

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2019

**ACCOUNTING P2
MARKING GUIDELINE**

MARKS: 150

This marking guideline consists of 10 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 calculations and 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 INTERNAL CONTROL

1.1 Manufacturing concepts:

1.1.1	Prime Cost ✓	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">1</td></tr> </table>		1
1				

1.1.2	Differentiate between a <i>trading business</i> and a <i>manufacturing business</i>. <ul style="list-style-type: none"> • A trading business buys and sells goods to the public to make a profit. ✓ • A manufacturing business buys raw materials, converts/manufactures it to finished goods and sells to retailers or directly to the public. ✓ 	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">2</td></tr> </table>		2
2				

1.1.3	Define a <i>fixed cost</i> and a <i>variable cost</i> and give ONE example of each cost. <ul style="list-style-type: none"> • Fixed cost remains the same no matter how many units are produced, ✓ e.g. rent expense, ✓ Insurance, salaries, etc. • Variable cost changes with the number of units produced ✓ e.g. raw materials ✓ direct labour, advertising, water and electricity, etc. 	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4				

1.2.1 Calculate the following:

•	Direct material cost $180\,000 \checkmark + 32\,500 \checkmark = 212\,500 \checkmark$	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">3</td></tr> </table>		3
3				

•	Direct Labour Cost $210\,000 \checkmark\checkmark$	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">2</td></tr> </table>		2
2				

•	Factory / manufacturing overhead cost $ \begin{array}{ccccccc} 18\,700 & + & (16\,200 \times 60\%) & + & (9600 \times 2/3) & + & 5\,200 \\ \checkmark & & \checkmark & & \checkmark & & \checkmark \\ = & 40\,020 & \checkmark\checkmark & & \text{One part correct} & & \end{array} $ <p style="text-align: center;">OR</p> $18\,700 \text{ (1 mark)} + 9\,720 \text{ (2 marks)} + 6\,400 \text{ (2 marks)} + 5\,200 \text{ (1 mark)}$	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">8</td></tr> </table>		8
8				

•	Total Cost of Production $212\,500 \checkmark + 210\,000 \checkmark + 40\,020 \checkmark = 462\,520 \checkmark\checkmark$ One part correct	<table border="1"> <tr><td> </td></tr> <tr><td style="text-align: center;">5</td></tr> </table>		5
5				

- **Unit Cost per jersey**

See Cost of Production above

$$462\,520 \checkmark / 7\,460 \checkmark = R62 \checkmark \checkmark \text{ One part correct}$$

4

1.2.1 (a) **Suggest THREE strategies to achieve the objective of increasing the profits:**

THREE valid responses ✓✓ ✓✓ ✓✓

- Look for cheaper suppliers
- Extend the target market
- Use local suppliers
- Reduce overtime
- Retrenchment (as a last resort)

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(b) **If Sales for last year were R500 000 and profit mark-up is 25% calculate:**

- **Sales for the current year**

$$60\% \times 500\,000 = 300\,000$$

✓✓ ✓ ✓✓ One part correct

5

- **Cost of sales for the current year**

$$100/125 \times 300\,000 = 240\,000$$

✓ ✓ ✓ ✓✓ One part correct

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QUESTION 2: INVENTORY AND VAT

2.1 TRUE OR FALSE

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

5

2.2 ACCOUNTING EQUATION

No.	Journal	Account Debited	Account Credited	A	O	L
<i>e.g.</i>	<i>CRJ</i>	<i>Bank</i>	<i>Capital</i>	+	+	0
1.	CPJ ✓	Telephone	Bank	- ✓	- ✓	0
2.	CJ	Trading Stock	Creditors control ✓✓	+ ✓	0	+ ✓
3.	CRJ	Bank ✓	Rent Income	+ ✓	+ ✓	0
4.1	DJ	Debtors Control ✓	Sales	+ ✓	+ ✓	0
4.2	DJ ✓	Cost of Sales	Trading stock ✓	- ✓	- ✓	0
5.	CAJ	Creditors Control ✓	Stationery	0	+ ✓	- ✓

