



Province of the
EASTERN CAPE
EDUCATION

**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 ✓

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)

4

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

Direct material ✓
Direct labour ✓

NB: Can start with any of the two

2

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
5			

- Unit Cost per jersey**

See Cost of Production above

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

4

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.

6

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

5

- Calculate Cost of Sales for the current year**

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

✓ ✓ ✓ ✓✓ One part correct

5

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	✓

5

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

17

2.3 Reconciliations

2.3.1

Creditors Control

2020 Oct	31				2020 Oct	1			
		Bank	CPJ	✓ 40 000		1	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

12

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

11

TOTAL MARKS
45

QUESTION 3: BUDGETS

3.1 Calculate the following:

3.1.1	<p>Explain why it is important to prepare a budget. Provide TWO points.</p> <p style="text-align: center;">✓✓ ✓✓ <i>Any TWO points</i></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 style="text-align: center;">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

9

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

7

*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% 	

12

TOTAL MARKS
30

TOTAL: 150