education

Department:
Education
PROVINCE OF KWAZULU-NATAL

# NATIONAL
# SENIOR CERTIFICATE

## GRADE 11

GRADE 10

## ACCOUNTING

## MARKING GUIDELINE

## MARCH 2020

## COMMON TEST

**MARKS** : 100

**TIME** :1½ hours

| Question | Topic | Marks | Minutes |
|---|---|---|---|
| 1 | Reconciliations | 36 | 32 |
| 2 | Fixed / Tangible Assets | 38 | 34 |
| 3 | Financial Accounting of Partnerships | 26 | 24 |
| | | 100 | 90 |

**This marking guideline consists of 6 pages.**

**QUESTION 1:  RECONCILIATIONS    (36 marks; 32 minutes)**

**1.1    Bank Reconciliation**

1.1.1    Calculate the correct Bank Account balance on the 29 February 2020. Indicate whether the bank balance is favourable or unfavourable.

| |
|---|
| 2 650✓ − 1 260✓ − 870✓ + 2 400✓ + 900✓✓ + 700✓<br>= 4 520☑ DR✓ |

(9)

1.1.2    **Bank Reconciliation Statement on 29 February 2020.**

| | | DR | CR |
|---|---|---|---|
| CR Balance as per Bank Statement | | | 10 310✓ |
| CR Outstanding deposits | | | 3 550✓ |
| | | | |
| DR Outstanding cheques | No. 363 | 4 790✓ | |
| | No. 422 | 7 200✓ | |
| | No. 424 | 980✓ | |
| CR amount wrongly debited | | | 3 630✓✓ |
| DR Balance as per Bank Account | | 4 520☑ | |
| | operation: both totals the same | 17 490 | ☑    17 490 |

(9)

1.1.3    Identify the GAAP concept that has been contravened by the owner.

| |
|---|
| Business Entity Concept |

(1)

1.1.4    As the bookkeeper of Moodley Traders, explain to the owner why this action is incorrect.  Mention what the correct accounting procedure should have been.

| |
|---|
| • All money received by the businesses should be deposited into the business bank account.✓✓<br>• If the owner wanted to spend business money on personal items, it should have been recorded as drawings.✓✓ |

(4)

## 1.2 Creditors Reconciliation

1.2.1 Reconcile the Statement of Account received from Chonco Suppliers and the Creditors Ledger of Magwaza Traders for September 2019. Show all changes with a "+" or "–" sign.

| No. | Statement from Chonco Suppliers | Creditors Ledger of Magwaza Traders |
|---|---|---|
| Balance | 31 355✓ | 19 040✓ |
| i. | | - 250✓ |
| ii. | - 345✓ | |
| iii. | - 4 320✓ | |
| iv. | | - 1700✓✓ (-850✓, -850✓) |
| v. | + 900✓ | |
| vi. | - 10 500✓ | |
| | 17 090✓☑ | 17 090✓☑ |

(13)

## QUESTION 2: FIXED / TANGILE ASSETS(38 Marks; 34 Minutes)

2.1 Calculate the amount of depreciation on the following for the year ended 29 February 2020:

| 2.1.1 | The sold FAW truck. | 1 224 000 X 20% X 10/12 | 204 000✓✓ |
|---|---|---|---|
| 2.1.2 | The **TWO** remaining FAW trucks. | 1 224 000 X 20% = 244 800✓✓ per truck X 2✓ trucks | 489 600☑ |
| 2.1.3 | The **TWO** new IVECO trucks. | 450 000 X 20% X 1/12 = 7 500✓✓ per truck X 2✓ trucks | 15 000☑ |
| | | **Total:** | 708 600☑ |

(11)

2.2

**Asset Disposal**

| 2019 Dec | 31 | Vehicles | 1 224 000 ✓ | 2019 Dec | 31 | Accumulated Dep on Vehicles (489 600✓✓ + 204 000☑) | 693 600 ☑ |
|---|---|---|---|---|---|---|---|
| | | Profit on Sale of Asset | 30 000✓ | | | Bank | 560 400 ✓☑ |
| | | | 1 254 000 | | | ☑ | 1 254 000 |
| | | | | | | | (9) |

