



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2017**

**ACCOUNTING  
MARKING GUIDELINE  
(MEMORANDUM)**

**MARKS: 300**

**GENERAL PRINCIPLES:**

- 1 Where calculations are required, award full marks for the final answer. If the answer is incorrect, mark the workings provided. If the working amount is shown as a final answer, award the relevant marks allocated for workings (Income Statement), and not the method mark for the answer.
- 2 Method marks are denoted by .
  - For calculations and final totals, at least one part of the workings must be correct for the method mark to be earned. For totals, inspect operation and reasonableness of answer before awarding the mark.
  - In cases where answers of previous questions must be used (carried forward answers), check the transfer.
  - Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no sign (+/-) or bracket is provided, assume that the figure is positive.
  - In awarding method marks, ensure that full marks are not awarded for any item that is incorrect at least in part.
- 3 For questions requiring explanations and comments (2 marks or more), award part marks for incomplete answers. A good comment will normally mention and explain a point. Be aware of candidates who provide valid alternatives beyond the marking guideline, and of different ways to say the same thing. Note that the marking guideline only offer suggested answers.
- 4 Where penalties are applied (such as foreign items, misplaced items, omitted details, etc.), the marks for that section cannot be a negative. Penalties will be indicated next to the relevant questions where applicable.
- 5 Educators are advised to work through the question paper and compare with this guideline, *before* marking. If adjustments are necessary, do so within the framework of the mark allocation.

---

This memorandum consists of 14 pages.

---

**QUESTION 1: RECONCILIATIONS AND INTERNAL CONTROL****1.1 True or False**

1.1.1	True ✓
1.1.2	False ✓
1.1.3	False ✓
1.1.4	True ✓

4
---

**1.2 Bank Reconciliation****ITEMS AND AMOUNTS TO BE RECORDED IN THE CRJ AND CPJ**

1.2.1	CRJ
ITEM	AMOUNT
C	5 000 ✓
D	8 000 ✓✓
H	900 ✓✓
L	3 000 ✓✓

1.2.2	CPJ
ITEM	AMOUNT
E	540 ✓
F	200 ✓
G	2 000 ✓✓
K	15 000 ✓✓

13
----

**1.2.3 BANK RECONCILIATION STATEMENT ON 30 SEPTEMBER 2017**

	DEBIT	CREDIT
Cr balance as per statement		45 000 ✓
Cr deposits not yet recorded (3 000 ✓ + 29 000 ✓)		32 000 (2 marks)
Dr outstanding cheques No. 8447	11 500 ✓✓	
No. 8520	19 000 ✓	
No. 8524	15 000 ✓	
Dr balance as per bank account	31 500 <input checked="" type="checkbox"/> Balancing figure	
- 1 (Max -2) for details incorrect / omitted	77 000 <input checked="" type="checkbox"/>	77 000 <input checked="" type="checkbox"/>

10
----

1.3 Debtors Reconciliation

1.3.1 Explain why the Debtors Control account balance and the Debtors List total should be the same.

Valid explanation ✓✓ (part mark for incomplete answer)

The Debtors' Control is a summary of all the debtors information posted from the different journals. The Debtors List is the posting to individual debtors' accounts from the same journals.

2

1.3.2 Correct the Debtors' List

\*one part correct

DEBTOR	WORKINGS		BALANCE
A. Santos	12 560	- 1 560 ✓✓ 780 x 2 (1 mark each)	11 000 <input checked="" type="checkbox"/> *
B. Deepak	9 840	+ 4000 ✓	13 840 <input checked="" type="checkbox"/> *
C. Mellissa	7 660	- 3 500 ✓	4 160 <input checked="" type="checkbox"/> *
D. Rossie	11 400	+ 3 500 ✓ - 1 250 ✓	13 650 <input checked="" type="checkbox"/> *

10

1.3.3 • Explain 30 days credit terms

Explanation ✓✓

Debtors are granted 30 days to pay their account before any action to collect is taken.

2

• What should the credit manager do to ensure that only reliable persons are allowed to buy goods on credit? Provide TWO points.

