



education

Lefapha la Thuto la Bokone Bophirima
Noord-Wes Departement van Onderwys
North West Department of Education
NORTH WEST PROVINCE

PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING P1

NOVEMBER 2019

MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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 memo 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 brackets is provided, assume that the figure is positive..
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is 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 netive,
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark..
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & 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 guideline.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 9 pages and a page with cognitive levels.

QUESTION 1

1.1	How many new members joined at the beginning of the 2019 financial year?	
	$\begin{array}{r} 1\,575 \checkmark \\ 225 \checkmark \\ \hline = 7 \text{ members } \checkmark \end{array}$	3
1.2	How many members does the club have?	
	$\begin{array}{r} 9\,900 \checkmark \\ 90 \checkmark \\ \hline = 110 \text{ members } \checkmark \end{array}$	3
1.3	What will the amount be for <i>Membership fees</i> in the Statement of Receipts and Payments?	
	Receipts = R9 720 ✓ Payments = R90 ✓	2
1.4	There is an amount of R9 900 on the debit side of the <i>Membership fees account</i>. Explain why the contra account of this amount is strictly speaking incorrect and explain what the correct details should be.	
	The contra account must be Income and expenditure. ✓ An club use Income and Expenditure instead of Profit and Loss ✓ because a club is an non-profit organization. ✓	3
1.5	Give one possible explanation for the entry of R90 on the debit side of the <i>Membership fees account</i>.	
	A member is transferred to other town and the club refund him for his membership fees. ✓	1
1.6	Give one possible explanation for the entry of R90 on the credit side of the <i>Membership fees account</i>.	
	A member sold refreshments ✓ to the club and request that R90 of it must be considered as his/her membership fees. ✓	2
1.7	How many members paid their 2020 membership fees during 2019?	
	$\begin{array}{r} 540 \\ 90 \\ \hline = 6 \text{ members } \checkmark \end{array}$	1

1.8	Explain why there is an <i>Accrued income</i> entry on both sides of the <i>Membership fees</i> account.	
	<ul style="list-style-type: none"> • The R360 is accrued membership fees for 2018. It is now a reversal of an adjustment. ✓✓ • The R630 membership fees received in advance and is an adjustment for 2019. ✓✓ 	4
1.9	Explain why it is unlikely that there will be an <i>Accrued Income</i> entry in the <i>Entrance fees</i> account.	
	Entrance fees must be paid before a person can be a member of the club. ✓	1

Total marks

20

QUESTION 2

2.1 S. Saul en S. Paul
Trading as SAPA Traders.
Balance Sheet on 28 February 2019.

	Notes	R
ASSETS		
NON-CURRENT ASSETS		440 810 ✓
Fixed assets		423 810
Financial assets		
Fixed deposit		17 000 ✓
CURRENT ASSETS		71 476 ✓
Inventory (39 900 ✓ - 940 ✓✓ + 101 ✓)		39 061 ✓
Trade and other receivable amounts		10 205
Cash and cash equivalents		22 210
TOTAL ASSETS		512 286 ✓
EQUITY AND LIABILITIES		
OWNERS EQUITY		484 725 ✓
Capital(216 000 ✓ + 180 000 ✓)		396 000 ✓
Current accounts		88 725 ✓
CURRENT ASSETS		27 561
Trade and other payable amounts (24 983 ✓ + 670 ✓ + 508 ✓ + 1400 ✓)		27 561 ✓
TOTAL EQUITY AND LIABILITIES		512 286 ✓

20

Notes to the Financial Statements
CURRENT ACCOUNTS

	S. Saul	P. Paul	Total
Net profit according to the Income Statement	130 630	121 230	251 860
Partners salaries	93 600 ✓	93 600 ✓	187 200
Interest on capital	32 400 ✓	27 000 ✓	59 400
Partners bonus	4 000 ✓	-	4 000
Primary distribution of profit	130 000 ✓	120 600 ✓	250 600
Final distribution of profit	630 ✓	630 ✓	1 260 ✓
Drawings(Saul: 80 120 + 1 200)	(81 320) ✓✓	(90 520) ✓	(171 840)
Retained income for the year	49 310 ✓	30 710 ✓	80 020
Retained income at beginning of year	4 201 ✓	4 504 ✓	8 705
Retained income at end of year	53 511 ✓	35 214 ✓	88 725 ✓

