



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2019**

**ACCOUNTING P2  
MARKING GUIDELINE**

**MARKS: 150**

**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 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. 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 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.
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 before awarding the mark.
9. 'Operation' means 'Check operation'. 'One part correct' means 'Operation and one part correct'.  
NOTE: Check operation must be +, –, x or ÷ or per candidates' response.
10. In calculations, do not award marks for workings if numerator & denominator are swapped - this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such cases, do not award the method mark. Indicate by way of .
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

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This marking guideline consists of 11 pages.

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## QUESTION 1

<b>1.1.1</b>	<b>List TWO reasons for preparing the Bank Reconciliation Statement as an internal control process.</b>
	<p>Two reasons ✓ ✓</p> <ul style="list-style-type: none"> <li>▪ To ensure that all entries relating to cash transactions are accurately recorded.</li> <li>▪ Fraudulent transaction can be detected.</li> <li>▪ Errors or omissions can be detected.</li> <li>▪ Outstanding cheques can be noted</li> </ul>

2

<b>1.1.2</b>	<b>State the adjustment that would be made to figures on the financial statements on 30 June 2019 end of the financial year in respect of post-dated cheques issued. Refer to the Bank Reconciliation Statement for June 2019. Include actual figures in your answers.</b>
	<ul style="list-style-type: none"> <li>▪ <u>Creditors' control</u> ✓ balance would be <u>increased by R10 400</u> ✓</li> <li>▪ <u>Bank</u> ✓ balance would be <u>increased by R10 400 (to R12 400)</u> ✓</li> </ul>

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<b>1.1.3</b>	<b>ITEM</b>	<b>CRJ</b>	<b>CPJ</b>	<b>NO ENTRY</b>
	Item 1			X
	Item 2			X ✓
	Item 3			X ✓
	Item 4	5 300 ✓		
	Item 5		1 450 ✓	
	Item 6		720 ✓	
	Item 7	2 100 ✓	2 500 ✓	
	Item 8			X ✓
	Item 9			X ✓

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1.1.4 Bank Reconciliation Statement on 31 July 2019		
	Debit	Credit
Cr balance of Bank statement		✓ 21 370
Cr outstanding deposit		✓ 20 500
Dr outstanding cheques		
No 1596	✓ 7 000	
No 1640	✓ 2 500	
No 1690	✓ 6 100	
Dr balance of Bank account	✓ <input checked="" type="checkbox"/>	
	26 270*	
	41 870	41 870

\*check operation

7

**1.1.5 In August 2019 the internal auditor discovered that the outstanding deposit of R20 500 on the Bank Reconciliation Statement on 31 July 2019 appeared as R5 500 on the Bank Statement (Item 3). The amount on the Bank Statement is correct. List ONE concern that you have as internal auditor. Provide ONE suitable control measure to prevent this from happening in future. Explain fully.**

ONE concern ✓ and ONE solution ✓✓

CONCERN	CONTROL MEASURE
<ul style="list-style-type: none"> <li>• The money could be stolen</li> <li>• Internal control processes are not effective</li> <li>• Fraud could take place / rolling of cash</li> </ul>	<ul style="list-style-type: none"> <li>• Compare receipts of cash to the deposit slips on a daily basis to see whether all cash received was deposited.</li> <li>• Put internal control processes in place – division of duties. The deposit must be checked by an assistant.</li> <li>• Arrange for SMS notifications from the bank and check against the CRJ.</li> </ul> <p>For one mark:</p> <ul style="list-style-type: none"> <li>• Investigate the deposit slip for errors.</li> <li>• Division of duties.</li> </ul>

3

**1.2.1 Why should the balance of the Creditors' control account correspond with the total of the Creditors' list?**

Any acceptable answer ✓✓

- It is an internal control measure – figures in the journals are posted to the Creditors' Control account and the Creditors' Ledger.
- The Creditors' Control account is a summary of all the transactions related to creditors and the list is a total of all the Creditors' balances.

2

**1.2.2 Calculate the correct balances of the Creditors' Control account and the Creditors List.**

	Creditors Control	Creditors List
<b>(a) Incorrect balance/ total</b>	<b>49 560</b>	<b>36 410</b>
<b>(b)</b>		- 520 ✓
<b>(c)</b>	+ 3 160 ✓	+ 3 160 ✓
<b>(d)</b>		+ 270 ✓✓
<b>(e)</b>	- 13 400 ✓✓ (- 6 700; - 6 700) one mark each	
<b>Balance/Total</b> <input checked="" type="checkbox"/>	<b>39 320</b>	<b>39 320</b>

8

35

QUESTION 2

**2.1** Match the description from COLUMN B to the concept in COLUMN A. Write only the letter (A–E) next to the question number (2.1.1–2.1.4) in the ANSWER BOOK

2.1.1	E	✓
2.1.2	C	✓
2.1.3	D	✓
2.1.4	B	✓

4

**2.2** Calculate the direct material cost

$78\ 900\checkmark + 553\ 500 - 92\ 400\checkmark = 540\ 000\ \checkmark$

4

Calculate the correct Factory Overhead Cost.