Any TWO complete, valid explanations ✓✓ ✓✓ (part marks for incomplete, brief answers)

- Control application forms – check personal details such as address, contact numbers and employment history.
- Check salary/earnings to assess affordability.
- Check credit history and references for creditworthiness.
- Bank statement/bank details to verify account details.
- Monthly budget summary to assist with control of credit according to the National Credit Act (NCA).

4

Q1	45	
----	----	--

## QUESTION 2: PARTNERSHIPS – FINANCIAL STATEMENTS

2.1 PB STORES  
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017

	<b>Sales</b>		993 250	✓
	<b>Cost of sales</b>		(685 000)	✓
	<b>Gross profit</b>		308 250	✓
	<b>Other income</b>	operation	166 750	☑
	<b>Commission income</b>		<b>58 545</b>	
	Rent income (117 250 ✓ – 9 625 ✓✓)		107 625	☑*
	Provision for bad debts adjustment (5 440 – 4 860)		580	✓☑*
11	<b>Gross income</b>	operation(+)	475 000	☑
	<b>Operating expenses</b>	operation	(144 865)	☑
	<b>Salaries and wages</b>		<b>45 000</b>	
	Depreciation		17 150	✓
	Insurance (25 665 ✓ – 1 455 ✓✓)		24 210	☑*
	Packing material (19 710 ✓ – 3 600 ✓)		16 110	✓
	Water and electricity (32 180 ✓ + 2 150 ✓)		34 330	✓
	Trading stock deficit (133 390 – 130 540)		2 850	✓☑*
15	Sundry expenses	(balancing figure)	5 215	☑
	<b>Operating profit</b>	Profit bef Int Exp – Int Inc	330 135	☑
	Interest income (14 850 + 4 950)		19 800	✓✓
	<b>Profit before interest expense</b>	(NP + Interest expense)	349 935	☑
	Interest expense (327 000 ✓ – 288 200 ✓)		(38 800)	☑*
7	<b>Net profit for the year</b>		<b>311 135</b>	

33

\*one part correct  
-1 (max -2) for foreign entries

2.2.1 CAPITAL NOTE

May be combined

	PINKY	BRIAN	TOTAL
<b>Opening balance</b> <small>workings</small>	240 000 <input checked="" type="checkbox"/> *	360 000 <input checked="" type="checkbox"/> *	600 000 <input checked="" type="checkbox"/> *
Additions to capital	40 000 <input checked="" type="checkbox"/>		40 000
Withdrawal of capital		(10 000) <input checked="" type="checkbox"/>	(10 000)
<b>Closing balance</b>	280 000 <input checked="" type="checkbox"/>	350 000 <input checked="" type="checkbox"/>	630 000 <input checked="" type="checkbox"/>

<b>8</b>
----------

2.2.2 CURRENT ACCOUNT NOTE

\*(refer workings at the bottom to award part-marks)

Accommodate alternative arrangements / Misplaced items (-1 each). Award the method marks.

	PINKY	BRIAN	TOTAL
<b>Salaries</b>	116 235 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	95 940 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	212 175
<b>Interest on capital</b>	21 600 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	28 200 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	49 800
<b>Bonus</b>	19 865 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		19 865
Total primary distribution	157 700	124 140	281 840 <input checked="" type="checkbox"/>
Final division of profits	13 020 <input checked="" type="checkbox"/>	16 275 <input checked="" type="checkbox"/>	29 295 <input checked="" type="checkbox"/>
Net profit for the year	170 720	140 415	311 135 <input checked="" type="checkbox"/>
<b>Drawings</b>	(31 889) <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	(62 503) <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *	(94 392) <input checked="" type="checkbox"/>
Retained income	138 831	77 912	216 743 <input checked="" type="checkbox"/>
<b>Opening balance</b>	22 369 <input checked="" type="checkbox"/>	(32 412) <input checked="" type="checkbox"/>	(10 043) <input checked="" type="checkbox"/>
<b>Closing balance</b>	161 200 <input checked="" type="checkbox"/>	45 500 <input checked="" type="checkbox"/>	206 700 <input checked="" type="checkbox"/>

<b>28</b>
-----------

Check operation for all other method marks

2.3.1

**Provide TWO reasons to justify why he feels this way. In each case provide relevant figures to support your comments.**

Any TWO complete, valid reasons  (part marks for incomplete, brief answers)

- He had a debit balance on his Current account, (R32 412).
- Excessive drawings, R62 503.
- Reduced his capital contribution, R10 000 (although he is still the major partner).