20

2.2 Comment on the solvency and the liquidity of the business.	
<p>Solvency ratio:</p> <p>= Total assets : Total liabilities = 512 286 <input checked="" type="checkbox"/> : 27 561 <input checked="" type="checkbox"/> = 18,6 : 1 <input checked="" type="checkbox"/></p> <p>Current ratio:</p> <p>= Current assets : Current liabilities = 71 476 <input checked="" type="checkbox"/> : 27 561 <input checked="" type="checkbox"/> = 2,6 : 1 <input checked="" type="checkbox"/></p> <p>Acid test ratio:</p> <p>= Current assets - strading stock : Current liabilities = 71 476 <input checked="" type="checkbox"/> - 39 061 <input checked="" type="checkbox"/> : 27 561 <input checked="" type="checkbox"/> = 32 415 : 27 561 = 1,2 : 1 <input checked="" type="checkbox"/></p> <p>Comment:</p> <p>The business is financially stable ✓ and can meet all their obligations ✓ - even if they don't sell all their stock. ✓ They will be able to pay all their debts ✓ - Short- and long term liabilities. ✓</p>	15

Total mark
55

3.2	Calculate the amount paid to the supplier of the new equipment.	
	25 000 – 9 000 ✓ = 16 000 ✓	2

3.3	Pete Malofo is not happy that his brother, Jo Mafola purchased old equipment at a loss from the business. He feel that they could sell it at a profit to someone else or trade it in on new equipment. Do you think he had a reason to be unhappy about? Motivate your answer.	
	Yes, ✓ he can be unhappy. If they trade in the old equipment (at the same price), they owe the creditor R305 less. ✓✓ Pete could feel that they could sold the old equipment at a profit. ✓	3

Total mark
45

QUESTION 4**4.1 INVENTORY SYSTEMS**

Calculate the cost of sales for the year ended 31 December 2018.		
Opening stock (3 000 T-shirts at R25 each)		75 000 ✓
Purchases (875 000 ✓ + 250 000 ✓ - 20 000 ✓ - 5 000 ✓)		1 100 000
Carriage on purchases (90 250 ✓ + 16 000 ✓)		106 250
Custom duties (87 500 + 25 000)		<u>112 500</u> ✓
		1 393 750
Closing stock (3 750 T-shirts at R25 each)		<u>(93 750)</u> ✓
COST OF SALES	(one part correct)	<u>1 300 000</u> ✓
		10

4.2 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

4.2.1	Calculate the return on average equity of Bonny's Clothing.	
	$\frac{\text{Net profit (Bonny)}}{\text{Average owners equity}} \times \frac{100}{1}$ $= \frac{200\,000 \checkmark}{\frac{1}{2}(385\,000 \checkmark + 405\,000 \checkmark)} \times \frac{100}{1}$ $= \frac{200\,000}{395\,000 \checkmark} \times \frac{100}{1}$ $= 50,6\% \checkmark \quad (\text{one part correct})$	5
4.2.2	Calculate Clyde's current ratio.	
	<p>Current assets : Current liabilities (Clyde)</p> <p>590 000 ✓ : 370 000 ✓</p> <p>1,6 : 1 ✓ (one part correct)</p>	3
4.2.3	Calculate Bonny's stock turnover rate.	
	$\frac{\text{Cost of sales}}{\text{Average stock}}$ $= \frac{1\,300\,000 \checkmark}{\frac{1}{2}(130\,000 \checkmark + 150\,000 \checkmark)}$ $= 9,3 \text{ time per year } \checkmark \quad (\text{one part correct})$	4
4.2.4	Clyde's average debtors' collection period.	
	$\frac{\text{Average Debtors}}{\text{Credit sales}} \times \frac{365}{1}$ $= \frac{\frac{1}{2}(310\,000 \checkmark + 344\,000 \checkmark)}{80\% \checkmark \times 2\,500\,000 \checkmark} \times \frac{365}{1}$ $= 59,7 \text{ days } \checkmark \quad (\text{one part correct})$	5

4.2.5	Clyde's profit is higher than Bonny's. Does this mean that her business is better? Explain.	
	No ✓ Thus Clyde's profit was in rand higher, her return on equity was lower ✓ (36,6%) as the return of Bonny (50,5%), which mean the business is less effective. ✓	3

Total mark
30

TOTAL: 150

NSC – Grade 11 – Marking Guidelines

COGNITIVE LEVELS

QUESTION	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
1		20				
2.1		8	32			
2.2					11	4
3.1		8	2	3	26	6
4.1.		2		8		
4.2.1					5	
4.2.2			3			
4.2.3				4		
4.2.4				5		
4.2.5				3		
Total mark		38		60		52
Distribution		25,3%		40%		34,7%