

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2020

**ACCOUNTING P2
MARKING GUIDELINE
(EXEMPLAR)**

MARKS: 150

This marking guideline consists of 8 pages.

GENERAL RULES:

1. Award full marks for the correct final answers. If the answer is incorrect, mark the workings provided.
If a workings figure/amount is shown as a final answer, allocate the working mark.
2. “Method” marks are denoted by
 - In calculation of the final totals, at least one part of the workings must be correct to earn the mark.
 - In cases where answers of previous questions must be used, check the transfer.
 - Ignore brackets on statements, but check the operation before awarding marks.
3. Where penalties are applied, the marks for that section cannot be a negative. (foreign items)
4. For questions requiring explanations and comments, award part-marks. A good explanation will normally mention and explain a point. Beware of alternative wording reflecting the same points. This marking guideline provides some explanations – they are not conclusive. Read the candidates’ responses and give credit for their interpretations.
5. Where appropriate/acceptable, accept recognisable abbreviations.
6. Educators are expected to work through the entire paper and make reasonable adjustments within the framework of the mark allocation.

QUESTION 1: COST ACCOUNTING AND ETHICS

1.1 Manufacturing concepts:

1.1.1 Fixed Cost ✓

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| 1 |

1.1.2 **Define Direct Labour and Indirect Labour with examples.**

Direct Labour: These workers are directly involved in making the product (often referred to as touch labour), ✓ e.g. factory wages. ✓

Indirect Labour: These are the people that work in the factory but do not make the products (i.e. are not directly involved in the manufacturing of the product). ✓ Production will continue whether they are there or not, e.g. the cleaner, supervisor, factory foreman ✓ (any ONE example)

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1.1.3 **Prime costs consist of ... and ...**

Direct material ✓
Direct labour ✓

NB: Can start with any of the two

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1.2 1.2.1 Calculate the following:

| | | | |
|--|--|--|---|
| <ul style="list-style-type: none"> Direct Material Cost 280 000 ✓ + 42 500 ✓ = 322 500 ✓ | <table border="1"><tr><td> </td></tr><tr><td>3</td></tr></table> | | 3 |
| | | | |
| 3 | | | |
| <ul style="list-style-type: none"> Direct Labour Cost 215 500 ✓✓ | <table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table> | | 2 |
| | | | |
| 2 | | | |
| <ul style="list-style-type: none"> Factory / Manufacturing Overhead Cost $\begin{array}{ccccccc} 28\ 700 & + & (28\ 200 \times 40\%) & + & (12\ 600 \times 3/5) & + & 8\ 200 \\ \checkmark & & \checkmark & & \checkmark & & \checkmark \\ = 55\ 740 & \checkmark \checkmark & & & & & \\ \text{One part correct} & & & & & & \end{array}$ <p style="text-align: center;">OR</p> $28\ 700 \text{ (1 mark)} + 11\ 280 \text{ (2 marks)} + 7\ 560 \text{ (2 marks)} + 8\ 200 \text{ (1 mark)}$ | <table border="1"><tr><td> </td></tr><tr><td>8</td></tr></table> | | 8 |
| | | | |
| 8 | | | |
| <ul style="list-style-type: none"> Total Cost of Production 322 500 ✓ + 215 500 ✓ + 55 740 ✓ = 593 740 ✓✓ One part correct | <table border="1"><tr><td> </td></tr><tr><td>5</td></tr></table> | | 5 |
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| 5 | | | |

- Unit Cost per jersey**

See Cost of Production above

$$593\,740 \checkmark / 10\,460 \checkmark = R55,80 \checkmark \checkmark \text{ One part correct}$$

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1.3 What advice would you offer UHT?

THREE valid responses ✓✓ ✓✓ ✓✓

- The business will lose customers and goodwill, and its reputation will be damaged.
- This will create a negative impression of the business when discovered.
- This is unethical.