2.3 **Fixed / Tangible Assets note**

| | Vehicles |
|---|---|
| **Carrying Value at the beginning of the year** | 2 203 200☑ |
| Cost Price | 3 672 000✓ |
| Accumulated Depreciation | (1 468 800)✓ |
| | |
| **Movements** | (339 000) |
| Additions at cost | 900 000✓✓ |
| Disposals at carrying value          from 2.2 | (530 400)☑ |
| Depreciation     from 2.1 | (708 600)☑ |
| | |
| **Carrying Value at the end of the year** | 1 864 200☑ |
| Cost Price | 3 348 000✓✓ |
| Accumulated Depreciation | (1 483 800)✓☑ |

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2.4 During February 2020, CB Logistics sold one FAW truck and replaced it with two smaller IVECO trucks.   Identify **ONE** possible reason for this business decision.

- There was more demand for smaller loads so two smaller vehicles were purchased.✓✓
- The smaller vehicles will be used for shorter trips as they can do more than one load per day.
- **Any logical answer**

(2)

2.5 The owner of CB Logistics is concerned about the recent spate of protests in which trucks are burnt. Discuss **TWO** control measures that the business can put into place to limit the risk of his vehicles being damaged in a protest.

| |
|---|
| • Follow news reports and avoid areas where protest action is occurring✓✓<br>• Avoid driving at night as this is when most of the trucks have been burnt.✓✓<br>• **Any logical answer** |

(4)

## QUESTION 3: FINANCIAL ACCOUNTING OF PARTNERSHIPS (26 Marks; 24 Minutes)

3.1 Calculate the amount of interest due to each partner on his capital investment on 29 February 2020.

| Partner | Calculations | Total per Partner |
|---|---|---|
| Nombika | 500 000 X 10% X 6/12 = 25 000✓<br>650 000 X 10% X 6/12 = 32 500✓<br><br>(Or 50 000✓ + 7 500✓) | 57 500☑<br><br>☑ one part correct |
| Miya | 750 000 X 10% X 6/12 = 37 500✓<br>650 000 X 10% X 6/12 = 32 500✓<br><br>(Or 75 000✓ – 5 000✓) or (65 000✓+5 000✓) | 70 000☑<br><br>☑ one part correct |
| | **Total:** | 127 500☑ |

(7)

3.2.1

| DR | | | Current Account: Miya | | | | CR |
|---|---|---|---|---|---|---|---|
| 2020<br>Feb | 29 | Drawings: Miya | 193 500✓ | 2019<br>Mar | 1 | Balance | 2 300✓ |
| | | | | 2020<br>Feb | 29 | Interest on Capital<sub>from 3.1</sub> | 70 000☑ |
| | | | | | | Salary: Miya<br>(193 500✓ +<br>18 500✓) | 212 000☑ |
| | | Balance | 121 350☑ | | | Appropriation | 30 550☑ |
| | | | 314 850 | | | ☑ | 314 850 |
| | | | | 2020<br>Mar | 1 | Balance | 121 350☑ |

(10)

3.2.2

| DR | | | Appropriation | | | | CR |
|---|---|---|---|---|---|---|---|
| 2020 Feb | 29 | Salary: Nombika | 194 000✓ | 2020 Feb | 29 | Profit and Loss | 594 600✓ |
| | | Salary: Miya <br> from 3.2.1 | 212 000☑ | | | | |
| | | Interest on Capital from 3.1 | 127 500☑ | | | | |
| | | Current Account: Nombika | 30 550☑ | | | | |
| | | Current Account: Miya | 30 550☑ | | | | |
| | | | | | | | |
| | | | 594 600 | | | | 594 600 |
| | | | | | | | |

(7)

3.3　　Refer to **Information C**.  Provide **ONE** reason why the partners decided to make their capital contributions equal during the 2020 financial year.

- The profit sharing ratio was changed in the partnership agreement✓✓
- Nombika was not happy that his interest on capital was smaller than Miya's
- Nomika had extra money that she wanted to invest in the business
- Miya decided to invest less money in the business for personal reasons
- **Any logical answer**.

(2)

**TOTAL MARKS:  [100]**