



**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
2015
GRADE 11**

ACCOUNTING

MEMORANDUM

18 pages

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION**

ACCOUNTING

MEMORANDUM

Marking principles:

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item.
(No foreign item penalty for misplaced item)
2. Full marks for correct answer. If answer is incorrect, mark the workings provided.
3. 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.)
4. 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.
5. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
6. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
7. In awarding method marks ensure that candidates do not get full marks for any item that is incorrect
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Code f = foreign item

QUESTION 1

1.1 CONCEPTS

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

04

1.2.1 CASH RECEIPTS JOURNAL OF SIBEKO TRADERS FOR JULY 2015

Details	Amount	Details of Sundry
Totals	7 704	
Orlando Children's home	✓ 1 080	Donation ✓
Naidoo Traders	✓ 168	<u>Creditors' Control</u> ✓
Fraser Builders	✓ 839	Repairs ✓
Egoli Bank	✓ 72	<u>Interest on current account</u> ✓
Z.Mdluli	✓ 1 400	<u>Rent income</u> ✓
Include the above total	<input checked="" type="checkbox"/> 11 263	

11

1.2.1 CASH PAYMENTS JOURNAL OF SIBEKO TRADERS FOR JULY 2015

Payee	Amount	Details of Sundry
Totals	6 204	
Naidoo Traders	✓ 168	<u>Creditors' Control</u> ✓
ZZZ Suppliers	✓ 99	Trading stock / <u>Creditors' Control</u> ✓
Egoli Bank	✓ 286	Bank charges ✓
B.Mangena (R/D)	✓ 1 000	<u>Debtors control</u> ✓
Include the above total	<input checked="" type="checkbox"/> 7 757	

09

1.2.2. CALCULATION OF BANK BALANCE ON 31 JULY 2015

$$5\ 917 + 11\ 263 - 7\ 757 = 9\ 423$$

✓✓

Receipts and payments see 1.2.1

05

1.2.3 BANK RECONCILIATION STATEMENT FOR JULY 2015

	DEBIT	CREDIT
Credit balance according to the Bank Statement		4 531
Credit outstanding deposit (R3 000 + R5 600) **		✓✓ 8 600
Debit outstanding cheques not presented :		
No. 97	✓ 240	
No. 102	✓ 168	
No. 110	✓ 2 000	
No. 114	✓ 1 300	
Debit balance according to the Bank account	<input checked="" type="checkbox"/> 9 423	
If both totals are the same <input checked="" type="checkbox"/>	13 131	13 131

** allocate one mark if the learner wrote R3 000 or R5 600

08

1.2.4 Give ONE reason for non-reflection of the deposit and provide TWO control measures that must be applied to avoid this in future.

ONE reason ✓✓

- Cash not deposited by the person responsible
- Rolling of cash by a person responsible for deposits

TWO control measures ✓✓ ✓✓

- Division of duties so that one person serves as a check on another
- Rotation of duties
- Responsible staff members to check / make the deposits
- Encourage EFT payments by customers / debtors
- Ask the bank to send confirmation of deposits (e.g. sms)
- Regular checks if all cash received is deposited daily

Award part marks for poor answers

06

1.3 CREDITORS' RECONCILIATION

	ACCOUNT OF MAXI SUPPLIERS IN CREDITORS' LEDGER OF SHUKUMA TRADERS	STATEMENT RECEIVED FROM MAXI SUPPLIERS
Balance	R8 752	R15 492
A	+ 300✓	
B		+ 900✓
C	- 200✓	
D	[1 720 +1 720] or 3 440✓✓	
E		- 4 100✓
Closing balance	* <input checked="" type="checkbox"/> 12 292	12 292
*One mark for both totals, amounts can be different.		
Accept brackets as negative figures		If there's no sign assume it's a positive amount

