GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

NOVEMBER 2023

GRADE 11

MARKING GUIDELINES

ACCOUNTING
PAPER 1

9 pages

EXEMPLAR

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 penalty for misplaced items). No double penalty is 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. Give full marks for correct answer. If the answer is incorrect, mark the workings provided.

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).

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. Where penalties are applied, the marks for that section of the question cannot be a final negative.

8. 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.

9. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with an ☒.

10. Be aware of candidates who provide valid alternatives beyond the marking guidelines.

11. Codes: f = foreign item; p = placement/presentation.

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QUESTION 1

1.1

1.1.1	True √
1.1.2	True √
1.1.3	False √
1.1.4	False √
1.1.5	False √

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1.2.1

Depreciation on equipment	**AMOUNT**
Old Equipment: 810 000 x 20%	162 000√
New Equipment: 120 000 x 20% x 3/12 √ =	6 000 ☑
Total depreciation for the year:	168 000 ☑

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1.2.2

EXTRACT OF FIXED ASSET REGISTER OF GOODY SHOE TRADERS FOR VEHICLES SOLD

DELIVERY VEHICLE (SOLD) **COST PRICE = R320 000**

Date	Current depreciation	Accumulated depreciation	Carrying value	Calculation
31 Dec 2021	**16 000**	**16 000**	304 000 √	
31 Dec 2022	30 400	46 400 ☑	273 600	304 000 x 10/100 √
1 Jul 2023	13 680	60 080 ☑	259 920	273 600 x 10/100 x 6/12 √

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1.2.3

Depreciation on old vehicles	AMOUNT
SOLD See 1.2.2 above	13 680
OLD 1 060 000 – 46 400 = 1 013 600 2 360 000 – 1 013 600 = 1 346 400 √√ x 10% =	134 640 ☑
Total depreciation for the year:	148 320 ☑

4

1.2.4 **FIXED/TANGIBLE ASSETS**

	VEHICLES	EQUIPMENT
Carrying value at beginning of the year	1 620 000 √	570 000 √
Cost	**2 680 000**	**810 000**
Accumulated depreciation	**(1 060 000)**	**(240 000)**
Movements		
Additions at cost		120 000 √
Disposals at carrying value see 1.2.2 above	(259 920) ☑	
Depreciation	(148 320) ☑	(168 000) ☑
Carrying value at end of the year	1 211 760 ☑	522 000 ☑
Cost	2 360 000 ☑	930 000 ☑
Accumulated depreciation	(1 148 240) ☑	(408 000) ☑

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TOTAL
30

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QUESTION 2

PLUMSTEAD HARDWARE

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 28 FEBRUARY 2023

Sales (1 797 600 – 9 860 √ – 1 575 √)		1 786 165 ☑	
Cost of sales (1 027 200 – 900 √√)		(1 026 300) ☑	
Gross profit		759 865 ☑	
Other operating income		4 190 ☑	
Bad debts recovered		**1 342**	
Discount received		**2 340**	
Trading stock surplus (352 800 + 900 √ – 1 300 √ – 12 000 √√ – 340 740 √)		340 ☑	
Provision for bad debts adjustment (1 086 – 918)		168 √√	
Gross operating income		764 055 ☑	
Operating expenses		(479 122) ☑	
Discount allowed		**1 990**	
Insurance		**10 560**	
Rent expense (59 850 – 4 950 √√)		54 900 ☑	
Advertising (10 800 – 240 √)		10 560 ☑	
Stationery (3 490 – 480 √)		3 010 ☑	
Salaries and wages (324 000 + 12 000 √)		336 000 ☑	
UIF contributions (3 240 + 120 √)		3 360 ☑	
Bad debts (5 670 + 3 425 √)		9 095 ☑	
Water and electricity (17 724 + 1 098 √)		18 822 ☑	
Telephone (12 336 + 662 √)		12 998 ☑	
Bank charges (1 120 + 320)		1 440 √√	
Depreciation		13 987 √	
Loss due to theft		2 400 √√	
Operating profit		284 933 ☑	
Interest income		170 ☑	
Profit before interest expense		285 103 ☑	
Interest expense (53 250 – 50 000)		(3 250) √	
Net profit for the year		281 853 ☑	**45**