<b>FACTORY OVERHEAD COST</b>	
<b>Incorrect Factory Overhead Cost</b>	<b>350 000</b>
Depreciation	✓ 84 030
Indirect materials	✓ (3 500)
Water and Electricity (operation if any one part correct) ✓                                  ✓                                  ✓                                  ✓ (10 290 / 2 x 4) = R20 580 / 7 x 4 = R11 760 - 10 290	✓ 1 470
<b>Factory Overhead Cost for the Year</b>	✓432 000

8

2.3

**GENERAL LEDGER OF 4'OCEAN TRADERS  
WORK-IN-PROCESS STOCK ACCOUNT**

	Balance	b/d	175 000 ✓		Finished goods		1 872 000 ✓
	Direct material ✓		540 000 ✓ (see 2.2)		Balance	c/d	355 000 ✓
	Direct Labour ✓		1 080 000 ✓✓				
	Factory overheads ✓		432 000 ✓ (see 2.2)				
			2 227 000				2 227 000

10

<b>2.4</b>	<b>Calculate the following:</b>
<b>2.4.1</b>	<p><b>Selling price per unit:</b></p> $3\,564\,000 \checkmark \div 396\,000 \checkmark = 9 \checkmark \quad (\text{if one part correct})$
<b>2.4.2</b>	<p><b>Cost of sales:</b></p> $3\,564\,000 \checkmark \times \frac{100 \checkmark}{200} = 1\,782\,000 \checkmark \quad (\text{if one part correct})$ <p>Also accept: Finished goods: <math>542\,000 + 1\,872\,000 - 759\,000 = 1\,655\,000</math></p>
<b>2.4.3</b>	<p><b>Variable costs per unit</b></p> $2\,059\,200 \checkmark \div 374\,400 \checkmark = 5,50 \checkmark \quad (\text{if one part correct})$
<b>2.4.4</b>	<p><b>Break-even point</b></p> $\frac{682\,500 \checkmark}{(9 \checkmark (\text{See 2.4.1}) - 5,50 \checkmark (\text{See 2.4.3}))} = \frac{682\,500}{3,50}$ <p>= 195 000 units ✓ (if one part correct)</p>

3

3

3

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**2.5** 4'Ocean Traders anticipates that demand will increase in the next financial year to 600 000 units. They aim to increase the number of units produced to meet this demand. They expect fixed costs to remain unchanged.

**2.5.1** Explain what you understand by the term '*break-even point*'.

Valid explanation ✓✓

- The number of units that must be sold ✓ in order to cover the Fixed Costs. Thereafter, the manufacturer will make a profit. ✓
- The point where total income equals total expenses. ✓✓

2

**2.5.2** Explain the effect the above decision will have on the fixed costs per unit and the break-even point.

**FIXED COST PER UNIT:**

As more units are produced the Fixed Costs per unit will decline. ✓✓

**BREAK-EVEN POINT:**

If Variable Cost increases/decreases – BEP will also increase or decrease ✓✓

4

45

## QUESTION 3

3.1.1 Explain why a business needs to prepare a Cash Budget every year.

Any valid answer ✓✓

To plan for future receipts and payments in order to ensure that they have enough cash

Prioritising - taking corrective measures from previous deviations

Do not accept income and expenses.

2

3.1.2 Calculate the expected receipts from debtors for November 2019.

$225\,000 \checkmark / 75\% \checkmark = 300\,000$

$300\,000 \times 25\% = 75\,000 \checkmark \times 95\% \checkmark = 71\,250 \checkmark$

OR  $75\,000 - 3\,750 = 71\,250$

3 marks      1 mark      1 w/w mark

OR  $225\,000 \times 25/75 \times 95\% = 71\,250$

1 mark      2 marks      1 mark      1 w/w mark

5

3.1.3 Calculate the figures indicated by A–E in the Cash Budget.

A	$123\,000 \checkmark$
B	$A + 45\,000 = 168\,000 \checkmark$
C	$158\,245 - 390\,000 = (231\,755) \checkmark$
D	Same as B = $168\,000 \checkmark$
E	$C + D = (63\,755) \checkmark$

5

3.1.4 The rent income increased by 8% from 1 November 2019. Calculate the rent income figure for November 2019.

$9\,000 \checkmark \times 1,08 \checkmark = 9\,720 \checkmark$  one part correct

OR  $9\,000 + 720 = 9\,720$

3

3.1.5 In your opinion, is EmmaLee's capital contribution in November sufficient to support this business venture? Provide ONE reason to support your answer.