07

50

QUESTION 2

2.1. MZIZI TRADERS INCOME STATEMENT FOR 28 FEBRUARY 2015		Note	
Sales (540 000 ✓ - 12 500 ✓ - 450 ✓)			<input checked="" type="checkbox"/> 527 050
Cost of sales (300 000 ✓ - 250 ✓ ✓)			<input checked="" type="checkbox"/> (299 750)
Gross Profit	Check operation		<input checked="" type="checkbox"/> 227 300
Other Operating Income	Check operation		<input checked="" type="checkbox"/> 29 030
Bad debts recovered			✓ 380
Rent income (33 200 ✓ - 5000 ✓ ✓)			<input checked="" type="checkbox"/> 28 200
Provision for bad debts adjustment			✓ ✓ 450
Gross Operating income			256 330
Operating Expenses	Check operation		<input checked="" type="checkbox"/> (205 845)
Water and electricity			✓ ✓ 8 300
Packing material			✓ 5 590
Bad debts (2 100 ✓ + 750 ✓ ✓)			<input checked="" type="checkbox"/> 2 850
Bank charges			✓ 1 095
Discount allowed			✓ 330
Trading stock deficit			* <input checked="" type="checkbox"/> ✓ 1 550
Insurance			✓ ✓ 5 750
Salaries and wages			✓ ✓ 95 000
Employer's contribution			✓ ✓ 13 180
Depreciation			✓ 65 500
Telephone			✓ 6 700
Operating Profit			50 485
Interest income (13 000 ✓ + 456 + ✓ 315 ✓)		1	<input checked="" type="checkbox"/> 13 771
Profit Before Interest Expense			64 256
Interest expense (9 000 ✓ + 10 000 ✓)		2	<input checked="" type="checkbox"/> (19000)
Net Profit for the year	Check operation		<input checked="" type="checkbox"/> 45 256
Penalty for foreign items (maximum - 2)			* <input checked="" type="checkbox"/> Any figure

QUESTION 3

3.1 CONCEPTS

3.1.1	Matching	✓
3.1.2	Historical cost	✓
3.1.3	Materiality	✓
3.1.4	Going-concern	✓

04

3.2.1									
Dr		Asset Disposal Account					N5		Cr
2015	28	Equipment ✓	GJ	✓ 5 000	2015	28	Accumulated depreciation on equipment ✓ 5 000 × 10% × 3	GJ	1 500 ✓✓
		Profit on sale of asset ✓	GJ	☑ 500			Bank ✓	CPJ	✓ 4 000
				5 500					5 500

09

3.2.3 BALANCE SHEET OF SIMUNYE TRADERS – 28 FEBRUARY 2015			
ASSETS			
Non-Current Assets		<input checked="" type="checkbox"/> 812 100	Operation if one part is correct
Tangible assets [410 000 + (261 600 + 80 500)] see note 3	3	<input checked="" type="checkbox"/> 752 100	Check if 410 000 is added
Financial Assets [110 000✓ – 50 000✓]		<input checked="" type="checkbox"/> 60 000	Operation if one part is correct
Current Assets		<input checked="" type="checkbox"/> 102 950	Operation if one part is correct
Inventories [39 000 + 500]	4	39 500	
Trade and other receivables [63 000 – 3 150 + 3 200]	5	✓✓ 63 050	
Cash and cash equivalents	6	400	
TOTAL ASSETS		<input checked="" type="checkbox"/> 915 050	Check operation
EQUITY AND LIABILITIES			
	Note		
Partners' Equity		<input checked="" type="checkbox"/> 812 150	Operation if one part is correct
Capital [400 000 + 400 000]	7	✓✓ 800 000	
Current Accounts [19 350 – 7 200]	8	✓✓ 12 150	
Non-current liabilities		45 000	
Loan: United Bank [120 000 ✓ - 25 000✓ - 50 000✓]		<input checked="" type="checkbox"/> 45 000	Operation if one part is correct
Current liabilities		<input checked="" type="checkbox"/> 57 900	Operation if one part is correct
Trade and other payables [21 600 + 1 200✓ + 900✓ + 3 700✓ + 800✓]	9	<input checked="" type="checkbox"/> 28 200	Operation if one part is correct
Bank Overdraft [5 500✓ + 300✓ + 200✓ - 1 300✓]		<input checked="" type="checkbox"/> 4 700	Operation if one part is correct
Short-term loan: United Bank		<input checked="" type="checkbox"/> 25 000	Check the long term loan
TOTAL EQUITY AND LIABILITIES		<input checked="" type="checkbox"/> 915 050	Check operation
			31

