



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2023

GRADE 11

MARKING GUIDELINES

ACCOUNTING PAPER 2

11 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 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).
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: BANK RECONCILIATION

(40 marks; 32 minutes)

QUESTION 1.1: TRUE AND FALSE

	ANSWER
1.1.1	False ✓
1.1.2	False ✓
1.1.3	False ✓
1.1.4	True ✓
1.1.5	False ✓

5

QUESTION 1.2

1.2.1 Update the CRJ and CPJ totals in the table provided.

CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL
16 400 ✓	132 500
1 800 ✓✓	1 150 ✓ + 230 ✓ OR 1 380 ✓✓
000 ✓	720 ✓✓
25 500 ✓	1 440 ✓
	1 840 ✓✓
141 700 ☑	137 880 ☑

14

1.2.2 Calculate the correct bank account balance in the General Ledger on 30 June 2023. Show ALL workings.

$$21\,800 \checkmark\checkmark + 141\,700 \checkmark - 137\,880 \checkmark = 25\,620 \checkmark$$

5

1.2.3 Prepare the Bank Reconciliation Statement as at 30 June 2023.

Bank Reconciliation Statement ofvalu Stems on 30 June 2023

	Debit	Credit
Cr balance as per Bank Statement		10 215 <input checked="" type="checkbox"/>
Cr outstanding deposits		12 700 <input checked="" type="checkbox"/>
		9 200 <input checked="" type="checkbox"/>
Dr outstanding DE Ts		
778	6 200 <input checked="" type="checkbox"/>	
791	520 <input checked="" type="checkbox"/>	
97	1 260 <input checked="" type="checkbox"/>	
Cr amount wrongly debited		1 840 <input checked="" type="checkbox"/>
Dr amount wrongly credited	355 <input checked="" type="checkbox"/>	
Cr balance as per Bank Account	25 620 <input checked="" type="checkbox"/>	
One mark for same total <input checked="" type="checkbox"/>	33 955	33 955

12

1.2.4	Explain why the accountant should be concerned about the deposit of R12 700 on 20 June 2023. Provide TWO points.
	<ul style="list-style-type: none"> The deposit was made on 20 June 2023 and the bank statement was only printed and sent to the business on 25 June 2023. There was enough time for the deposit to reflect on the bank statement. ✓✓ This could mean that the money was never deposited by the employee in charge of doing the deposits. ✓✓
4	

QUESTION 2: CREDITORS' RECONCILIATION

(25 marks; 20 minutes)

2.1	Creditors' Ledger of Sunrays Nurseries Rose Traders					
	Date	Details	Fol.	Debit	Credit	Balance
	Apr 30	Incorrect balance				2 300
		Receipt 417		600 ✓		
		Invoice 619			1 870 ✓✓	
		Discount 1048		33 ✓✓		
		Invoice 342			520 ✓✓	
		Invoice 2301		4 400 ✓✓		
		Invoice 351			10 001 ✓✓	
		Correction of error		810 ✓✓ (or 405 (or 35))		9 814 ✓

14

2.2 Creditors' Reconciliation Statement of Sunrays Nurseries on
30 April 2023

Balance as per Creditors' Statement		16 727
Debit note 2		(27) ✓✓
Invoice 347		(2 310) ✓✓
Discount on receipt 1112		(121) ✓✓
EFT 067		(4 050) ✓✓
Discount omitted		(405) ✓✓
		9 814 ☑

11

25

QUESTION 3: FIXED ASSETS AND ASSET DISPOSAL

(55 marks; 44 minutes)