<b>4</b>
----------

2.3.2

**Give ONE suggestion that the partnership can use to address the concern expressed by Pinky.**

Any ONE suggestion

- Re-visit the partnership agreement.
- Set limits for drawings.

<b>2</b>
----------

Salaries (113 400 + 2 835); (93 600 + 2 340)  
Interest on capital (4 800 + 16 800); (7 200 + 21 000)

Share in profit : 29 295 x 4/9 and x 5/9  
Drawings (26 409 + 5 480); (57 403 + 5 100)

<b>Q2</b>	<b>75</b>	
-----------	-----------	--

## QUESTION 3: PARTNERSHIPS – FINANCIAL STATEMENTS AND INTERPRETATION

## 3.1 Matching

3.1.1	D ✓
3.1.2	E ✓
3.1.3	A ✓
3.1.4	C ✓

4
---

## 3.2 MP TRADERS

## 3.2.1 Calculate the following:

WORKINGS	ANSWER
<ul style="list-style-type: none"> <li>Percentage mark-up on cost</li> </ul> $\frac{1\,677\,000 \checkmark}{(4\,257\,000 - 1\,677\,000)} \times 100$ $2\,580\,000 \checkmark \checkmark$	65% <input checked="" type="checkbox"/> One part correct
<ul style="list-style-type: none"> <li>Operating expenses on sales</li> </ul> $\frac{1\,064\,250 \checkmark}{4\,257\,000 \checkmark} \times 100$	25% <input checked="" type="checkbox"/> One part correct
<ul style="list-style-type: none"> <li>Total earnings of Monty</li> </ul> $720\,000 \checkmark - 338\,580 \checkmark \checkmark$ $(279\,570 + 59\,010)$	381 420 <input checked="" type="checkbox"/> One part correct
<ul style="list-style-type: none"> <li>The percentage return earned by Python</li> </ul> <p style="text-align: center;">(from above or from info)</p> $\frac{(279\,570 + 59\,010) \checkmark}{\frac{1}{2} \checkmark (281\,000 \checkmark + 384\,580 \checkmark)} \times 100$	102% <input checked="" type="checkbox"/> One part correct
<ul style="list-style-type: none"> <li>The debt/equity ratio for 2017</li> </ul> $742\,380 \checkmark : 1\,237\,300 \checkmark$	0,6 : 1 <input checked="" type="checkbox"/> One part correct

4
---

3
---

4
---

5
---

3
---

3.2.2 **Comment on the liquidity of the business. Quote and explain TWO financial indicators (with figures) in your, answer.**

Financial indicators (with figures) ✓ ✓  
Comment ✓✓

The current ratio improved from 1,2 : 1 to 1,4 : 1  
The acid test ratio improved from 0,7 : 1 to 0,8 : 1

The business is experiencing liquidity problems – it does not have sufficient cash to meet short-term obligations. There is some evidence of stock-piling.

4

3.2.3 **Were the partners justified in increasing the loan? Explain. Quote TWO financial indicators, and figures, in your explanation.**

Yes/No ✓  
Financial indicator with figures ✓ ✓  
Explanation ✓

The debt equity ratio moved from 0,1 : 1 to 0,6 : 1 (refer 3.2.1)  
The business is making greater use of borrowed capital (loans).  
An improvement on the return on capital employed (43% to 69%) shows that the business is making effective use of the loan to improve profitability.  
Interest on loan is 13% - positive gearing

4

3.2.4 **Monty is not happy with his return on investment. Explain why you think he feels this way. Quote figures.**

Financial indicators with figures ✓✓  
Explanation ✓✓

Monty's return has increased from 46% to 54%.  
Python's return increased from 81% to 102%.