3.3.1			
No.	Degree of profitability	Current Ratio	Acid Test Ratio
e.g.	+	+	+
A	0	0	- ✓
B	+ ✓	+ ✓	+
C	-	- ✓	- ✓

05

3.3.2

A	Period for which enough stock is on hand [Stock-holding period]
	$\frac{227\,750 \checkmark}{796\,550 \checkmark} \times \frac{365 \checkmark}{1}$ <p>= 104 days <input checked="" type="checkbox"/> (one part correct)</p>

04

B	Debtors' average collection period
	$\frac{184\,440 \checkmark}{680\,000 \checkmark} \times \frac{365 \checkmark}{1}$ <p>= 99 days <input checked="" type="checkbox"/> (one part correct)</p>

04

C	Debt-equity ratio
	<p>270 000: 875 000</p> <p>✓ ✓</p> <p>= 0.3:1 <input checked="" type="checkbox"/> (one part correct)</p>

03

D	Return on M. Mona's equity
	$\frac{260\,000 \checkmark}{450\,000 \checkmark} \times \frac{100}{1}$ <p>= 57.7% or 58% <input checked="" type="checkbox"/> (one part correct)</p>

03

3.3.3	Respond to the following questions:
A	<p>Comment on the liquidity position of the business. Use TWO financial indicators to support your answer.</p> <p>Two financial indicators ✓ ✓ figures and trends ✓ ✓ Comments ✓ ✓</p> <p>Period for which enough stock is on hand</p> <ul style="list-style-type: none"> Improved from 180 days to 104 days Liquidity has improved, movement of stock is better compared to the previous year. <p>Stock turnover rate</p> <ul style="list-style-type: none"> Improved from 5 times to 7 times The stock is selling faster or indication of good turnover / possible losses due to price reductions are eliminated. <p>Debtors' Collection period</p> <ul style="list-style-type: none"> Improved from 114 days to 99 days Debtors are paying slowly, the normal credit terms is 30 days
B	<p>Explain the results of the debt-equity ratio.</p> <p>Ratios and trend ✓ comment ✓</p> <ul style="list-style-type: none"> Reduced from 0.53:1 to 0.3 :1 [also refer to calculation 3.3.2 (C)] The business is positively geared / financial risk is low / will be seen as creditworthy
C	<p>Explain whether N. Mona should be satisfied with his returns.</p> <p>Yes/No ✓</p> <p>Comment ✓ ✓</p> <ul style="list-style-type: none"> Yes His returns are high at 57.7% compared to the interest on fixed deposit at 8% p.a. [also refer to calculation 3.3.2 (D)]

QUESTION 4

4.1 CONCEPTS

(a)	Selling and distribution cost	✓	
(b)	Direct labour cost	✓	
(c)	Direct material cost	✓	
			03

4.2.1 CALCULATION OF RAW MATERIAL USED FOR PRODUCTION

$$69\,400 + 191\,000\checkmark + 5\,800\checkmark - 36\,800\checkmark = 229\,400\checkmark$$

04

4.2.2

Dr		Work-in-Process Stock Account				B8		Cr
2014 Jul	01	Balance	b/d	15 600	2015 June	30	Finished goods stock	500 500 ✓✓
		Direct material ✓ see 4.2.1		229 400 ✓			Balance	c/d ✓40 570
		Direct labour ✓		184 000 ✓				
		Factory overheads ✓		112 070 ✓				
				541 070				541 070
2015 Jul	01	Balance	b/d	40 570				
								09

4.2.3											
Dr					Finished Goods Stock Account					B8	Cr
2014 Jul	01	Balance	b/d	46 600 ✓	2015 June	30	Cost of sales		483 000 ☑		
							[20 700✓ x100/3✓ x70%✓]				
		Work- in process see 4.2.2		500 500 ☑			Balance		64 100 ☑		
				547 100					547 100		
2015 Jul	01	Balance	b/d	64 100							
									07		

4.2.4											
Dr					Factory Overheads Cost Account					C2	Cr
2015 June	30	Factory maintenance		13 000	2015 June	30	Work-in- Process stock		112 070 ☑		
		indirect material		38 000 ☑							
		(11 800✓+34 600✓-8 400✓)									
		Wages:cleaner		15 200 ✓✓							
		Rent expense		13 920 ✓✓							
		Water and electricity		18 750 ✓✓							
		Depreciation		✓13 200							
				112 070					112 070		
									12		

