



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**NOVEMBER 2018**

**ACCOUNTING P1  
MARKING GUIDELINE**

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This marking guideline consists of 10 pages.

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**GENERAL RULES:**

1. Award full marks for the correct final answers. If the answer is incorrect, mark the workings provided.  
If workings figure/amount is shown as a final answer, allocate the working mark.
2. "Method" marks are denoted by 
  - In calculations and final totals, at least one part of the workings must be correct to earn the mark.
  - In cases where answers of previous questions must be used, check the transfer.
  - Ignore brackets on statements, but check the operation before awarding marks.
3. Where penalties are applied, the marks for that section cannot be a negative. (foreign items)
4. For questions requiring explanations and comments, award part-marks. A good explanation will normally mention and explain a point. Beware of alternative wording reflecting the same points. This marking guideline provides some explanations – they are not conclusive. Read the candidates' responses and give credit for their interpretations.
5. Where appropriate/acceptable, accept recognisable abbreviations.
6. Educators are expected to work through the entire paper and make reasonable adjustments within the framework of the mark allocation.



**QUESTION 1: ACCOUNTING CONCEPTS AND ACCOUNTING EQUATION****1.1 ACCOUNTING CONCEPTS**

1.1.1	C	✓
1.1.2	A	✓
1.1.3	B	✓
1.1.4	A	✓
1.1.5	A	✓

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**1.2 ACCOUNTING EQUATION**

No	INTERNAL DOCUMENT	GENERAL LEDGER		INFLUENCE ON		
		ACCOUNT DR	ACCOUNT CR	ASSETS	EQUITY	LIABILITIES
1.2.1	Bank statement ✓	Bank ✓	Capital ✓	+180 000✓	+180 000✓	
1.2.2	Cheque counterfoil	Equipment ✓	Bank ✓	± 3 800✓✓		
1.2.3	Duplicate invoice	<u>Debtors</u> Control ✓	Sales ✓	+ 2 800 ✓	+ 560 ✓✓	
		Cost of sales ✓	Trading stock ✓	- 2 240✓		
1.2.4	Original invoice	Trading stock ✓	<u>Creditors</u> control ✓	+5 100✓		+ 5 100 ☑
1.2.5	Duplicate receipt✓	Bank ✓	<u>Debtors</u> control ✓	-2 660 ✓		- 2 660 ✓
		Discount allowed ✓	<u>Debtors</u> control ✓	- 140 ✓	- 140 ✓	

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QUESTION 1

35

**QUESTION 2: ETHICS, INTERNAL CONTROL AND WAGES JOURNAL**

35 marks; 30 minutes

**2. ETHICS**

2.1

2.1.1	C	✓
2.1.2	G	✓
2.1.3	D	✓
2.1.4	A	✓
2.1.5	F	✓

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2.2.1 Why does the government set minimum wages?

Any relevant answer ✓✓

- To protect the interests of the poor
- To reduce poverty

2

2.2.2 Would you regard the actions of these small businesses as ethical? Motivate your answer.

No, ✓

It is against the labour law ✓✓

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**2.3 INTERNAL CONTROL AND WAGES JOURNAL**

2.3.1 B Mills is frequently late for work and leaves early on a Friday. What steps should the owner of Super Clean Cleaning Services take to prevent this from becoming a habit of his staff?

Any relevant answer Excellent ✓✓✓ Good ✓✓ Fair ✓

- Supply each employee with a code of conduct
- Investigate the reason
- Give Mills a written warning

3

2.3.2 Name TWO internal control measures that the owner of Super Clean Cleaning Services can implement in reaction to the complaints about smoking in public areas and poor productivity of his employees.

Any relevant answer ✓✓ ✓✓

- Appoint a supervisor
- Convene a meeting with employees about the complaints
- Do regular spot checks at clients' premises

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**2.3.3 WAGES JOURNAL OF SUPER CLEAN CLEANING SERVICES FOR THE WEEK ENDING 26 OCTOBER 2018**

EMPLOYEE	BASIC WAGE	OVERTIME			GROSS WAGE	DEDUCTIONS				NETT WAGE	CONTRIBUTIONS	
		HOURS	R/h	R/c		PAYE	UIF	PENSION	TOTAL		UIF	PENSION
Kunene	✓ 800	✓ 5	✓ 30	✓ 150	☑ 950	171	95	✓ 64	330	☑ 620	✓ 95	☑ 128
Xaxa	800				✓ 800	✓ 144	80	64	288	☑ 512	80	128
Mills	700				✓ 700	✓ 126	✓ 70	✓ 56	252	☑ 448	70	☑ 112

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<b>QUESTION 2</b>	<b>35</b>	
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**QUESTION 3: NOTES TO FINANCIAL STATEMENTS AND BALANCE SHEET**  
**40 marks; 30 minutes**