He is probably unhappy because his return is almost ½ of Python's (53%).  
It was the same last year (57%).  
He is the partner that has contributed more capital (650 000: 325 000).  
He manages his Current Account better (202 720 : 59 580).

4

<b>Q3</b>	<b>35</b>	
-----------	-----------	--

**QUESTION 4: BUDGETING AND CLUBS****4.1.1 State ONE difference between a Cash Budget and a Projected Income Statement.**

Any valid difference ✓✓ (must include information of both)

- A cash budget focuses on cash receipts and cash payments. It shows the surplus/shortfall of cash and the cash balance over the budget period.
- A Projected Income Statement focuses on income and expenses over the budget period and projects the profit or loss. Includes only nominal accounts, cash and non-cash items and takes into account adjustments.

2

**4.1.2 List TWO items that would not appear in a Cash Budget.**

Any TWO examples of non-cash items ✓ ✓

Depreciation; bad debts; discount allowed; discount received; drawings of stock etc.

2

**4.1.3 Explain why it is necessary to compare the actual amounts received or paid against the budgeted figures.**

Any valid explanation ✓✓

- Helps to control payments (cash management).
- Management can take corrective measures in addressing variances.
- Mismanagement and fraud can be exposed.

2

**4.2 Thabo's Gymnasium****4.2.1 Debtors' Collection Schedule**

MONTHS	CREDIT SALES	NOVEMBER	DECEMBER
October	28 500	10 830	
November	30 000	18 000 ✓✓	11 400 ✓✓
December	45 000 ✓✓		27 000 ✓ 60% of cr sales
<b>Cash from Debtors</b>	operation	28 830 ✓	38 400 ✓

10

## 4.2.2 Cash Budget for the budget period ended 31 December 2017

<b>RECEIPTS</b>		<b>NOVEMBER</b>	<b>DECEMBER</b>
	Cash sales	<b>70 000</b>	105 000 ✓✓
	Cash from debtors refer 4.2.1	28 830 ☑	38 400 ☑
	Fee income (gym members)	<b>33 600</b>	42 000 ✓✓
	Rent income	9 850 ✓✓	<b>10 638</b>
	Loan: Thabo Snr	<b>80 000</b>	<b>0</b>
9	<b>TOTAL RECEIPTS</b> operation	222 280 ☑	<b>196 038</b>
<b>PAYMENTS</b>			
	Payment to creditors (for stock)	52 200 ✓✓	55 800 ✓✓
	Salaries and wages	<b>24 000</b>	<b>25 800</b>
	Personal trainers (fees)	<b>21 400</b>	29 960 ✓✓
	Cleaning detergents	<b>4 500</b>	<b>4 500</b>
	Telephone	<b>5 000</b>	<b>5 000</b>
	Maintenance of equipment	<b>13 000</b>	<b>16 280</b>
	Purchase of new equipment	82 000 ✓✓	<b>0</b>
	Loan instalment (including interest)	<b>0</b>	6 000 ✓✓
12	Sundry expenses	12 250 ✓✓	<b>18 375</b>
	<b>TOTAL PAYMENTS</b> operation	214 350 ☑	161 715 ☑
	<b>SURPLUS/DEFICIT</b> operation; subtracted	7 930 ☑	34 323 ☑
	<b>OPENING BALANCE IN BANK</b>	<b>(6 930)</b>	1 000 ☑ Nov closing balance
7	<b>CLOSING BALANCE IN BANK</b> operation	1 000 ☑	35 323 ☑

28

## 4.2.3 Calculate the percentage increase in salaries and wages.

$$\frac{25\,800 - 24\,000}{24\,000} \times 100 = 7,5\% \quad \text{one part correct}$$

3

**Explain why you think that the workers should/should not be satisfied with this increase.**

Any valid explanation ✓✓

- A fair increase – greater than the inflation rate.
- The business was able to give an increase in spite of the low bank balance.