4.3.1	Calculate the break-even point and comment on your findings.
	<p>Calculation</p> $\frac{357120\checkmark}{(\checkmark R120 - R56\checkmark)}$ $= 5\,580 \text{ units } \checkmark$ <p>(one part correct)</p>
	<p>Comment</p> <ul style="list-style-type: none"> The business is making a profit. \checkmarkThe units produced are 570 above BEP. \checkmark

06

4.3.2	Provide TWO measures that should be applied by Simelane, in order to reduce the cost of production per unit.
	<p>Two valid points $\checkmark\checkmark$ $\checkmark\checkmark$</p> <ul style="list-style-type: none"> Training of employees Purchase raw material at lower prices.

04

45

QUESTION 5

5.1 CONCEPTS

5.1.1	What is the main purpose of preparing a Cash Budget?
	<p>Expected responses ✓✓</p> <p>To identify future bank balances</p> <p>Monitor or improve control over receipts and payments</p> <p>Anticipate future receipts and payments</p> <p>1 mark if partially or poorly answered, e.g. plan for receipts</p>
	02

5.1.2	Identify THREE items that should not be placed in the Cash Budget
	Bad debts ✓
	Depreciation ✓
	Trading stock on hand ✓
	03

5.2.1	Debtors' Collection Schedule from 1 April 2015 to May 2015			
		Credit sales	April	May
	February	23 600	4 248	
	March	26 000	15 600	✓4 680
	April	22 800	✓✓4 332	✓13 680
	May	27 600		✓✓5 244
	One mark for both totals		24 180	23 604
	<input checked="" type="checkbox"/>			
	In April check if they added the two printed amounts			
				07

5.2.2. Cash Budget for the period 1 April 2015 to 31 May 2015		
Receipts	April	May
Cash sales	✓22 000	✓28 800
Cash from debtors	☑24 180	☑ 23 604
Rent income	✓15 000	✓15 000
Fixed deposit		✓36 000
Interest on fixed deposit		✓3 200
Total Receipts One mark for both totals ☑	61 180	106 604
Payments		
Cash purchases	9 920	11 760
Payments to creditors	✓12 360	✓11 840
Operating expenses	✓ 6 000	✓✓ 6 300
Drawings	✓240	✓ 240
Deposit on purchase of vehicle	✓45 000	
Salaries	✓✓ 7 000	✓✓ 7 350
Total Payments One mark for both totals ☑	80 520	37 490
Cash surplus / deficit	☑ (19 340)	☑ 69 114
Balance on 1 April 2015	✓14 720	☑ (4 620)
Balance on 31 May 2015	☑ (4 620)	☑ 64 494
Deduct 1 mark for inclusion of Depreciation (R3 500)		

28

40

QUESTION 6

6.1.1 VAT

A	19 600	✓	03
B	700	✓	
C	4 900	✓	

6.1.2 Rexel Wholesalers, one of Stanza's suppliers, offered Stanza Traders goods valued at R5 400 for R2 700. He stated that Stanza Traders must pay cash and he will not issue an invoice. What advice would you give to Stanza Traders?

Any one ✓✓

- Rexel clearly wants to avoid taxation.
- It is unethical to engage in such transactions.
- Getting caught will result in fines, and bad publicity.

02

6.2.1

Dr		Trading Account				F1		Cr
2015 June	30	Opening stock ✓	46 000 ✓	2015 June	30	Sales ✓ (1 068 000 ✓ - 30 000 ✓ - 1 800 ✓ ✓)	1 036 200 ☑	
		Purchases ✓ (672 000 ✓ + 15 200 ✓ - 6 800 ✓)	680 400 ☑			Closing stock ✓	52 000 ✓	
		Carriage on purchases ✓ (22 800 ✓ + 3 500 ✓)	26 300 ☑					
		Profit and Loss ✓	☑ 335 500					
			1 088 200				1 088 200	

21

6.2.2	Ekasi Traders is concerned about high transport costs. Provide TWO ways to solve this problem.
	Two solutions ✓✓ ✓✓ <ul style="list-style-type: none">• Check other cheaper service providers• Buy his own vehicle to transport goods

04

30

TOTAL: 300