



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**NOVEMBER 2020**

**ACCOUNTING P2  
MARKING GUIDELINE  
(EXEMPLAR)**

**MARKS: 150**

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This marking guideline consists of 8 pages.

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

<b>TOTAL MARKS</b>
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
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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

17
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**2.3 Reconciliations**

**2.3.1**

**Creditors Control**

2020 Oct					2020 Oct				
31	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						
			<b>109 720</b>				<b>109 720</b>		
				Nov	1	Balance	b/d	☑ 67 280	

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

11
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<b>TOTAL MARKS</b>
45

## QUESTION 3: BUDGETS

## 3.1 Calculate the following:

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

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

2

### 4.3 Ratio Analysis

Calculate the following:

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

12

<b>TOTAL MARKS</b>
30

**TOTAL: 150**