2

4.2.4

REASON FOR CONCERN ✓ ✓ ✓	ADVICE ✓ ✓ ✓
<b>Fee income:</b> <ul style="list-style-type: none"> <li>The club was not able to collect all the fees from members.</li> <li>Only 56 of the 80 members paid their fees.</li> <li>30% of members did not pay.</li> </ul>	Improve the collection policy. Provide incentives for early payments. Do not allow members to use facilities if fees not paid.
<b>Telephone:</b> <ul style="list-style-type: none"> <li>Overspent on budgeted amount. (under-budgeted).</li> <li>Not well controlled.</li> </ul>	Investigate the usage of telephone. Check if there is abuse and improve. The internal controls such as using pin numbers or codes. Budget more realistically if necessary.
<b>Maintenance: training equipment</b> <ul style="list-style-type: none"> <li>Underspent (over-budgeted).</li> <li>Did not make effective use of the budget.</li> <li>Neglected to do the necessary maintenance.</li> </ul>	Investigate the contract for maintenance. Unwise to neglect this as defective equipment can cause physical harm to members who can sue the business. Effective maintenance must be done to improve the lifespan of the equipment.

6

## 4.3 SPORTS CLUBS

**GENERAL LEDGER OF MBIZANA SOCIAL CLUB  
MEMBERSHIP FEES ACCOUNT**

2016 Jan	1	Accrued Income	4 800 ✓	2016 Jan	1	Deferred income	1 800 ✓
Dec	31	Deferred income	600 ✓	Dec	31	Bank	43 900 ✓✓
		Income and expenditure (47 700 ✓ + 2 800 ✓ + 900 ✓)	51 400 ✓*			Fees written off (4 800 – 1 200)	3 600 ✓✓
		Bank (refund)	900 ✓			Repairs and maintenance	1 200 ✓
			*one part correct			Accrued income Balancing figure	7 200 ✓
			57 700 ✓				57 700
		-1 for incorrect dates				-1 (max -2) for incorrect or no details	

15

Q4

70

**QUESTION 5: COST ACCOUNTING**

**5.1 Matching**

<b>5.1.1</b>	C ✓
<b>5.1.2</b>	E ✓
<b>5.1.3</b>	D ✓
<b>5.1.4</b>	B ✓

<b>4</b>
----------

**5.2.1 FACTORY OVERHEAD COST**

	<b>R</b>
Factory foreman and cleaners 148 800 ✓ + 62 200 ✓ + 23 210 ✓	234 210 <input checked="" type="checkbox"/> *
Factory consumables (45 300 – 2 300)	43 000 ✓✓
Rent expense (92 400 x <sup>260</sup> / <sub>364</sub> )	66 000 ✓✓
Water and electricity (83 280 x 65%)	54 132 ✓✓
Insurance (15 400 x 90%)/2	6 930 ✓✓
Sundry expenses (17 776/2)	8 888 ✓✓
Depreciation	51 840 ✓
Accept alternative account names and/or workings <span style="float: right;">*one part correct</span>	465 000 <input checked="" type="checkbox"/> *

<b>16</b>
-----------

**5.2.2 GENERAL LEDGER OF PEFFERVILLE MANUFACTURERS**

**WORK-IN-PROCESS STOCK ACCOUNT**

2016 Mar	1	Balance	b/d	24 270	2017 Feb	28	Finished goods stock Balancing figure		1 740 000 <input checked="" type="checkbox"/>
2017 Feb	28	Direct material cost		562 000 ✓			Balance	c/d	25 000 ✓
		Direct labour cost (643 000 ✓ + 70 730 ✓)		713 730 <input checked="" type="checkbox"/> *					
		Factory overhead cost		465 000 <input checked="" type="checkbox"/> 5.2.1					
				1 765 000					1 765 000
Mar	1	Balance	b/d	25 000 <input checked="" type="checkbox"/> *	*one part correct				

<b>8</b>
----------

**FINISHED GOODS STOCK ACCOUNT**

2016 Mar	1	Balance	b/d	38 000 ✓	2017 Feb	28	Cost of sales (2 752 000 x 100/160) One part correct		1 720 000 ✓ <input checked="" type="checkbox"/>
2017 Feb	28	Work-in-process stock Refer WIP Account		1 740 000 <input checked="" type="checkbox"/>			Balance	c/d	58 000 ✓
				1 778 000					1 778 000
Mar	1	Balance	b/d	58 000					

<b>5</b>
----------

5.3 **SaSa Furnishers**

5.3.1 **Provide ONE difference between a fixed cost and a variable cost.**

Any valid difference ✓✓

- A fixed cost: Expected to remain constant and is not influenced by the level of production.
- A variable cost: This cost changes depending on the number of units produced and sold.