3.1

	ANSWER
3.1.1	D ✓
3.1.2	B ✓
3.1.3	G ✓
3.1.4	F ✓
3.1.5	E ✓

5

3.2.1 DEPRECIATION CALCULATION	Amount for this year
NEW:	
$150\,000 \times 20\% \checkmark = 30\,000 / 12 \times 6 \checkmark =$	15 000 <input checked="" type="checkbox"/>
SOLD:	
Year 1: $1/7/20 - 30/6/21 \quad 100\,000 \times 20\% = 20\,000 \checkmark$ Year 2: $1/7/21 - 30/6/22 \quad (100\,000 - 20\,000) \times 20\% = 16\,000 \checkmark \checkmark$ Year 3: $1/7/22 - 31/12/22 \quad (100\,000 - 20\,000 - 16\,000) \times 20\% = 12\,800 / 12 \times 6 =$	6 400 <input checked="" type="checkbox"/>
TOTAL: $20\,000 + 16\,000 \checkmark + 6\,400 \checkmark = 42\,400$	
OLD:	
COS: $300\,000 - 100\,000 = 200\,000 \checkmark \checkmark$ ACC DE: $76\,000 - 40\,000 = 40\,000 \checkmark \checkmark$ $200\,000 - 40\,000 = 160\,000 \times 20\% =$	32 000 <input checked="" type="checkbox"/>
Total depreciation for the year:	53 400

16

3.2.2

Dr						Asset Disposal Account		N6	Cr	
2023 June	30	Vehicles ✓	GJ	100 000 ✓	2023 June	30	Accumulated depreciation on vehicles ✓	GJ	42 400	✓
							Creditors' Control ✓	GJ	55 000	✓
							Loss on sale of asset ✓	GJ	2 600	✓
				100 000					100 000	
										8

3.2.3 Fixed Assets

	Land and buildings	Vehicles
Carrying value 1/7/2022	✓ 100 000	✓ 224 000
Cost	✓ 400 000	300 000
Accumulated depreciation		✓ (76 000)
Movements		
Additions	✓ 120 000	✓✓ 150 000
Disposals (100 000 ✓ – 42 400)		✓✓ (57 600)
Depreciation See 3.2.1		✓✓ (53 400)
Carrying value 30/6/2023	520 000	✓✓ 263 000
Cost (300 000 + 150 000 – 100 000) one part correct	✓ 520 000	✓✓ 350 000
Accumulated depreciation		✓✓ 87 000

3.3 INTERNAL CONTROL OF ASSETS

3.3.1	Jeanette is aware that most assets lose value due to normal wear and tear. Which fixed asset does not normally depreciate at the end of the financial year? Briefly explain why this asset does not depreciate.	(2)
	Buildings ✓ They appreciate in value and do not depreciate. ✓	
3.3.2	Jeanette takes the laptops home every day for her children to use so they can access their online lessons. Explain how the depreciation will be dealt with for the laptops. Refer to the GAAP principle in your answer.	(3)
	GAAP Principle: Business entity principle ✓ The laptops are used for both business and personal use. Therefore the depreciation calculated for the year needs to be split between business expense (depreciation) and personal expense (drawings). ✓✓	
3.3.3	Jeanette noticed that one of the minivans kilometre reading is higher than it should be. Give ONE practical solution on how she can solve this issue.	(2)
	She could keep a record sheet on the mileage per driver to see if the drivers are using the minivans only for work purposes and not for personal reasons. Install trackers to monitor the drivers' movements. Drivers need to keep a log book. ✓✓ Any relevant answers.	

QUESTION 4: FINANCIAL INDICATORS

(30 marks; 24 minutes)

4.1	Calculate the mark-up on cost that the business achieved for the year ended 30 June 2023.	(3)
	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$ $\frac{4\,000\,000 - 2\,200\,000}{2\,200\,000} \times \frac{100}{1}$ $\frac{1\,800\,000}{2\,200\,000} \checkmark \times \frac{100}{1}$ <p>81,8% <input checked="" type="checkbox"/></p>	
4.2	Refer to your answer to QUESTION 4.1. Is there cause for concern? Give ONE reason for your answer.	(2)
	<p>Yes <input checked="" type="checkbox"/>, there is cause for concern.</p> <ul style="list-style-type: none"> The achieved mark-up has decreased from 97% to 81,8%. <input checked="" type="checkbox"/> The achieved mark-up of 81,8% is nearly 20% less than the intended mark-up. <p>(any other relevant answer)</p>	
4.3	<p>If the business does not achieve the intended mark-up of 100%, it does not always indicate problems.</p> <p>4.3.1 Give ONE possible reason where not achieving the intended mark-up is NOT a cause for concern.</p> <p>If the business offers discounts, it will not achieve the intended mark-up. However, the quantity of its sales will increase. <input checked="" type="checkbox"/></p> <p>4.3.2 Give ONE possible reason where not achieving the intended mark-up IS a cause for concern.</p> <ul style="list-style-type: none"> If the achieved mark-up is a lot less than the intended mark-up, it could be an indication that a lot of unauthorised discounts are given. <input checked="" type="checkbox"/> <p>(any other relevant answer)</p>	<p>(1)</p> <p>(1)</p>

