



NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2023

ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise indicated 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 items). 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. Unless otherwise stated, give full marks for correct answer. If the answer is incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). **NOTE:** if figures are stipulated in marking guidelines 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per question).
8. This marking guideline is not for public distribution; as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer.
11. 'Operation' means check operation. 'one part correct' means operation and one part correct. **NOTE:** Check operation must be +, –, x or ÷ as per candidate's calculation (if valid) or per marking guidelines.
12. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
13. 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 ☒
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 8 pages.

QUESTION 1

1.1

No.	A	O	L
e.g.	+	0	+
1.1.1	- ✓	- ✓	0
1.1.2	+ ✓	+ ✓	0
1.1.3	0	+ ✓ - ✓	0
1.1.4	+ ✓	0	+ ✓

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If no entry in a column, assume 0; -1 per line for foreign entry.

1.2 SANDI BROTHERS

WORKINGS	ANSWER
(i) Cost price of buildings on 1 March 2023 6 150 000 – 500 000	5 650 000 ✓✓
(ii) Carrying value of the vehicle sold $300\,000 \checkmark - (240\,000 \checkmark + 22\,500 \checkmark \checkmark)$ $(300\,000 \times 15\% \times \frac{6}{12})$ 262 500 three marks	37 500 ✓ one part correct
(iii) Total depreciation on equipment $360\,000 \times 10\% \quad (270\,000 \times 10\% \times \frac{4}{12})$ 36 000 ✓✓ + 9 000 ✓✓	45 000 ✓ one part correct

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TOTAL MARKS

20

QUESTION 2

2.1

2.1.1	Matching ✓
2.1.2	Business entity ✓
2.1.3	Materiality ✓
2.1.4	Going concern ✓

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2.2 Statement of Comprehensive Income for the year ended 28 February 2023

Sales	5 701 320 + 5 250 ✓✓	5 706 570	✓*	
Cost of sales	3 563 350 + 3 500	(3 566 850)	✓✓	
Gross profit	Sales – CoS	2 139 720	✓	6
Other income	operation	91 630	✓	
Discount received		11 280		
Bad debts recovered	1 890 + 810	2 700	✓✓	
Provision for bad debts-adjustment	10 150 – 8 150	2 000	✓✓	
Rent income	82 100 ✓ – 6 450 ✓✓	75 650	✓*	
Gross operating income	GP + OI	2 231 350	✓	10
Operating expenses	GOI – OP	(1 664 950)	✓	
Discount allowed		3 360		
Depreciation		298 350		
Trading stock deficit	242 650 ✓ – 17 400 ✓ – 3 500 ✓ – 214 500 ✓	7 250	✓	
Stock loss due to theft (17 400 x 20%)		3 480	✓✓	
Consumable stores		35 350	✓	
Bad debts	8 990 + 810	9 800	✓✓	
Insurance	43 150 ✓ – 3 300 ✓✓	39 850	✓*	
Salaries and wages	^{24 500 x 100/70} 896 250 ✓ + 35 000 ✓✓ + 3 850 ✓	935 100	✓*	
Sundry expenses	balancing figure	332 410	✓	21
Operating profit		566 400		
Interest income	53 250 + 4 250	57 500	✓✓	
Profit before interest expense	OP + Int inc	623 900	✓	4
Interest expense	PbIE – NP	(145 000)	✓	
Net profit for the year		478 900		

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TOTAL MARKS

45

QUESTION 3

3.1 Calculate: The interest on capital of Partner Hockey

$$1\,680\,000 \times 12\% \times \frac{1}{2} = 100\,800 \checkmark\checkmark$$

$$1\,480\,000 \times 12\% \times \frac{1}{2} = 88\,800 \checkmark\checkmark \quad \text{or } 189\,600 \text{ four marks}$$

OR $1\,480\,000 \times 12\% = 177\,600$ two marks
 $200\,000 \times 12\% \times \frac{1}{2} = 12\,000$ two marks

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3.2 CURRENT ACCOUNTS	HOCKEY	TENNIS
Salaries 480 000 – 30 000	480 000	✓✓ 450 000
Bonuses 40 000 x 80%	✓✓ 32 000	
Interest on capital see 3.1	☑ 189 600	134 400
Primary distribution of profit operation	*☑ 701 600	*☑ 584 400
Final distribution of profit operation	☑ 102 060	☑ 102 060
	803 660	686 460
Drawings for the year 623 150 – 1 800	✓✓ (621 350)	(563 250)
Retained income for the year profit operation	☑ 182 310	☑ 123 210
Balance at the beginning of the year	✓ (32 670)	✓ 58 030
Balance at the end of the year profit operation	☑ 149 640	☑ 181 240

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3.3 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2023

