



# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

### **ACCOUNTING P2 MANAGERIAL ACCOUNTING, INTERNAL AUDITING AND CONTROL**

**EXEMPLAR 2020**

### **MARKING GUIDELINES**

**MARKS: 150**

#### **MARKING PRINCIPLES:**

1. Unless otherwise indicated 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 guidelines 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.
7. These marking guidelines are 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 marking guidelines.
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 guidelines. 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**

<b>1.1</b>	<b>1.1.1</b>	False ✓
	<b>1.1.2</b>	True ✓
	<b>1.1.3</b>	True ✓

<b>3</b>

**1.2 DESKS FACTORY**

<b>1.2.1</b>	<b>Factory Overhead Cost Note</b>	
	<b>Indirect labour</b>	<b>R296 500</b>
	<b>Depreciation on factory plant</b>	<b>166 000</b>
	Water and electricity (248 000 + 18 000) x 80% OR – 53 200 198 400 + 14 400	212 800 ✓✓* ✓
	Factory rent (345 600 x 810/1080) or – 86 400	259 200 ✓✓* ✓
	Insurance (12 600 x 75/25) or x 3 OR 50 400 – 12 600	37 800 ✓✓* ✓
	Factory sundry expenses	107 700 ✓
	-1 (Foreign items) Advertising                      *one part correct	1 080 000 ✓* ✓

<b>8</b>

<b>1.2.2</b>	<b>Calculate the total cost of production of finished goods.</b>	
	<b>Workings</b>	<b>Answer</b>
	$3\ 060\ 000 \quad + \quad 9\ 000 \times 160 \text{ two or no marks} \quad + \quad 1\ 440\ 000 \quad + \quad 1\ 080\ 000$ <p style="margin-left: 20px;">✓                      ✓✓                      ✓ see 1.2.1</p> <p><b>OR</b>    units                      DMC/u                      DLC/u                      FOHC/u</p> <p style="margin-left: 20px;">9 000 x (340 + 160 + 120)                      three marks</p> <p style="margin-left: 20px;">one mark                      one mark                      one mark                      one method mark                      (see 1..2.1 ÷ 9 000) + 500</p>	<p>R5 580 000</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">one part correct</p>

<b>5</b>

<b>1.2.3</b>	<b>Sihle wants to produce an additional 1 500 desks. Calculate the additional profit he can expect.</b>	
	<b>Workings</b>	<b>Answer</b>
	<p>Extra units x Contribution per unit</p> <p style="margin-left: 20px;">750 one mark – 580 one mark [340+160+80]</p> <p>1 500 ✓ x 170 ✓✓</p>	<p style="text-align: center;">Correct operation &amp; one part correct</p> <p style="text-align: center;">✓</p> <p style="text-align: center;">R255 000</p>

<b>4</b>

### 1.3 CHAIRS FACTORY

#### 1.3.1 Provide a calculation to confirm the break-even point for 2019.

Workings	Answer
16 000 x 96 or 1 536 000 two marks $1\,216\,000 \checkmark + 320\,000 \checkmark$ $390 \checkmark - 305 \checkmark$ 85 two marks  OR: Sales VC FC $7\,047\,690 - 5\,511\,655 - 1\,536\,000 = 35$ or 0 one mark each	N/A

4

#### 1.3.2 Comment on the break-even point and the production level achieved. Figures.

If differences are shown for figures, this carries two marks

Comment on BEP ✓ Figures ✓ Comment on production ✓ Figures ✓

Reponses for four marks:

- Produced 16 000 units but BEP is 18 071 (or see 1.3.1) units so they will make a loss
- Produced 2 071 less than BEP so they will make a loss.
- Production increased from 15 000 to 16 000 units (by 1 000) and BEP increased from 12 400 to 18 071 units (by 5 671)
- In 2018 they made a profit on 2 600 units.

4

#### 1.3.3 Sihle feels that wood raw material was not well controlled. Calculation.

METRES	Actual issue: 22 000 m ✓ Budget: 16 000 ✓ x 1,2 ✓ = 19 200 m ✓ OR Wastage = 2 800 m four marks Choose one line
OR UNITS	Expected: 22 000 one mark/1,2 one mark = 18 334 one mark Actual: 16 000 one mark OR 2 334 fewer chairs made four marks Choose one line
OR TOTAL COSTS	22 000 one mark x 120 16 000 one mark x 1,2 one mark x 120 one mark Expected: = R2 640 000 Actual = R2 304 000 OR Extra cost = R336 000 four marks Choose one line
OR UNIT COSTS	Expected: 1,2 one mark x R120 one mark = R144 one mark Actual = R165 one mark OR Extra unit cost = R21 per unit extra four marks Choose one line
OR % PROD	DMC increased by 33% (R165 – R124; 41 ÷ 124) two marks Units produced increased by 7% (1 000 ÷ 15 000) two marks

4

Identify TWO possible causes of this problem. Solution for EACH.