Any valid explanation

Excellent = 3 marks; Good = 2 marks; Satisfactory = 1 mark; Incorrect = 0 marks.

No, her capital contribution is not sufficient to support this business venture. Although his bank account is showing a surplus in November, in December his payments exceed his receipts.

Refer to 3.1.3 (C and E) above and mark according to the candidates answer.

3



**3.1.6 Calculate the percentage increase granted to the employees from 1 November 2019.**

$4\,200 \checkmark / 105\,000 \checkmark \times 100 = 4\% \checkmark$  one part correct

**In your opinion, will the employees be satisfied with this increase? Briefly explain.**

Yes/No Any valid explanation  $\checkmark\checkmark$

No, the increase is lower than the inflation rate / the business can rather give a higher increase than investing money in a fixed deposit.  
Yes, the business's bank account is in overdraft. They can be glad to get an increase.

5

**3.1.7 As the internal auditor you discovered that the actual motor vehicle expenses for October 2019 were R5 420. Name TWO points that you would include in your internal auditor's report to EmmaLee.**

TWO valid points  $\checkmark\checkmark \checkmark\checkmark$

- The actual expenses exceed the budgeted amount – overspent
- Maybe unexpected increase in fuel prices and maintenance cost
- The use of the vehicles needs to be investigated in order to ensure that the vehicles are used responsibly (no abuse)
- EmmaLee needs to ensure that the vehicles are serviced regularly in order to avoid unexpected repairs

4

**3.1.8 Calculate the interest payable to Eastbank in December 2019.**

$139\,500 \checkmark \times 80\% \checkmark = 111\,600 \times 11\% / 12 \checkmark = 1\,023 \checkmark$   
2 marks one part correct

**Calculate the monthly repayments of the capital portion of the loan to Eastbank.**

$111\,600 \checkmark / 36 \text{ months } \checkmark = 3\,100 \checkmark$  one part correct

7

## 3.2.1

## ASSET DISPOSAL

2019 Dec	31	Vehicles ✓	130 000 ✓	2019 Dec	31	Acc. depr on vehicles ✓	58 000 <input checked="" type="checkbox"/> operation
						Bank ✓	72 000 ✓
			130 000				130 000

6

## 3.2.2 Note to the Balance Sheet on 28 February 2019

FIXED ASSETS	Land and buildings	Vehicles	Equipment
Carrying value beginning of year	1 350 000 ✓	330 000	435 000
Cost	1 350 000 ✓	900 000	615 000
Accumulated depreciation	0	(570 000)	(180 000) ✓
<b>Movements:</b>			
Additions at cost	230 000	306 000 ✓✓	300 000
Disposal at carrying value	0	(72 000)	0
Depreciation	0	(64 000)	(90 000) <input checked="" type="checkbox"/> operation
Carrying value end of year	1 580 000	500 000	645 000 ✓
Cost	1 580 000	1 076 000	915 000 ✓✓
Accumulated depreciation	0	(576 000) ✓	(270 000)

10

50

**QUESTION 4: FINANCIAL INDICATORS IN WORKING CAPITAL**

4.1.1	<p><b>Gross profit percentage on cost of sales (mark-up %)</b></p> <p>Gross profit = 1 212 000; Cost of Sales = 4 242 000 – 1 212 000 = 3 030 000</p> <p>Mark up % = Gross profit % = <math>\frac{1\ 212\ 000}{3\ 030\ 000} \times \frac{100}{1}</math></p> <p>= 40 %</p>
4.1.2	<p><b>Average stock turnover rate</b></p> <p><math>\frac{3\ 030\ 000}{\frac{1}{2}(368\ 000 + 392\ 000)}</math></p> <p>= <math>\frac{3\ 030\ 000}{380\ 000}</math></p> <p>= 8 times</p>
4.1.3	<p><b>Debtors Collection Period in days</b></p> <p>50% x 4 242 000 = 2 121 000</p> <p><math>\frac{\frac{1}{2}(153\ 800 + 156\ 200)}{2\ 121\ 000} \times 365</math></p> <p>= 26,7 days or 27 days</p>
4.2	<p><b>Comment on the profitability of the business for this financial year. Give TWO reasons why they may not have achieved their intended mark-up of 50%.</b></p> <p>Any two</p> <ul style="list-style-type: none"> <li>• Shrinkage</li> <li>• Products are not marked up correctly</li> <li>• Theft occurring</li> <li>• Too many discounts are offered</li> </ul>
4.3	<p><b>The bookkeeper is satisfied that the business' liquidity has improved and there is money to manage their short term commitments. Mention TWO indicators, with figures, that prove this.</b></p> <p>Debtors Collection period ✓ Debtors pay them within 27 days ✓</p> <p>Stock turnover rate ✓ Selling stock 8 times a year (last year 6 times) ✓</p>

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TOTAL: 150