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1.4 If Sales for last year were R400 000 and profit mark-up is 50%:

- Calculate Sales for the current year**

$$75\% \times 400\,000 = 300\,000$$

✓✓ ✓ ✓✓ One part correct

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- Calculate Cost of Sales for the current year**

$$100/150 \times 300\,000 = 200\,000$$

✓ ✓ ✓ ✓✓ One part correct

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| TOTAL MARKS |
| |
| 45 |

QUESTION 2: VAT AND CREDITORS RECONCILIATION

2.1

| | | |
|-------|-------|---|
| 2.1.1 | False | ✓ |
| 2.1.2 | False | ✓ |
| 2.1.3 | True | ✓ |
| 2.1.4 | True | ✓ |
| 2.1.5 | True | ✓ |

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| 5 |
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2.2 Complete the following table:

| No | Total Retailer paid to supplier | Input VAT | Retailer's actual cost price | % Mark-up | Retailer Selling price | Output VAT | Retailer receives from Customer |
|----|---------------------------------|-----------|------------------------------|-----------|------------------------|------------|---------------------------------|
| 1. | 1 375,40 | ✓ 179,40 | 1 196 | 50% | 1 794 | ✓ 269,10 | 2 063,10 |
| 2. | 3 648 | ✓ 475,83 | ✓ 3 172,17 | 25% | ✓ 3 965,21 | ✓ 594,78 | ✓ 4 559,99 |
| 3. | ✓ 3 450 | ✓ 450 | ✓ 3 000 | 20% | 3 600 | ✓ 540 | ✓ 4 140 |
| 4. | ✓ 400 | ✓ 52,17 | ✓ 347,83 | 10% | ✓ 382,61 | ✓ 57,39 | 440,00 |

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| 17 |
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2.3 Reconciliations

2.3.1

Creditors Control

| 2020 Oct | 31 | | | | 2020 Oct | 1 | | | |
|----------|----|---------------------------------|-----|----------------|----------|----|------------------------------------|-----|----------------|
| | | Bank | CPJ | ✓ 40 000 | | | Balance | b/d | ✓ 54 750 |
| | | Discount received | CPJ | ✓ 750 | | 31 | Sundry accounts | CJ | ✓ 49 800 |
| | | Sundry accounts | CAJ | ✓ 1 200 | | | Bank | CRJ | ✓ 1 100 |
| | | (290 + 200 ✓) Journal debits | GJ | ☑ 490 | | | (670 + 3 400 ✓) Journal credits | GJ | ☑ 4 070 |
| | | Balance | c/d | ☑ 67 280 | | | | | |
| | | | | 109 720 | | | | | 109 720 |
| | | | | | Nov | 1 | Balance | b/d | ☑ 67 280 |

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| 12 |
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2.3.2 Creditors List

| | R |
|---|----------|
| Teejay Limited (31 700 – 800 ✓ + 3 400 ✓) | ☑ 34 300 |
| Mahogany Traders (13 550 + 750 ✓) | ☑ 14 300 |
| Priti Distributors ((7 800 – 210 ✓ – 210 ✓) | ☑ 7 380 |
| Riso Dealers (11 500 – 200 ✓) | ☑ 11 300 |
| | ☑ 67 280 |

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| 11 |
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| TOTAL MARKS |
| 45 |