	POSSIBLE CAUSES	SOLUTION FOR EACH
✓ ✓ TWO valid & different causes with solutions ✓ ✓	Wastage/Unskilled workers	Train workers; supervise regularly Use technology (stencils/templates)
	Damage (fire/water)	Secure storage/Check deliveries
	Theft of wood	Internal controls/Stock counts/Supervision/Buy in smaller quantities/Install cameras
	Poor quality wood	Source other suppliers/Check deliveries

4

#### 1.3.4 Give TWO reasons for the increase in direct labour cost. Solution for EACH.

	REASONS	SOLUTION FOR EACH
✓ ✓ TWO valid & different reasons with solutions ✓ ✓	Load shedding	Generator or solar power
	Workers dissatisfied with increase/Protests	Engagement/Communicate with union
	Inflation/Wage increase/Bonus	Improve productivity
	Overtime	Restrict overtime/More workers (avoid overtime)
	Inefficient/Slow workers	Pay per unit produced/Improve monitoring procedures/Training programme

4

**TOTAL MARKS**

**40**

**QUESTION 2****2.1.1 State THREE advantages of EFTs.**

✓ ✓ ✓ THREE different & valid advantages	Less fraud
	Convenient or easy to use
	Can be done from business; not restricted to business hours/ Time-saving
	Payment/Receipts are instant/Account is updated immediately/ No long queues to deal with
	Cheaper bank charges

3

**2.1.2 Janet, the bookkeeper, has been assigned the duty of processing and controlling all EFTs.****Explain TWO reasons why the internal auditor was concerned about this.**

Part marks for unclear answer.

✓✓ ✓✓ TWO different & valid reasons	Too many related job functions/No division of duties (no checks and balances)/Possible fraud
	She may be negligent in performing her duties.
	Lack of supervision can result in abuse/Payments not made on time
	If Janet is absent, there may not be any continuity.

4

**2.2 Show the changes in the Cash Journals for June 2019.**

CASH RECEIPTS JOURNAL		CASH PAYMENTS JOURNAL
27 470	Provisional totals	32 400
-1 if 1 125 entered here and entered only once in CPJ	For one mark: R1 125 in CRJ & R1 125 x 2 in CPJ	1 125 ✓
1 500 ✓✓		
1 400 ✓✓		1 200 ✓
(7 950 – 5250) 2 700 ✓✓	Two marks or 0 7 950 CRJ one mark 5 250 CPJ one mark	
		175 ✓
2 800 ✓		
130 ✓		
36 000	<b>TOTALS</b>	34 900

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-1 Foreign or superfluous items max -1 e.g. 9 500

**2.3 Calculate: Bank Account balance**

Workings	Answer
9 200 + 36 000 – 34 900 ✓            ✓            ✓ see 2.2    see 2.2	one part correct 10 300 ✓

4

2.4

<b>BANK RECONCILIATION STATEMENT ON 30 JUNE 2019</b>		
	DEBIT	CREDIT
Cr Balance per bank statement	Balancing figure Could be Dr or Cr	12 550 <input checked="" type="checkbox"/>
Cr Outstanding deposit		9 675 ✓
Cr Incorrect entry		1 125 ✓
Dr Outstanding cheques/EFTs		
444	4 670 ✓✓	
522	4 580 ✓	
EFT 14	3 800 ✓	
Dr Balance per bank account	see 2.3 10 300 <input checked="" type="checkbox"/>	Do not accept 9 200
	23 350	23 350

8

If DEBIT/CREDIT columns not indicated, assume first column Debit  
 Brackets not acceptable for two column method  
 -1 Foreign items (if marks scored elsewhere for the amount) -1 max  
 -1 max Presentation (if no/incorrect details)

OR

**VERTICAL METHODS (choose ONE):**

Balance per bank statement	12 550	Balance per bank account	10 300
Outstanding deposit	9 675	Outstanding deposit	(9 675)
Incorrect entry	1 125	Incorrect entry	(1 125)
Outstanding cheques/EFTs		Outstanding cheques/EFTs	
444	(4 670)	444	4 670
522	(4 580)	522	4 580
EFT 14	(3 800)	EFT 14	3 800
Balance per bank account	10 300	Balance per bank statement	12 550

