



**GAUTENG PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

# PROVINCIAL EXAMINATION

## JUNE 2023

## GRADE 11

## MARKING GUIDELINES

### ACCOUNTING PAPER 1

**8 pages**

#### **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. Full marks for correct answer. If the answer is incorrect, mark the workings provided.
4. If a re-adjusting figure is shown as a final figure, allocate the part-mark for the working 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.
10. Be aware of candidates who provide valid alternatives beyond the marking guidelines.
11. Codes: f = foreign item; p = placement/presentation

## QUESTION 1: ACCOUNTING EQUATION

(15 marks; 10 minutes)

No.	Account debited	Account credited	Effect on accounting equation		
			A	OE	L
1.1	Bank ✓	Capital: Matome ✓	+ 256 000 ✓	+ 256 000 ✓	0
1.2	Trading Stock ✓	Bank ✓	- 250 000 ✓ + 250 000 ✓		0
1.3	Stationery ✓	Creditors' Control ✓	0	+ 6 700 ✓	+ 6 700 ✓
1.4	Debtors' control ✓	Sales ✓	+ 300 000 ✓	+ 300 000 ✓	0
	Cost of Sales ✓	Trading Stock ✓	- 200 000 ✓	- 200 000 ✓	0
1.5	Loan: Tummy Bank ✓	Bank ✓	- 89 000 ✓	0	- 89 000 ✓

/1.6	
24/16	1

## QUESTION 2: PARTNERSHIP LEDGER ACCOUNTS

(25 marks; 17 minutes)

2.1 Calculate the interest on capital for Martin Nike.

$$\frac{6}{100} \times 1\,600\,000 \times \frac{1}{12} = 80\,000 \checkmark$$

$$\frac{8}{100} \times 1\,600\,000 \times \frac{3}{12} = 320\,000 \checkmark$$

$$80\,000 + 320\,000 = 400\,000 \checkmark$$

☒ one part correct

## 2.2 CURRENT ACCOUNT NOTE: MAKRONNIE FASHIONS

	MARTIN	RONNIE	TOTAL
<b>Net profit for the year</b>	<input checked="" type="checkbox"/> 678 000	<input checked="" type="checkbox"/> 502 400	<b>1 180 400</b>
Salaries	$\sqrt{\sqrt{}}$ 203 200	$\sqrt{\sqrt{}}$ 254 000	
Bonus	-	$\sqrt{}$ 11 000	
Interest on capital	<input checked="" type="checkbox"/> 104 000	$\sqrt{\sqrt{\sqrt{}}}$ 52 000	
<b>Primary distribution</b>	<input checked="" type="checkbox"/> 307 200	<input checked="" type="checkbox"/> 317 000	
<b>Final distribution</b>	<input checked="" type="checkbox"/> 370 800	<input checked="" type="checkbox"/> 185 400	
Drawings	<b>(442 800)</b>	$\sqrt{}$ (213 200)	
Retained income	<input checked="" type="checkbox"/> 235 200	<input checked="" type="checkbox"/> 289 200	
Balance at beginning	21 000	(5 800)	
Balance at the end of the year	<input checked="" type="checkbox"/> 256 800	<input checked="" type="checkbox"/> 258 400	

☒ one part correct

20

25

## QUESTION 3: STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)

(45 marks; 40 minutes)

## 3.1 Ahmed Traders

## Statement of Comprehensive Income for the year ended 28 February 2023

Sales (1 757 000 x 200/100)		√ 3 514 000
Cost of sales		(1 757 000)
<b>Gross profit</b>		✓ 1 757 000
<b>Other operating income</b>		✓ 132 075
<b>Discount received (19 600)</b>		19 600
Rent income (89 650 + 11 825)		√ 101 475
Bad debts recovered (9 000 + 2 000)		√ 11 000
<b>Gross operating income</b> (missing figure GOI -OP)	(9)	✓ 1 889 075
<b>Other operating expenses</b>		✓ (1 186 275)
<b>Discount allowed</b>		13 350
<b>Water and electricity</b>		68 950
<b>Insurance</b>		162 500
Telephone (61 950 + 1 800)		√ 63 750
Donations (42 650 + 19 000)		√ 61 650
Stationery (128 150 – 2 500 – 2 500)		✓ 123 550
Bad debts (30 600 + 27 500)		✓ 57 600
Advertising (139 050 + 7 000)		✓ 112 050
Sundry Expense (Balancing figure OE-All expenses)		✓ 290 455
Trading stock deficit (371 900 – 19 500 + 2 500 – 326 600)		✓ 28 800
Depreciation (61 200 + 33 040)		√ 194 290
Bank Charges (8 000 + 140 + 225)		√ 8 730
Provision for bad debt adjustment		√ 600
<b>Operating profit</b> (3 514 000 x 0,20) (#20% of sales)	27	√ 702 800
Interest income		780
<b>Profit before interest expense</b>		✓ 703 580
Interest expense (691 000 + 192 000 – 800 000)		√ (83 000)
<b>Net profit for the year</b>	4	✓ 620 580

**3.2 Trade and other receivables note:**

Trade and other receivables (178 400 – 36 000)	✓ <input checked="" type="checkbox"/> 142 400
Less: Provision for bad debts	(17 600)
Net Trade Debtors	124 800
Accrued income (see Rent income)	<input checked="" type="checkbox"/> 1 825
Prepaid expenses (see Advertising)	<input checked="" type="checkbox"/> 127 000
	<input checked="" type="checkbox"/> 165 625

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**QUESTION 4: STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**  
(40 marks; 35 minutes)