**3.1 NOTES TO THE FINANCIAL STATEMENTS**

Tangible assets

	LAND AND BUILDINGS	VEHICLES	EQUIPMENT
Cost price	✓ 130 000	45 000	50 000
Accumulated depreciation		(25 260)	(20 200)
Carrying value (01/03/17)	130 000	✓ 19 740	29 800
<u>Movements</u>			
Acquisition	20 000	✓ 40 000	
Depreciation		✓✓ (7 948)	✓ (7 500)
Carrying value (28/02/18)	✓ 150 000	51 792	☑ 22 300
Cost price	150 000	✓ 85 000	50 000
Accumulated depreciation		☑ (33 208)	(27 700)

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Inventory

Trading stock	31 918	✓
Stationery	315	✓
	32 233	✓

3
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Trade and other receivables

Debtors control	26 882	✓
Accrued income	611	✓✓
	27 493	☑

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Trade and other payables

Creditors control	32 860	✓
Accrued expense	4 060	✓✓
Income received in advance	7 600	✓✓
	44 520	☑

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**3.2 BALANCE SHEET OF WORLD WIDE TRADERS ON 28 FEBRUARY 2018**

<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		<input checked="" type="checkbox"/> 249 092
<b>Tangible assets</b>		<input checked="" type="checkbox"/> 224 092
<b>Financial assets</b>		
✓ Fixed deposit		✓ 25 000
<b><u>Current assets</u></b>		75 626
<b>Inventory</b>		<input checked="" type="checkbox"/> 32 233
✓ Trade and other receivables		<input checked="" type="checkbox"/> 27 493
<b>Cash and cash equivalents</b>	15000✓+600✓+300✓	<input checked="" type="checkbox"/> 15 900
<b>TOTAL ASSETS</b>		324 718
<b>EQUITY AND LIABILITIES</b>		
<b>Owner's equity</b>		<input checked="" type="checkbox"/> 160 198
<b><u>Non-current liabilities</u></b>		100 000
Loan	120 000 – 20 000	✓✓100 000
<b><u>Current liabilities</u></b>		64 520
Trade and other payables		<input checked="" type="checkbox"/> 44 520
Short term loan		<input checked="" type="checkbox"/> 20 000
<b>TOTAL EQUITY AND LIABILITIES</b>		<input checked="" type="checkbox"/> 324 718

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<b>QUESTION 3</b>	<b>40</b>	
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**QUESTION 4: ACCOUNTING CONCEPTS AND ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS**

**40 marks; 30 minutes**

**4.1 ACCOUNTING CONCEPTS**

4.1.1	Profitability	✓
4.1.2	Return on investment	✓
4.1.3	Solvency	✓
4.1.4	Liquidity	✓

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**4.2 SWIFT TRADERS**

All calculations to be rounded off to **ONE DECIMAL PLACE**.



4.2.1 Current ratio

46 500 ✓ + 33 000 ✓ + 2 500 ✓ : 26 000 ✓ + 24 000 ✓  
82 000 : 50 000  
1,6 : 1  (one part correct, must be x : 1)

6

4.2.2 Acid test ratio

82 000 – 46 500 ✓ : 50 000 ✓  
35 500 : 50 000  
0,7 : 1  (one part correct, must be x : 1)

3

4.2.3 Compare these results with those of 2017 and comment on the liquidity of the business.

Current ratio decreased from 2 : 1 to 1,6 : 1 ✓  
Acid test ratio decreased from 1,5 : 1 to 0,7 : 1 ✓

The liquidity of the business is deteriorating and the business might find it difficult to pay short term liabilities ✓✓

4

4.2.4 Calculate the percentage return on average owner's equity.

$$\frac{90\,000 \checkmark}{\frac{1}{2} \checkmark (400\,000 \checkmark + (400\,000 + 90\,000 - 70\,000) \checkmark)} \times 100$$
$$\frac{90\,000}{410\,000} \times 100$$

= 22% ✓☑

6

4.2.5 Should the owner be satisfied with this return? Motivate your answer.

Yes ✓  
The return is more than what other safe investments yield ✓✓

3

### 4.3 LS COMPUTERS

4.3.1 Calculate the percentage mark-up for 2018.

$$\frac{210\,000 \checkmark}{600\,000 \checkmark} \times 100$$

35% ☑

3

4.3.2 Give TWO reasons for the deviation from the target mark-up of 40%.

Any valid answer ✓✓ ✓✓  
Wrong calculation of selling price  
Sale of old stock  
Damaged goods

4

4.3.3 The percentage mark-up for 2017 was 50%. What influence did the change in mark-up have on the business? Quote figures to support your answer.

Any valid answer with figures ✓ ✓

- Increase in sales from 645 000 to 810 000
- Increase in net profit from 136 000 to 150 000

2

4.3.4 LS Computers spent less on national advertising and focused on local advertising. Was this decision to their advantage? Quote figures to support your answer.

Yes ✓, explanation ✓ figures ✓

Much cheaper advertising locally (55 000 to 30 000) and sales increased (645 000 to 810 000)

3

4.3.5 What percentage of sales is spent on salaries and wages?

$$\frac{64\,800}{810\,000} \times 100$$

8% ✓✓

2

**QUESTION 4**

**40**

**TOTAL: 150**