



NATIONAL SENIOR CERTIFICATE EXAMINATION  
EXEMPLAR 2008

**ACCOUNTING: PAPER II**  
**MARKING GUIDELINES**

Time: 2 hours

100 marks

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**QUESTION 1      Management Accounting      (38 marks; 30 minutes)**

1.1

**LO 2 AS 2 (Level 1)**

Managerial Accounting
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(1)

1.2

**LO 2 AS 2 (Level 1)**

A Debtors' Collection Schedule is drawn up to calculate how much money is expected to be received from the debtors based on past trends. It is important to get a close estimation as to how much money will be received each month from debtors.
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(2)

1.3

**LO 2 AS 2 (Level 3)**

<p>October</p> <p><math>13\,300/95 \times 100 \checkmark \checkmark = 14\,000/70\,000 = 20\% \checkmark</math> (in transaction month)</p> <p><math>35\,000/70\,000 \times 100 = 50\% \checkmark</math> (<math>\checkmark</math> 30 days - in the month following transaction)</p> <p><math>17\,500/70\,000 \times 100 = 25\% \checkmark</math> (<math>\checkmark</math> 60 days)</p> <p>Therefore 5% written off as bad debts <math>\checkmark</math></p>
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(8)

1.4

**LO 2 AS 2 (Level 2)**

Christmas season – people receive bonuses therefore money available to buy furniture or holiday time – people spend time at home and therefore revamp their homes.
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(1)

1.5

**LO 2 AS 2 (Level 4)**

- |   |
|---|
| <p>1.    1.5</p> <p>The Percentage credit sales declined in comparison to the budgeted figures for November and December (November 33% were cash sales and December 36% were cash sales.</p> <p>2.    Therefore, fewer people buying on account as the sales still increased.</p> <p>3.    Actual cash received from Debtors in December dropped considerably. People may be taking chances of not paying accounts.</p> |
|---|

(10)

1.6

**LO 1 AS 4 (Level 3)**

Through application forms, check new applicants' credit rating before buying on account. A thorough assessment of new debtors.
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(2)

**1.7 LO 3 AS 3 AS 4 (Level 4/6)**

Opinion

Learner says it is good as it protects businesses and customers (2 marks). Interest rates are increasing so government is trying to assist the public with credit management by discouraging them from buying too much on credit. Also, businesses need to stop letting customers from getting into too much debt and then wondering why they cannot pay it – more screening of debtors to see if they can manage their accounts (good business practice). (4 marks)

(6)

**1.8 LO 2 AS 2 (Level 3)**

$$100\,000 - 68\,750 = 31\,250 / 68\,750 * 100 = 45\%$$

$$112\,000 - 71\,800 = 40\,200 / 71\,800 * 100 = 56\%$$

(4)

**1.9 LO 1 AS 5 (Level 2)**

Trade discounts/ sales to encourage volume of sales

(2)

**1.10 LO 3 AS 4 (Level 3)**

Phone debtors to confirm outstanding balances or send letters asking debtors to confirm their details.

(2)

**38 marks**

**QUESTION 2      Reconciliations      (32 marks; 40 minutes)****PART A****2.1      LO 1 AS 4 (Level 3)**

R1 400 ✓ - unfavourable ✓

(2)

**2.2      LO 3 AS 4 (Level 2)**

Separation of duties ✓ - different people are assigned different duties, e.g. the person depositing the money will not be the same as the person preparing the bank reconciliation statement ✓✓ (other example)

OR

Proper authorisation ✓ - cheques need to be signed by a senior manager ✓✓

(3)

**2.3      LO 3 AS 4 (Level 4)**

Check who deposited the money – look at deposit slip, find out what the money was received for by looking at the receipt and seeing who recorded the money received. Check that there is not an error with the amounts so that amounts on the bank statement will not differ.

(3)

**2.4      LO 1 AS 4 (Level 1)**

Cancel in the CRJ

(1)

**[9]**

**PART B****2.5      LO 1 AS 4 (Level 2)**

90+ means that the debtors have outstanding balances that are over 90 days old.