ASSETS		
NON-CURRENT ASSETS	TA – CA	4 036 080 <input checked="" type="checkbox"/>
Fixed assets	balancing figure	3 570 480 <input checked="" type="checkbox"/>
Financial assets 582 000 – 116 400		465 600 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
CURRENT ASSETS	operation	677 990 <input checked="" type="checkbox"/>
Inventories 286 400 <input checked="" type="checkbox"/> – 1 800 <input checked="" type="checkbox"/>		284 600 * <input checked="" type="checkbox"/>
Trade and other receivables 204 600 - 10 230 <input checked="" type="checkbox"/> + 62 420 <input checked="" type="checkbox"/>		256 790 * <input checked="" type="checkbox"/>
Cash and cash equivalents 20 200 + 116 400 see financial assets		136 600 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
TOTAL ASSETS	see TE and L	4 714 070 <input checked="" type="checkbox"/>
EQUITY AND LIABILITIES		
OWNERS' EQUITY	operation	3 130 880 <input checked="" type="checkbox"/>
Capital		2 800 000
Current accounts	(149 640 + 181 240) see 3.2	330 880 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES		518 330
Mortgage loan 710 500 + 78 200 – 178 900 609 800 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> – 609 800 x 15% 91 470 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		518 330 * <input checked="" type="checkbox"/>
CURRENT LIABILITIES	operation	1 064 860 <input checked="" type="checkbox"/>
Trade and other payables 763 860 + 75 330 <input checked="" type="checkbox"/> + 32 700 <input checked="" type="checkbox"/>		871 890 * <input checked="" type="checkbox"/>
Current portion of loan	see loan above	91 470 <input checked="" type="checkbox"/>
Bank overdraft		101 500 <input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITIES	SHE + NCL + CL	4 714 070 <input checked="" type="checkbox"/>

-1 F foreign items max. -2; misplaced items → award marks for workings only
 -1 P presentation (max. -2 if no appropriate details)

*one part correct

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TOTAL MARKS

50

QUESTION 4

4.1 Calculate the following financial indicators on 28 February 2023.

% Operating expenses on sales	
WORKINGS	ANSWER
$\frac{845\,100}{3\,380\,400} \times \frac{100}{1}$ <p>NOTE: * 100 is not one part correct Do not award marks if numerator and denominator are swapped</p>	25% ✓ <input checked="" type="checkbox"/> one part correct % sign not necessary
2	
Acid-test ratio	
WORKINGS	ANSWER
$\begin{array}{l} 557\,800 - 231\,800 \\ \text{OR} \\ 183\,400 + 142\,600 \\ 326\,000 \checkmark\checkmark \end{array} : 278\,900 \checkmark$	1,2 : 1 <input checked="" type="checkbox"/> one part correct; in the form x : 1
4	
Debt-equity ratio	
WORKINGS	ANSWER
$1\,300\,200 \checkmark : 2\,176\,210 \checkmark$	0,6 : 1 <input checked="" type="checkbox"/> one part correct; in the form x : 1
3	
% Return on average partners' (owners') equity	
WORKINGS	ANSWER
$\frac{591\,570 \checkmark}{\frac{1}{2} \checkmark (2\,176\,210 \checkmark + 1\,945\,920 \checkmark)} \times \frac{100}{1}$ <p>4 122 130 two marks 2 061 065 three marks</p> <p>NOTE: * 100 is not one part correct Do not award marks if numerator and denominator are swapped</p>	28,7% <input checked="" type="checkbox"/> one part correct % sign not necessary
5	

- 4.2 **Explain whether the business is managing its expenses effectively. Identify TWO financial indicators (with figures) to support your explanation.**

Any TWO financial Indicators ✓ ✓ figures ✓ ✓ explanation ✓ ✓

% operating expenses on sales decreased/improved (from 29%) to 25% see 4.1
% net profit on sales increased/improved (from 13%) to 17,5%

The business is managing expenses well. A decrease in operating expenses and an improvement in sales contributed to a significant increase in net profit.

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- 4.3 **Partner Yozo is concerned about the liquidity position. Explain whether he is justified or not. Quote TWO financial indicators, with figures.**

Any TWO financial Indicators ✓ ✓ figures ✓ ✓ comment ✓ ✓

Current ratio increased (from 1,6 : 1) to 2 : 1
Acid-test ratio increased/improved (from 0,7 : 1) to 1,2 : 1 see 4.1
Debtors' collection period decreased/improved (from 36 days) to 29 days

He should not be concerned because the business has enough current or liquid assets to meet short term debts.

Collection of debtors have also improved – this is an indication that cash is coming in at a faster rate.

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- 4.4 **The partners have increased the monthly instalments on the loan. Explain the effect of this on the financial risk of the business. Quote ONE financial indicator with figures to support your explanation.**

Financial indicator ✓ Figures with trends ✓

Debt-equity ratio decreased/improved (from 0,7 : 1) to 0,6 : 1

Explanation: ✓ ✓

Although the debt-equity ratio improved, the company is still high risk / rely too much on borrowed capital

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- 4.5 **Explain whether the partners should be happy with the % return earned by their investment in this partnership. Quote ONE financial indicator, with figures.**

Financial Indicator ✓ Figures with trends ✓

% Return on average partners' (owners') equity increased/improved (from 17.8%) to 28,7% see 4.1

Explanation: ✓ ✓ (comparison with interest on fixed deposit) ✓

The return is higher than alternative investments (8%)

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TOTAL MARKS

35

TOTAL: 150