**TOTAL MARKS****30**

**QUESTION 3****CABINETS**

3.1	<b>Calculate the value of closing stock using the FIFO method.</b>		
	<b>Workings</b>	<b>Answer</b>	
	$(230 \checkmark \times 1\,100 \checkmark) + (50 \checkmark \times 990 \checkmark)$ 253 000                      49 500	<b>All correct</b> R302 500 ✓	<b>5</b>
3.2.1	<b>Calculate the % mark-up achieved in 2019.</b>		
	<b>Workings</b>	<b>Answer</b>	
	$\frac{1\,309\,500 \checkmark}{2\,170\,500 \checkmark} \times 100$	<b>All correct</b> 60,3% ✓	<b>3</b>
3.2.2	<b>Provide TWO points (with figures) to prove that this decision achieved its aims.</b>		
	✓ ✓ TWO different & valid points ✓ ✓ Figures	Sales increased to R3 480 000 (from R3 375 000)/by R105 000/by 3,1% Number of customers increased to 37 (from 26)/by 11/by 42%	
3.2.3	<b>The CEO feels that this decision also negatively affected the company. Provide TWO points (with figures) to support his opinion.</b>		
	<b>Do not accept Mark-up % here</b>		
	✓ ✓ TWO different & valid points ✓ ✓ Figures	Gross profit decreased to R1 309 500 (from R1 425 000)/by R115 500/by 8,1%/Cost of sales increased to R2 170 500 (from 1 950 000)/by R220 500/by 11,30% Average units per customer dropped to 63 (from 96) (2 500/26) (2 320/37)/by 33/by 34% Units sold dropped by from 2 500 to 2 320/by 180/by 7,2%	<b>4</b>
	<b>Give the directors advice to solve this problem. Explain TWO points.</b>		
	✓ ✓ TWO different & valid points	Restrict (be selective with) trade discounts to good customers only Find a cheaper supplier (to compensate for keeping selling prices low) Increase marketing/advertising in areas outside the current areas targeted Provide other incentives such as after-sales services, maintenance or free deliveries	<b>2</b>

**LAMPS**

<b>3.3</b>	<b>Calculate the stockholding period for lamps (use closing stock).</b>		
	<b>Workings</b>	<b>Answer</b>	
	<p style="text-align: center;"><b>OR</b></p> $\frac{59\ 625 \checkmark \times 365}{930\ 375 \checkmark \times 1} \quad \frac{265}{3\ 675} \text{ one mark} \times \frac{365}{1} \text{ one mark}$	<p style="text-align: center;"><b>one part correct one method mark</b></p> <p>23,4 days <input checked="" type="checkbox"/> OR 0,8 months</p> <p>OR 26,3 days OR 0,9 months</p>	<b>3</b>
<b>3.4</b>	<b>Calculate the number of missing lamps.</b>		
	<b>Workings</b>	<b>Answer</b>	
	<p style="text-align: center;"><input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <b>one part correct</b></p> $3\ 675 - 4\ 135$ <p style="text-align: center;">(600 + 3 800 – 265)</p>	<p style="text-align: center;"><b>All correct</b></p> <p>460 <input checked="" type="checkbox"/></p>	<b>4</b>
	<b>Give TWO suggestions to solve this problem.</b>		
	<p style="text-align: center;"><input checked="" type="checkbox"/> <input checked="" type="checkbox"/></p> <p>TWO valid &amp; different suggestions</p>	Divide duties/Delegate to different employees	<b>2</b>
		Threaten strong disciplinary action (in future)/Recover cost from culprit	
		Increase supervision at regular intervals/Random physical inspection of stock	
		Change to the perpetual inventory system to record stock	
		CCTV as an internal control measure	
		Insist on proper documents for all stock supplied	

**TELEVISION SETS**

<b>3.5</b>	<b>Calculate the value of the closing stock of TV sets on 30 September 2019 using the specific identification method.</b>		
	<b>Workings</b>	<b>Answer</b>	
	<p style="text-align: center;"><b>LYN:</b></p> $7\ 800\ 000 \checkmark - 2\ 580\ 000 \checkmark \checkmark = R5\ 220\ 000$ <p style="text-align: center;">(4 800 000 + 3 000 000) (430 x 6 000) three marks</p> <p style="text-align: center;">OR 870 two marks x R6 000 one mark</p> <p style="text-align: center;">(1 300 – 430)</p>	<p style="text-align: center;"><b>One part correct</b></p> <p>R11 772 000 <input checked="" type="checkbox"/></p>	<b>7</b>
	<p style="text-align: center;"><b>KYA:</b></p> $10\ 440\ 000 \checkmark - 3\ 888\ 000 \checkmark \checkmark = R6\ 552\ 000$ <p style="text-align: center;">(6 840 000 + 3 600 000) (540 x 7 200) three marks</p> <p style="text-align: center;">(1 450 x R7 200)</p> <p style="text-align: center;">OR 910 two marks x R7 200 one mark</p> <p style="text-align: center;">(1 450 – 540)</p>		
<b>3.6</b>	<b>Explain THREE different concerns George would have about this problem.</b>		
	<b>THREE different &amp; valid concerns</b>		
	<p style="text-align: center;"><input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/></p> <p>part-marks for partial or incomplete answers</p>	Directors engaging in fraud and corruption/Bribes/Conflict of interests	<b>6</b>
		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	