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QUESTION 3: BUDGETS**3.1 CALCULATE THE FOLLOWING:**

3.1.1	Total Transport Cost for the learners $450 \checkmark \times 10 \checkmark = R4\ 500 \checkmark$ One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 3 </div>
3.1.2	Cost of accommodation for the learners $5 \checkmark \text{ rooms} \times 300 \checkmark = R1\ 500 \checkmark$ One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 3 </div>
3.1.3	Cost of accommodation for the teachers $2 \checkmark \text{ rooms} \times R250 \checkmark = R500 \checkmark$ One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 3 </div>
3.1.4	Total cost of accommodation for teachers and learners $1\ 500 \checkmark + 500 \checkmark = 2\ 000 \checkmark$ One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 3 </div>
3.1.5	Cost for the visit to the museum and the snake park (12 persons x 20) less 10% discount $240 \checkmark - 24 \checkmark = R\ 216 \checkmark$ One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 3 </div>
3.1.6	Total costs for all meals for the group $12 \checkmark \text{ persons} \times 120 \checkmark = R\ 1\ 440 \checkmark$ One part correct (Teachers 240 + learners 1 200)	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 3 </div>
3.1.7	Total costs for the tour Transport + accommodation + visits + meals = Total costs $4500 \checkmark + 1500 \checkmark + 500 \checkmark + 216 \checkmark + 1440 \checkmark = R\ 8156 \checkmark$ One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 6 </div>
3.1.8	Cost per learner for the tour $8156 \checkmark - (500 \checkmark + 240 \checkmark + 36 \checkmark) / 10 \checkmark \text{ pupils}$ <small>(1 mark) (3 marks) (1 mark) (1 mark) (1 mark) (2 marks) (1 mark)</small> $8156 - 776 / 10 \text{ pupils}$ OR $4\ 500 + 1\ 500 + 180 + 1\ 200 = 7\ 380$ $7380/10 = R\ 738 \checkmark$ per pupil One part correct	<div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> 6 </div>

3.2

3.2.1	Should Sindi go ahead with her plan? No ✓ This is unethical. Negotiating a discount for learners and concealing the information from them with the hope of using it for personal gain is a criminal offence ✓✓	<table border="1"><tr><td> </td></tr><tr><td>3</td></tr></table>		3
3				
3.2.2	What consequences could Sindi face if she goes ahead with the plan <i>ONE valid point ✓✓</i> <ul style="list-style-type: none">• She could be charged with fraud• She could be suspended from work• She would have to pay back the money <p style="text-align: right;"><i>Any reasonable answer</i></p>	<table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table>		2
2				

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**QUESTION 4: RECONCILIATIONS, FIXED ASSETS, RATIO ANALYSIS
AND INTERNAL CONTROL**

4.1 DEBTORS CONTROL ACCOUNT

4.1.1	Debtors allowances ✓
4.1.2	Bank ✓
4.1.3	ONE valid reason ✓✓ <ul style="list-style-type: none"> • Bad debts • Correction of error • Transfer of account, etc
4.1.4	DJ ✓
4.1.5	Credit Note ✓
4.1.6	Compare the Debtors Control Balance with individual balances of Debtors (Debtors List) as the TWO must be the same. ✓✓
4.1.7	ONE valid reason ✓✓ <ul style="list-style-type: none"> • Interest charged on overdue debtor's account • Correction of error • Transfer of account, etc.
4.1.8	R97 000 ✓✓
4.1.9	R63 700 ✓
4.1.10	R63 700 <input checked="" type="checkbox"/> (Same as 4.1.9 above)

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4.2 FIXED ASSETS AND INTERNAL CONTROL

		ANSWER
4.2.1	Calculate depreciation for the NEW vehicle purchased 20% x 150 000 x 4/12 ✓ ✓ ✓	R10 000 ✓ <input checked="" type="checkbox"/>
4.2.2	Calculate depreciation for the OLD vehicle 100 000 20% x (250 000 – 150 000) ✓ ✓ ✓	R20 000 ✓ <input checked="" type="checkbox"/>
4.2.3	Calculate depreciation for equipment 194 000 15% x (210 000 – 16 000) ✓ ✓ ✓	R29 100 ✓ <input checked="" type="checkbox"/>
4.2.4	Provide TWO control measures to be put in place to guard against the abuse of vehicles and equipment. <i>Any TWO control measures ✓✓ ✓✓</i> • Control vehicles and equipment using logbook (sign in / sign out) • Secure vehicles and equipment in a safe place (Do not allow employees to take vehicles/equipment home) <i>Any other acceptable answer</i>	

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4.3 RATIO ANALYSIS

	Calculation	Compare and comment with figures Figures ✓ Comment ✓	
4.3.1	Gross Profit % on sales 480 000 / 1 280 000 x 100 = 37,5% ✓ <input checked="" type="checkbox"/> one part correct	Decreased by 4,4% GP % on sales decreased from 41,9% in 2018 to 37,5% in 2019. Sales have increased, but the increase in cost of sales may have resulted in this decrease.	4
4.3.2	% Operating Expenses on Sales 118 800 / 1 280 000 x 100 = 9,3% ✓ <input checked="" type="checkbox"/> one part correct	Decreased slightly by 0,2% decreased from 9,5% in 2018 to 9,3% in 2019. Increase in sales may have resulted in the small decrease.	4
4.3.3	% Net profit on sales 389 550 / 1 280 000 x 100 = 30,4% ✓ <input checked="" type="checkbox"/> one part correct	Decreased by 4,7% % net profit on sales decreased from 35,1% in 2018 to 30,4% in 2019. This may be due to increase in expenses in 2019.	4

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TOTAL: 150