

ACCOUNTING
MARKING GUIDELINE
MARCH 2019 COMMON TEST

NATIONAL
SENIOR CERTIFICATE

GRADE 11

MARKS: 100

MARKING PRINCIPLES:

- 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.
- Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
- Full marks for correct answer. If answer incorrect, mark the workings provided.
- 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.
- 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.
- Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
- This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
- Where penalties are applied, the marks for that section of the question cannot be a final negative.
- 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.
- Operation means 'check operation'. One part correct means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
- In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
- 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 .
- Be aware of candidates who provide valid alternatives beyond the marking guideline.
- Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 5 pages.

QUESTION 1

(28 Marks, 17 Minutes)

BANK RECONCILIATION AND GAAP

1.1. GAAP Principles

| | |
|-------|-------------------|
| 1.1.1 | Matching ✓ |
| 1.1.2 | Historical Cost ✓ |
| 1.1.3 | Materiality ✓ |
| 1.1.4 | Going-concern ✓ |

(4)

- 1.2 Calculate the correct Bank Account balance for the month ended 30 June 2018. State whether this is a DR or a CR balance.** **(12)**

| |
|--|
| 35 700 ✓ + 26 900 ✓ – 24 600 ✓ – 625 ✓ + 56 000 ✓ – 1 280 ✓ + 2 300 ✓ |
| – 2 300 ✓ – 360 ✓ ✓ |
| = 91 735 <input checked="" type="checkbox"/> Operation one part correct DR ✓ |

- 1.3 Bank Reconciliation Statement on 30 June 2018.** **(10)**

| | DR | CR |
|----------------------------------|---|---|
| CR Balance as per Bank Statement | Balancing figure | 94 705 <input checked="" type="checkbox"/> |
| CR Outstanding deposits | | 12 600 ✓ |
| DR Outstanding cheques | No 41 | 5 870 ✓ |
| | No 82 | 2 300 ✓ |
| DR amount wrongly credited | 14 200 ✓ ✓ | |
| DR Balance as per Bank Account | See 1.2 | 91 735 <input checked="" type="checkbox"/> |
| Operation one part correct | 114 105 <input checked="" type="checkbox"/> | 114 105 <input checked="" type="checkbox"/> |

- 1.4 Refer to information B. Andiswa is unhappy that the internal auditor contacted the bank to query the amount of R14 200 that was credited to the Bank Statement. Give ONE reason why the internal auditor's actions were correct.** **(2)**

| |
|---|
| One valid point ✓ accept short explanations; may be phrased differently |
| • The internal auditor acted in an ethical manner as money received cannot be recorded unless the origin of the money is known. |
| • It might have been a fraudulent activity of money laundering using a formal business. |
| • SARS require businesses to disclose monies received and paid. |
| • Auditors are compelled by law to honest/transparent/fair/firm/consistent when doing their work. |

QUESTION 2

(52 Marks, 31 Minutes)

PARTNERSHIPS AND ASSET DISPOSAL

2.1 Transaction Analysis

(12)

| Account DR | Account CR | Amount |
|-------------------------------|---------------------------------|---------|
| I. Water and Electricity✓ | Accrued Expenses✓ | R1 000✓ |
| II. Trading Stock Deficit✓ | Trading Stock✓ | R600✓ |
| III. Provision for Bad Debts✓ | Provision for Bad Debts (adj.)✓ | R450✓ |
| IV. Deferred Expenses✓ | Insurance✓ | R1 750✓ |

2.2

2.2.1 Complete the extract from Fixed Asset register for the sold vehicle.

(9)

| | Depreciation | Accumulated Depreciation | Carrying Value |
|------------------|--------------|--------------------------|---|
| 28 February 2017 | 36 000 ✓ | 36 000 ✓ | 324 000 <input checked="" type="checkbox"/> |
| 28 February 2018 | 72 000 ✓ | 108 000 ✓ | 252 000 <input checked="" type="checkbox"/> |
| 31 January 2019 | 66 000 ✓ | 174 000 ✓ | 186 000 <input checked="" type="checkbox"/> |