(2)

2.6 **LO 1 AS 4 (Level 3)**

Creditors' reconciliation statement of Heidi's Hotties (Pty) Ltd – September

No.	Description	Heidi's Hotties		Buck's Blankets	
		Debit	Credit	Debit	Credit
	Balance b/d	12 660			16 730✓
(a)	Incorrect return	270✓			
(b)	Invoice not delivered		980✓		
(c)	Wrong side of account			280✓✓	
	Incorrect amount			4 500✓✓	
	TOTALS	12 930	980	4 780	16 730
	New Balances		11 950(✓)		11 950(✓)

(9)

2.7 **LO 1 AS 4 (Level 3)**

Total amount due by you	90+ days	60+ days	30+ days	Current
R2 950✓✓	0	0	R590 ✓	R2 360 ✓✓✓

Current R3 070 + R270 - R980 = R2360  
 Payments R5 540 + 2 580 = R8 120  
 R9 000 - R8 120 = R880  
 R1 470 - R880 = R590

(6)

2.8 **LO 1 AS 4 (Level 6)**

Bucks Blankets CC  
 PO Box 330  
 HILLCREST  
 3230

Dear Mrs H. Bird

**REDUCTION IN CREDIT FACILITIES**

- Unhappy
- Loyal customer✓✓
- Support for the new contract
- Cannot win the tender without their support✓✓
- Cash flow slow initially, but promises to improve with the new opportunity✓✓

Yours Faithfully

**T Buck**

Mrs. T Buck

(6)

**32 marks**

**QUESTION 3 Case Study (30 marks; 50 minutes)****3.1 LO 3 AS 4 (Level 3)**

Fair representation means that the information is a true and fair reflection of the financial position of the company. It is an expression of, in this case, that the directors and the auditors have presented the information fairly to give an honest account about the business dealings during the year, i.e. both internally assessed by the directors and externally assessed by the independent auditors. ✓✓

Shareholders would want assurance that the money that they have invested in this business is being wisely used to the best interest of the company, which will affect them in terms of profitability. (separation of ownership from management) ✓✓

Shareholders want to know whether the company has adhered to all its legal obligations, i.e. that an independent audit has been conducted, that the information in the financial statements is accurate and therefore decisions can be made.

(4)

**3.2 LO 1 AS 5 (Level 1)**

Going Concern – the business will continue operating in the foreseeable future

(2)

**3.3 LO 1 AS 5 Level 4**

These problems are:

- General increase in food prices
- Global food crises ✓

What could be the possible causes of these problems?

- Interest rate hikes ✓
- Fuel price increases ✓

How is Pick 'n Pay hoping to address these problems?

- Some basic foods are being sold at cost ✓

(4)

**3.4 LO 3 AS 4 Level 5**

Opinion – low prices means lower profits, this is evident in the low GP that Pick 'n Pay is earning (5% mark-up). Customers happy with low prices but not shareholders who want a return ✓✓✓✓

(4)

**3.5 LO 1 AS 5 Level 3/4**

Yes – the current liabilities (6 512.9) are almost equal to the current assets (5 008.5) – most of this is stock (3 101.4) - cash is low considering it is a primarily cash run business. ✓✓✓✓

Director – 'We strive to extend the lag of price increases by buying forward, although this has its own challenges with suppliers struggling to **meet demand and negatively impacts our working capital**' ✓✓

(6)

3.6 **LO1 AS 5 Level 3/4**

EPS – 209.19c DPS 149.01 – only retaining small amount, probably trying to keep investors interested as a result of problems being experienced ✓✓✓✓

(4)

3.7 **LO1 AS 5 Level 2/4**

- Looks at how the business is financed by own or borrowed money assess how risky the business is. ✓✓
- A R500 million rand loan was taken out – good future
- Prospects – bad, should have issued shares – risk and interest will have considerably increased, also affecting profitability. ✓✓✓✓

(6)

**30 marks****TOTAL FOR THIS PAPER: 100 MARKS**