**TOTAL MARKS****40**

**QUESTION 4**

4.1 Foreign entries  
-1 max -2

	CASH BUDGET			PROJECTED INCOME STATEMENT		
	Nov. 2019	Dec. 2019	Jan. 2020	Nov. 2019	Dec. 2019	Jan. 2020
Printer bought	40 800 ✓					
Depreciation					680 ✓	680 ✓
Insurance			48 000 ✓			4 000 ✓✓
Loan received		100 000 ✓				
Loan repayments			*5 000 ✓			
Interest			*1 000 ✓✓			1 000 ✓

11

4.2 Calculate the % of debtors who settle their accounts in the 2<sup>nd</sup> month following the credit sales transaction month.

Workings	Answer
$\frac{67\ 500}{90\ 000} \times 100$ ✓ or $\frac{75\ 000}{100\ 000} \times 100$ or $\frac{90\ 000}{120\ 000} \times 100$ ✓	One part correct 75% ✓

3

Calculate the % of debtors written off as bad debts at the end of the 3<sup>rd</sup> month following the credit sales transaction month.

Workings	Answer
$90\ 000 - 67\ 500 - 19\ 800$ $(2\ 700 \div 90\ 000) \times 100$ ✓✓  OR $100\ 000 - 75\ 000 - 22\ 000$ $(3\ 000 \div 100\ 000) \times 100$ two marks      one mark  see above    19 800/90 000 or 22 000/100 000 OR 100% - 75% - 22%      -97% two marks one mark    one mark    one mark	One part correct 3% ✓

4

4.3.1 The office workers are unhappy with the increase that Thembi gave them on 1 October 2019. Explain what she should say to them. Provide TWO points. Quote figures or a calculation. Only one figure required per point.

Part-marks for partial or incomplete answers ✓✓ ✓✓ Any two valid and different points  ✓      ✓ Figures/Calculations	They received a (large) increase of 20% (unbudgeted; which is more than inflation) ( $1\ 840/9\ 200 = 20\%$ ) 'Large' need not be mentioned if 20% is provided.
	Sales target (under by R110 000)/GP target (under by R32 000) not reached but increase in wages (20%) granted
	The director took a R10 000 drop in pay/Reduced from R50 000 to R40 000/by 20%
	They received training costing R40 000 (R25 000 over budget) which will benefit them in future

6



**4.3.2 Thembi pays her son, Jacob, to deliver and install carpets for customers. She budgets R2,80 per metre for this. Comment on the control of this expense. Quote figures or a calculation.**

Comment on poor control/ethics in September ✓ Figure(s) ✓  
 Comment on good control in October ✓ Figure(s) ✓

Expected responses for September:

He was overpaid in September (even though he did not meet target)

Figures: R14 000/R10 640/R3 360

Expected responses for October:

He was paid correctly (although it was over-budget; due to improved sales)

Figures: R16 800/R14 000/R2 800

**Workings: September:**

Budget:  $5\,000 \times 2,80 = R14\,000$

Actual should be  $3\,800 \times 2,80 = R10\,640$  but spent R14 000

**Workings: October:**

Budget = R14 000

Actual should be  $6\,000 \times 2,80 = R16\,800$

4

**4.3.3 A new competitor commenced trading in the area on 1 September 2019. Provide figures to illustrate the impact on sales in September.**

Comment ✓ Figure(s) ✓

Compare budgeted Sales to actual Sales

Sales budget was R490 000 and the actual was R380 000/R110 000 under the budgeted amount/22,4% drop from expected

OR Compare expected metres to actual metres

Two marks

Sales dropped from 4 900 m<sup>2</sup> budgeted to 3 800 m<sup>2</sup> actual/1 100 m<sup>2</sup> under budget/22,4% less than expected

2

**Explain THREE decisions that Thembi took in October in response to the new competitor. Quote figures or a calculation.**

**Explanation (with figures)**

✓ ✓ ✓  
 Any THREE valid and different decisions

Promoted credit sales R296 000 above budget (R326 000 increase in actual) with incentives as opposed to cash sales (e.g. discount or extended payment period)

Reduced the selling price per m to R88 per m (from R100)/Reduced mark up from 67% to 47%

✓ ✓ ✓  
 Figures

Spent R40 000 on training but budgeted only R15 000/Training increased to R40 000 in October (over-budget by R25 000)

Changed the salary structure of the salesman from a fixed salary of R20 000 pm to a commission of R52 800/10% of sales

6

**4.3.4 Calculate the actual amount payable to creditors in November 2019.**

**Workings**

**Answer**

$528\,000 \times 60/88$

✓ ✓ ✓

$360\,000 \times 50\% \times 95\%$

Oct COS

R171 000 ✓

one part correct

4

**TOTAL MARKS**

40

**TOTAL: 150**