates in the system/current status information.
- Maintenance Tracking: assist in tracking maintenance tasks and schedules for assets.
- Cost Reduction: reduces operational costs associated with manual processes.
- Audit Compliance: accurate asset records aid in meeting audit requirements effortlessly.
- Asset Lifecycle Management: support tracking assets from procurement to disposal, optimizing their use and return on investment.

2

QUESTION 4: TOTAL MARKS	25	
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**TOTAL: 150**