MacDee Traders

Notes to financial statements as at 31 May 2023

**4.1 Capital Note:**

	Mahlatse	Dimpho	Total
Balance at the beginning	✓ 3 000 000	✓ 3 880 000	
Additional Capital contributions	0	220 000	220 000
Withdrawal of Capital	(500 000)	0	(500 000)
Balance at the end	✓ 2 500 000	✓ 4 100 000	<input checked="" type="checkbox"/> 6 600 000

☒ one part correct

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## 4.2 MacDee Traders

## Statement of Financial Position as at 31 May 2023

		R
<b>Non-Current Assets</b>		<input checked="" type="checkbox"/> 14 156 000
Tangible Asset		<input checked="" type="checkbox"/> 14 112 000
Fixed Deposit (22 000 x 2)		<input checked="" type="checkbox"/> 44 000
<b>Current Assets</b>		1 705 000
Inventories (600 000 $\sqrt{}$ + 92 000 $\sqrt{}$ )		<input checked="" type="checkbox"/> 692 000
<b>Trade and other receivables</b>		<b>959 000</b>
Cash and Cash equivalents (22 000 $\sqrt{}$ + 32 000 $\sqrt{}$ )		<input checked="" type="checkbox"/> 54 000
<b>TOTAL ASSETS</b>	(13)	<input checked="" type="checkbox"/> 15 861 000
<b>Equity and Liabilities</b>		
<b>Partners' Equity</b>	(2)	<input checked="" type="checkbox"/> 7 000 000
Capital		<input checked="" type="checkbox"/> 6 600 000
Current Accounts		<b>400 000</b>
<b>Non-Current Liabilities</b>	(6)	6 864 000
Mortgage loan (7 320 000 $\sqrt{}$ + 376 800 $\sqrt{}$ – 604 000 $\sqrt{}$ – 228 000 $\sqrt{\sqrt{}}$ )		<input checked="" type="checkbox"/> 6 864 000
<b>Current Liabilities</b> (Total Assets– Equity–NCL)		<input checked="" type="checkbox"/> 1 997 000
Trade and other payables (1 100 000 $\sqrt{}$ + 3 600 $\sqrt{}$ + 20 000 $\sqrt{}$ + 26 250 $\sqrt{}$ + 54 000 $\sqrt{}$ + 300 $\sqrt{}$ + 1 000 $\sqrt{}$ )	(14)	<input checked="" type="checkbox"/> 1 175 500
Current portion of loan		<input checked="" type="checkbox"/> 228 000
Bank overdraft (balancing figure; CL–payables–current portion of loan)		<input checked="" type="checkbox"/> 593 500
<b>Total Equity and Liabilities</b>		<input checked="" type="checkbox"/> 15 861 000

☒ one part correct

## QUESTION 5: FINANCIAL INDICATORS

(25 marks; 18 minutes)

## 5.1 TRUE/FALSE

5.1.1	False ✓
5.1.2	True ✓
5.1.3	False ✓
5.1.4	True ✓

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## 5.2 THABETH TRADERS

5.2.1	(a) Calculate the Acid-test ratio for 2023.	(3)
	$(340\,000 - 95\,000) \checkmark : 155\,000 \checkmark$ <b>OR</b> $(65\,000 + 180\,000) \checkmark : 155\,000 \checkmark$ $= 245\,000 : 155\,000$ $= 1,6 : 1 \checkmark$ one part correct	
	(b) Calculate the debt/equity ratio.	(3)
	$700\,000 \checkmark : 995\,000 \checkmark$ $= 0,7 : 1 \checkmark$ one part correct	
	(c) Calculate the percentage return on average equity.	(5)
	$\frac{285\,000}{(95\,000 \checkmark + 800\,000 \checkmark) \times \frac{1}{2} \checkmark} \times \frac{100}{1}$ $= \frac{285\,000}{89\,500} \times \frac{100}{1}$ $= 31,7\% \checkmark$ one part correct	

5.2.2	<b>Comment on the liquidity of the business. Motivate your answer by quoting ANY ONE financial indicator, with figures.</b>	(3)
	<p>The liquidity of the business is acceptable and they will not struggle to meet their short-term obligations. ✓</p> <p>Ratio ✓ Figure ✓ Ratio</p> <p>The current ratio increased from 1,5 : 1 to 2,19 : 1  The acid-test ratio increased from 0,8 : 1 to 1,6 : 1 (see no. a)  The rate of stock turnover increased from 19 times to 24 times.</p> <p>(Any acceptable explanation)</p>	
5.2.3	<b>Should the partners be satisfied with their investment in the business? Explain and quote figures to motivate your answer.</b>	(3)
	<p>Yes ✓</p> <p>Explanation ✓ Figure ✓</p> <p>They earn a return of 31,7% which is more than the 15% interest on Fixed Deposit.</p> <p><b>Note:</b> Mark the answer according to the candidate's answer in (c). The answer can then be "no" with an explanation based on their findings.</p>	
5.2.4	<b>Thabo is suggesting they should expand the business. Do you agree with his decision of obtaining an additional loan? Explain by citing ONE financial indicator, with figures.</b>	(4)
	<p>Yes ✓</p> <p>Indicator with numbers ✓ Explanation ✓</p> <p>The debt/equity ratio is 0,7 : 1 which means the business is medium risk.</p> <p>OR</p> <p>No ✓</p> <p>The debt equity ratio is 0,7 : 1 which is too high, because 70 cents of every rand put in by the partners goes towards servicing debt.</p>	