



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 11

ACCOUNTING P1

JUNE 2024

MARKING GUIDELINES

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.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a 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 bracket 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
9. 'One part correct' means 'operation and one part correct'. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as 'one part correct'.
10. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
11. 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 .
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 7 pages.

QUESTION 1

1.1

1.1.1	F ✓
1.1.2	E ✓
1.1.3	D ✓
1.1.4	A ✓
1.1.5	B ✓

5

1.2 ACCOUNTING EQUATION

No.	ACCOUNT DR	ACCOUNT CR	AMOUNT	A	O	L
1.2.1	Depreciation ✓	Accumulated Depreciation on Equipment	950 ✓	- ✓	- ✓	0
1.2.2	Provision for bad debts adjustment ✓	Provision for bad debts ✓	300 ✓	- ✓	- ✓	0
1.2.3	Vehicles ✓	Creditors control ✓	450 000 ✓	+ ✓	0	+ ✓
1.2.4	Telephone ✓	Accrued Expenses/ Expenses payable ✓	500 ✓	0	- ✓	+ ✓
1.2.5	Equipment ✓	Capital: Piet ✓	30 000 ✓	+ ✓	+ ✓	0
1.2.6	Trading Stock ✓	Bank ✓	600 ✓	± ✓ ✓	0	0

30

TOTAL MARKS

35

QUESTION 2

2.1

2.1.1	Net working capital ✓
2.1.2	Statement of financial position ✓
2.1.3	Risk ✓
2.1.4	Statement of comprehensive income ✓
2.1.5	Liquidity ✓

5

2.2.1 KG TRADERS: STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024

Sales (1480 000 + 6000✓ - 20 000✓)	1 466 000	☑
Cost of Sales (912 250 + 4 000✓)	(916 250)	☑
GROSS PROFIT	549 750	☑
OTHER OPERATION INCOME	883 800	☑
Rent income (94 900 – 14 300✓✓)	80 600	☑
Commission income	800 000	✓
Provision for bad debts recovered	3 200	✓
GROSS OPERATING INCOME	1 433 550	☑
OPERATING EXPENSES	(935 500)	☑
Bad Debts (5 000 + 600 ✓)	5 600	☑
Salaries & Wages	650 000	
Insurance (25 000 + 1500)	26 500	✓
Consumables stores	63 000	✓
Bank charges (1800 + 400)	2 200	✓
Sundry expenses (32 300 – 500 ✓)	31 800	☑
Depreciation (51 250 ✓ + 42 000 ✓ + 1 750 ✓)	95 000	☑
Trading Stock <u>deficit</u> ✓ (350 000✓ - 4000 ✓ - 285 000 ✓)	61 000	☑
Provision for bad debts adjustment	400	✓ ✓
OPERATING PROFIT	498 050	☑
Interest income (4 000 + 800 ✓ + 1 500 ✓ + 100 ✓)	6 400	☑
PROFIT BEFORE INTEREST EXPENSE	504 450	☑
Interest expense	(400 000)	✓
NET PROFIT FOR THE YEAR	104 450	☑

2.2.2 Trade and other receivables

Trade debtors (90 000 + 6000 – 600 +100)	95 500 ✓✓
Provision for bad debts	(4 775) ✓
Net Trade debtors	90 725
Prepaid expense	500 ✓
Accrued Income	800 ✓
	92 025

5**TOTAL MARKS****50**

QUESTION 3

3.1.1

CAPITAL			
	B BRAND	S VILJOEN	TOTAL
Balance at beginning of the year	180 000✓	180 000✓	360 000
Contributions during the financial year	20 000✓	-	20 000
Withdrawals during the financial year	-	(30 000) ✓	(30 000)
Balance at end of the year	200 000✓	150 000✓	350 000

6

3.1.2

CURRENT ACCOUNT			
	B BRAND	S VILJOEN	TOTAL
Profit per the Income Statement	234 750☑	165 250☑	400 000
Salaries	144 000✓	96 000✓	240 000
Bonus	20 000✓	-	20 000
Interest on Capital	19 000✓✓	17 500✓✓	36 500
Primary distribution of profits	183 000☑	113 500☑	296 500
Final distribution of profits	51 750☑	51 750☑	103 500✓
Drawings	(130 000) ✓	(140 000) ✓	(270 000)
Retained income for the year	104 750☑	25 250☑	130 000
Retained income at beginning of year	4 000✓	(3 500) ✓	500
Retained income at end of the year	108 750☑	21 750☑	130 500

22

3.2

Explain two disadvantages of a partnership business.

A partnership is not a legal entity.
 Unlimited liability.
 Share in the profit.
 Continuity is lacking because the partnership must dissolve in the event of the death or retirement of a partner.

Any acceptable answer

2

TOTAL MARKS

30

QUESTION 4

4.1

**Calculate the mark-up percentage achieved by the business in 2024.
(calculate answers to the nearest whole number)**

$$\frac{4\,800\,000\checkmark - 3\,200\,000\checkmark}{3\,200\,000\checkmark} \times \frac{100\checkmark}{1}$$

$$\frac{1\,600\,000}{3\,200\,000} \times \frac{100}{1}$$

50%

5

4.2.1

**Should the owners be happy with the mark-up received?
Motivate your answer.**

No[✓]The business maintains a mark-up of 60%, which was not achieved. [✓]

2

4.2.2

**Provide ONE possible reason for the business not reaching the profit
mark-up of 60%**

Too much trade discount^{✓✓}

Seasonal discount

Wrong calculations

Any relevant answer

2

4.3.1

Average Debtors' collection period

$$\frac{\frac{1}{2}\checkmark (420\,000\checkmark + 500\,000\checkmark)}{(4800000 \times 80\%)\checkmark\checkmark} \times \frac{365}{1}$$

$$\frac{460\,000}{3\,840\,000} \times \frac{365}{1}$$

= 43,7 days[✓]

Accept 44 day

6

- 4.3.2 Comment of the liquidity of the partnership.**
- The business may experience liquidity problems, as their Debtors take longer to pay them, than they take to pay their creditors.
(38 days for creditors and 44 days for debtors)✓✓
- 2**
- 4.3.3 Give advice to the owners on how the liquidity position can be improved.**
- Encourage debtors to pay sooner by offering early payment discounts.
Add interest on over due accounts.
Send out regular statements to remind debtors of their credit. ✓✓
- Any relevant answer
- 2**
- 4.4 Calculate the debt equity ratio in 2024. (Answer correct to one decimal place)**
- 500 000✓ : (220 000✓ + 280 000✓ + 189 500✓ + 170 000✓)
500 000 : 859 500
0,6 : 1✓
- 6**
- 4.5 Comment on the debt equity ratio.**
- The partnership is positively geared, only 60c of debt against R1 of own Capital is used. ✓✓
The company makes more use of own Capital.
- Any relevant answer
- 2**
- 4.6 Calculate the % return earned by Solly. (Round off to the nearest whole number)**
- $$\frac{227\,500\checkmark}{\frac{1}{2}(220\,000\checkmark + 240\,000\checkmark + 189\,500\checkmark - 10\,000\checkmark)} \times \frac{100}{1}$$
- =71%✓
- 6**
- 4.7 Give a reason why Solly will be satisfied with his % return in the partnership?**
- His return earned in the business is much more than the interest of 12% that he would earn at any other financial institution. ✓✓
- Any relevant answer
- 2**

TOTAL MARKS
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