TOTAL
45

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QUESTION 3

3.1

3.1.1	C √
3.1.2	A √
3.1.3	B √
3.1.4	E √

4

3.2 **HOPPITY POPPITY TRADERS**

Extract of the Statement of Financial Position on 28 February 2023

EQUITY AND LIABILITIES		
Partners' Equity		408 670 ☑
Capital (200 000 √ + 170 000 √ + 30 000 √)		400 000 ☑
Current accounts (10 360 √ – 1 690 √)		8 670 ☑
Non-current liabilities		31 000
Loan: ABSA (40 000 – 9 000)		31 000 √√
Current liabilities **total CA/2**		69 020 √√
Trade and other payables (24 070 √ + 3 500 √ + 500 √ + 700 √)		28 770 ☑
Bank overdraft **balancing**		31 250 √☑
Short term loan **see loan above**		9 000 ☑
Total equity and liabilities		**508 690** ☑

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3.3 **IRONMAN TOY STORE**

CURRENT ACCOUNTS	**Iron**	**Man**
Profit per Income Statement	629 550☑	715 000☑
Partners' salaries	349 800☑ √	425 000 √
Partners' bonuses	12 000 √	51 000☑ √
Interest on capital	80 250 √√	114 000 √√
Primary distribution of profits	442 050☑	590 000☑
Final distribution of profits	187 500☑ √	**125 000**
Drawings during the year *(25 000 + 35 000)	*(60 000) √√	(30 000) √
Retained income for the year	569 550☑	685 000☑
Retained income at beginning of the year	(2 300) √	4 500 √
Retained income at end of the year	567 250☑	689 500☑

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Calculations:	
Interest on capital: Iron 535 000 x 15/100 = 80 250	**Interest on capital: Man** 760 000 x 15/100 = 114 000
Salary: Iron 110/100 x 26 500 = 29 150 x 12 = 349 800	**Bonus: Man** 12/100 x 425 000 = 51 000
Final distribution: Iron 125 000 = 2/5 125 000 x 3/2 = 187 500	

25

TOTAL
50

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QUESTION 4

4.1: CALCULATION OF FINANCIAL INDICATORS FOR 2023

4.1.1	**Percentage operating expenses on turnover:** $\frac{512\ 640}{3\ 213\ 000}$ x $\frac{100}{1}$ = 15,96% √√	2
4.1.2	**Acid-test ratio:** 430 560 √ – 357 660 √ : 201 150 √ **of** 31 700 + 41 200 72 900 two marks : 201 150 0,36 : 1 ☑	4
4.1.3	**Debt-equity ratio:** 380 000 √ : 496 610 √ 0, 77 : 1 ☑	3
4.1.4	**% returns on average partners' equity:** $\frac{505\ 160\ √}{(496\ 610 + 273\ 500) / 2\ √√}$ x $\frac{100}{1}$ **385 055 (two marks)** = 131,19% ☑	4
4.2	**Comment on the liquidity position of the business for 2023. Quote ONE financial indicator and figureS to support your answer.**	
	Ratio ✓ Trend ✓ Conclusion ✓✓ The business is facing liquidity problems. The acid test ratio has decreased from 0,7 **:** 1 in 2022 to 0,36 **:** 1 in 2023. The current ratio has decreased form 2,2 : 1 in 2022 to 2,1 : 1 in 2023. This is an indication that too much of the business's assets is tied up in trading stock and the business might face liquidity problems should the stock become obsolete.	4

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4.3	**The business changed their policy with regard to the profit mark-up from 2022 to 2023. What was the change in policy? What are the risks in this regard and what effect did this change have on the business's income?**	
	The business increased their profit mark-up from 40% in 2022 to 50% in 2023. √ The increase in mark-up resulted in an increase in price. This may force customers to go elsewhere to buy./The effect on the change resulted in the net profit increasing in 2023. √√	 **4**

4.4	**Does the business have good control over their expenses? Quote ONE financial indicator and figures to support your answer.**	
	Yes √ The business's operating expenses on profit decreased from 17,3% in 2022 to 15,96% in 2023. √ This is a clear indication that the business is managing its expenses better in the current year. √√	 **4**

TOTAL
25

TOTAL: 150

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