2
---

5.3.2 **Calculate the number of plastic bar-stools that the business needed to produce to breakeven.**

$$\frac{1\ 080\ 400}{817\ 600 \checkmark + 262\ 800 \checkmark} = 27\ 010 \text{ units } \checkmark \text{ one part correct}$$

$$\frac{155 \checkmark - 115 \checkmark}{40}$$

5
---

5.3.3 **Comment on the break-even point calculated in QUESTION 5.3.2 and the level of production achieved.**

Valid comment comparing BEP with units produced ✓✓ figures ✓

The business should be satisfied as it produced more than the BEP

(29 200 – 27 010) 2 190 units

Mark according to the answer in 5.3.2.

3
---

**What advice would you offer SaSa for the future? Provide ONE point.**

Valid point ✓✓

- Try to increase the level of production to increase profitability.
- Try to control variable costs to lower the cost of production.
- Look for cheaper suppliers of raw material.
- Increase advertising.

2
---

<b>Q5</b>	<b>45</b>	
-----------	-----------	--

**QUESTION 6: FIXED ASSETS AND PROBLEM SOLVING**

6.1.1

**GENERAL LEDGER OF PITT TRADERS**

**ASSET DISPOSAL ACCOUNT**

2016 Dec	1	Equipment ✓		142 000 ✓	2016 Dec	1	Accumulated depreciation on equipment ✓ (142 000 – 77 248)		64 752 ✓ <input checked="" type="checkbox"/> *
							Creditors control ✓ Balancing figure		56 300 <input checked="" type="checkbox"/>
							Loss on sale of asset ✓		20 948 ✓
				142 000					142 000
									*one part correct

<b>9</b>

6.1.2 Calculate the following:

WORKINGS	ANSWER
<p><b>(i) Additional land and buildings</b></p> <p>1 860 000 – 1 500 000</p>	<p>360 000 ✓<input checked="" type="checkbox"/> One part correct</p>
<p><b>(ii) Accumulated depreciation on vehicles</b></p> <p>740 000 – 250 000</p>	<p>490 000 ✓<input checked="" type="checkbox"/> One part correct</p>
<p><b>(iii) Additional vehicles</b></p> <p>1 070 000 – 740 000</p>	<p>330 000 ✓<input checked="" type="checkbox"/> One part correct</p>
<p><b>(iv) Total depreciation on vehicles</b></p> <p>(iii) above  <math>330\,000 \times 15\% \times \frac{4}{12} = 16\,500</math> ✓ one part correct  <math>740\,000 \times 15\% = 111\,000</math> ✓✓</p>	<p>127 500 ✓ One part correct</p>

<b>6</b>

6.2

<b>6.2.1</b> <b>IDENTIFY ONE PROBLEM</b> ✓ ✓ ✓ <b>QUOTE FIGURES</b> ✓ ✓ ✓	<b>6.2.2</b> <b>PROVIDE A VALID SOLUTION</b> ✓ ✓ ✓
<b>TAXI 1:</b>  Is old – bought in 1997 (20 years) Fully depreciated – has a book value of R1 High fuel and repair cost – R7,20/km 60% of revenue	Replace this vehicle Give this driver the new vehicle Use this vehicle for short runs
<b>TAXI 2:</b>  R30 000 of fare not handed in Fuel and repairs is 45% of revenue	Monitor daily takings regularly Collections must be done daily Deduct the money from the driver's salary. Disciplinary hearing
<b>TAXI 3:</b>  New vehicle – only travelled 26 720km 32% of Taxi 1 and 50% of Taxi 2	Investigate the reason for the low number of trips Driver may be on leave / engaging in fraudulent behaviour Give this vehicle to a more hardworking driver

9
---

<b>Q6</b>	<b>30</b>	
-----------	-----------	--

**TOTAL: 300**