QUESTION 3: BUDGETS

3.1 Calculate the following:

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|-------|--|---|
| 3.1.1 | <p>Explain why it is important to prepare a budget. Provide TWO points.</p> <p style="text-align: center;">✓✓ ✓✓ Any TWO points</p> <ul style="list-style-type: none"> • To anticipate surplus or deficit in future projections • To anticipate future cash receipts and cash payments • Planning purposes • Future cash flow projections | 4 |
| 3.2 | <p>Cost to members for transport</p> <p>$2(8,50 \times 725 \text{ km's}) - 3150 = 9\ 175$</p> <p>✓ ✓ ✓ ✓ <input checked="" type="checkbox"/> One part correct</p> | 5 |
| 3.3 | <p>Calculate the following:</p> <p>3.3.1 Total subsidy for accommodation</p> <p>$20 \text{ persons} \times 120 = 2\ 400$ ✓<input checked="" type="checkbox"/> One part correct</p> <p>Total subsidy for meals</p> <p>$20 \text{ persons} \times 180 = 3\ 600$ ✓<input checked="" type="checkbox"/> One part correct</p> | 4 |
| | <p>3.3.2 Cost of accommodation for the three days</p> <p>✓ ✓ ✓ <input checked="" type="checkbox"/> One part correct</p> <p>$4 \times 2\ 350 \times 3 = 28\ 200$</p> | 4 |
| 3.4 | <p>Calculate the cost to members for the meals and refreshments.</p> <p>✓ ✓ ✓ <input checked="" type="checkbox"/> One part correct</p> <p>$(20 \times 450) - 3\ 600 = 5\ 400$</p> <p>One part correct</p> | 4 |
| 3.5 | <p>Calculate the total cost to members for the trip.</p> <p>Transport + Accommodation + Meals = Total Cost</p> <p>$9175 + (28\ 200 - 2\ 400) + 5\ 400 = 40\ 375$</p> <p>✓ ✓ ✓ <input checked="" type="checkbox"/> One part correct</p> | 4 |
| 3.6 | <p>Calculate the contribution needed per member.</p> <p>$40\ 375 / 20 = 2\ 018,75$</p> <p>✓ ✓ <input checked="" type="checkbox"/> One part correct</p> | 3 |
| 3.7 | <p>What can the club do to try and reduce the amount that each member must contribute?</p> <ul style="list-style-type: none"> • Seek further sponsors ✓✓ • Fundraising | 2 |

TOTAL MARKS

30

QUESTION 4: TANGIBLE ASSETS AND RATIO ANALYSIS

4.1 TANGIBLE ASSETS

| TWINKLE TRADERS | | | |
|-----------------------------------|----------------------|--|----------------|
| ASSET REGISTER | | | Page 7 |
| Item: Vehicle | | Cost price: R550 000 | |
| Date Purchased: 1 September 2017 | | Rate of depreciation: 15% p.a. on cost | |
| From whom purchased: Teddy Motors | | | |
| Date | Current depreciation | Accumulated depreciation | Carrying Value |
| 28 February 2018 | ✓ 41 250 | ✓ 41 250 | ✓ 508 750 |
| 28 February 2019 | ✓ 82 500 | ✓ 123 750 | ✓ 426 250 |
| 29 February 2020 | ✓ 82 500 | ✓ 206 250 | ✓ 343 750 |

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| TWINKLE TRADERS | | | |
|-----------------------------------|--|--|----------------|
| ASSET REGISTER | | | Page 8 |
| Item: Equipment | | Cost price: R600 000 | |
| Date Purchased: 1 March 2018 | | Rate of depreciation: 20% p.a. on the diminishing balance method | |
| From whom purchased: Ludz Traders | | | |
| Date | Current depreciation | Accumulated depreciation | Carrying Value |
| 28 February 2019 | ✓ 120 000 | ✓ 120 000 | ✓ 480 000 |
| 29 February 2020 | ✓ <input checked="" type="checkbox"/> * 96 000 | ✓ 216 000 | ✓ 384 000 |

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*20% of the carrying value on 28 February 2019

| | |
|------------|--|
| 4.2 | The Asset Register is a valuable tool in asset management. Why? Give ONE reason. |
| | <p>Any relevant reason ✓✓</p> <ul style="list-style-type: none"> To keep track of the book value of assets and depreciation charged over a period of time. To keep records of individual assets for reference purposes. To easily identify items within the business. |

2

4.3 Ratio Analysis

Calculate the following:

| | | Answer |
|-----|---|--|
| (a) | Gross Profit $25\% \checkmark \times 450\,500 \checkmark$ | <input checked="" type="checkbox"/> 112 625 |
| (b) | Cost of Sales $450\,500 \checkmark - 112\,625 \checkmark$ | <input checked="" type="checkbox"/> 337 875 |
| (c) | Percentage Gross Profit on Cost of Sales $112\,625 / 337\,875 \times 100$ | <input checked="" type="checkbox"/> 33,33 % |
| (d) | Percentage Net Profit on Sales $67\,575 / 450\,500 \times 100$ | <input checked="" type="checkbox"/> 15% |
| (e) | Advice on how the percentage Net Profit on sales can be increased to at least 20% <i>Any acceptable answer ✓✓</i> <ul style="list-style-type: none"> • Increase sales by 5% • Decrease operating expenses by 5% | |

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| 12 |

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| TOTAL MARKS |
| |
| 30 |

TOTAL: 150