2.2.2

Asset Disposal

(9)

| 2019 Jan | 31 Vehicles✓ | 360 000 ✓ | 2019 Jan | 31 Accumulated Depreciation on Vehicles✓ | 174 000 See 2.2.1 <input checked="" type="checkbox"/> |
|----------|--------------|-----------|--|--|---|
| | | | | Bank✓ | 170 000 ✓ |
| | | | | Loss on Disposal of Asset✓ | 16 000 <input checked="" type="checkbox"/> |
| | | 360 000 | <input checked="" type="checkbox"/> Operation both figures | | 360 000 |

2.3 Calculate the new net profit for the year ended 28 February 2019 by taking recordings done in questions 2.1 and 2.2 using additional information A and B.

(8)

| |
|--|
| 5331 400 ✓ - 1 000 ✓ - 600 ✓ + 450 ✓ + 1 750 ✓ - 66 000 <input checked="" type="checkbox"/> - 16 000 <input checked="" type="checkbox"/> |
| = 450 000 <input checked="" type="checkbox"/> Operation one part correct |

2.4

Appropriation

(12)

| 2019 Feb | 28 | Salary: M. Moodley | 144 000 ✓ | 2019 Feb | 28 | Profit and Loss | 450 000 <input checked="" type="checkbox"/> |
|----------|----|--|---|--|----|-----------------|---|
| | | Salary: S Moodley (165 000✓ + 15 000✓) | 180 000 <input checked="" type="checkbox"/> | | | | |
| | | Interest on Capital (5 000✓ + 60 000✓ + 50 000✓) | 115 000 <input checked="" type="checkbox"/> | | | | |
| | | Current Account: M Moodley | 5 500 <input checked="" type="checkbox"/> | | | | |
| | | Current Account: S. Moodley | 5 500 <input checked="" type="checkbox"/> | | | | |
| | | | 450 000 | <input checked="" type="checkbox"/> Operation both figures | | | 450 000 |

2.5

Do you think both partners must be satisfied with the partnership agreement? Comment on one aspect by quoting relevant figures.

Yes/No

One valid point ✓ Figure ✓

- Fixed Salary for both/ Salary not the same/ R144 000 v R180 000/ R36 000 more/ R36 000 less.
- Profits shared equally/ R5 500 / 1:1 / 50:50
- Capital contribution not the same/ R750 000 v R500 000/ R250 000 more/ R250 000 less/ 1,5:1

QUESTION 3**(20 Marks, 12 Minutes)****CREDITORS RECONCILIATION**3.1. **Concepts**

(4)

| | |
|-------|------------------|
| 3.1.1 | Credit Note ✓ |
| 3.1.2 | Cash Discount ✓ |
| 3.1.3 | Credit Invoice ✓ |
| 3.1.4 | Liability ✓ |

3.2. Performing a monthly Creditors Reconciliation is one way in which businesses can exercise control over their creditors. Discuss **TWO** other forms of internal control for creditors.

(4)

| |
|--|
| Two valid points ✓✓ ✓✓ accept short explanations; may be phrased differently |
| <ul style="list-style-type: none"> • Ensure that all credit purchases are authorised. • Check that all orders received from creditors are correct and in a good condition. • Ensure that creditors are paid on time so that the business qualifies for any available discounts. • Make full use is made of the credit terms (60–90 days) in order to maintain good cash flow. • Implement division of duties/separation of responsibilities so that one employee can check on another employee's work. • Conduct internal audits in order to minimise the possibility of fraud or error. |

3.3. Reconcile the Creditors Ledger account of Sithole Suppliers in the books of Tshabalala Traders with the statement received.

(12)

| | Creditors Ledger of Tshabalala Traders | Statement from Sithole Suppliers |
|---------|---|--|
| Balance | 34 905 ✓ | 35 830 ✓ |
| i. | + 2 970 ✓✓ | |
| ii. | | – 875 ✓ |
| iii. | + 1 000 ✓ | |
| iv. | | – 1 780 ✓✓ OR – 890 – 890 One mark One mark |
| v. | | – 3 860 ✓ |
| vi. | | + 9 560 ✓ |
| | | |
| | 38 875 ☑ | 38 875 ☑ |

TOTAL MARKS: 100