4.4	Calculate the operating expenses on sales for the year ended 30 June 2023.	(3)
	$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$ $\frac{1\,888\,000\checkmark}{4\,000\,000\checkmark} \times \frac{100}{1}$ <p>47,2% <input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/> – one part correct</p>	
4.5	Refer to your answer to QUESTION 4.4. In your opinion, has the business been able to control its operating expenses well? Give ONE reason for your answer, with figures.	(2)
	<p>No, ✓ the business has not properly controlled its expenses.</p> <ul style="list-style-type: none"> It increased from 30% to 47,2%. ✓ Nearly 50% of its sales are used to cover the expenses. <p>(any other correct answer)</p>	
4.6	The partners are of the opinion that the profitability of the business has deteriorated from last year. State TWO indicators, with figures and trends, to support their opinion.	(4)
	<p>Indicator: 1 mark each Trend: 1 mark each (take into account the answer in QUESTION 4.5.)</p> <ul style="list-style-type: none"> The percentage operating profit on sales has decreased from 22% to 18%. The percentage net profit on sales has decreased from 17,7% to 15%. <p>Do not accept % gross profit on sales.</p>	
4.7	Calculate the stock turnover rate for the year ended 30 June 2023.	(3)
	$\frac{\text{Cost of sales}}{\text{Average inventory}}$ $\frac{2\,200\,000}{(600\,000 + 400\,000)/2}$ $\frac{2\,200\,000\checkmark}{500\,000\checkmark}$ <p>4,4 times per annum <input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/> – only if one part of the calculation is correct</p>	

4.8	Refer to your answer to QUESTION 4.7. Is there cause for concern? Give ONE reason for your answer.	(2)
	<p>No, ✓ there is no cause for concern.</p> <p>This is a clothing store. There are 4 seasons. And it seems as if the business managed to sell new clothes every season. ✓</p> <p>The stock turnover rate increased from last year to this year by 0,4%. (any relevant answer)</p>	
4.9	Calculate the number of days for which there is stock on hand.	(3)
	$\frac{\text{Average stock}}{\text{Cost of sales}} \times \frac{365}{1}$ $\frac{500\,000}{2\,200\,000} \times \frac{365}{1}$ <p>83 days ✓ (✓ – only if one part correct)</p>	
4.10	Refer to your answer to QUESTION 4.9. Is there cause for concern? Give ONE reason for your answer.	(2)
	<p>Yes, ✓ there is cause for concern.</p> <p>There are only about 60 days left of the winter season, while there are 83 days of winter stock left. May not be able to sell the winter stock, before winter ends. ✓</p> <p>OR</p> <p>Although the number of days stock on hand decreased from 91,3 days to 83 days there is still too much stock on hand. (any relevant answer)</p>	
4.11	How can the business improve its control over its debtors and creditors? Mention ONE way to improve control over debtors and ONE way to improve control over creditors.	
	<p>Debtors:</p> <ul style="list-style-type: none"> Discount for early settlement of accounts could be offered. ✓ ✓ Interest could be charged on late payment of accounts. Do not supply on credit again to a debtor whose account is not paid on time. (any relevant answer) <p>Creditors:</p> <ul style="list-style-type: none"> Ensure that accounts are paid on time to take advantage of the discounts offered and to avoid the interest charges. ✓. ✓ (any other relevant answer) 	(2) (2)