

NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2024

ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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 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. Unless otherwise stated, give full marks for correct answer. If answer incorrect, mark workings.
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). **Note:** if figures are stipulated in marking guideline 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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Question).
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, marker must inspect the reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. **Note:** check operation must be +, -, x, ÷, as per candidate's calculation (if valid) or per marking guideline.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 7 pages.

QUESTION 1

1.1 FIXED ASSETS

(i)	Calculate: Cost of Land and Buildings at the beginning of the year.		<input type="text" value="2"/>
	WORKINGS	ANSWER	
	4 000 000 – 750 000	3 250 000 ✓✓	

(ii)	Calculate: Carrying value of equipment at the beginning of the year.		<input type="text" value="1"/>
	WORKINGS	ANSWER	
	600 000 – 180 000	420 000 ✓	

(iii)	Calculate: Depreciation on equipment.		<input type="text" value="4"/>
	WORKINGS	ANSWER	
	<small>see 1.1 (ii)</small> Old: 420 000 x 10/100 = 42 000 ✓ New: 90 000 x 10/100 x 8/12 ✓ = 6 000 ✓	48 000 ✓ one part correct	

(iv)	Calculate: Carrying value of vehicle disposed.		<input type="text" value="5"/>
	WORKINGS	ANSWER	
	680 000 + 120 000 – 440 000 = 360 000 x 12/100 x 10/12 = 36 000 ✓✓ <small>See calculation above</small> 360 000 ✓ – 215 000 ✓ – 36 000	109 000 ✓ one part correct	

1.2 Asset Disposal

2023 Dec	31	Vehicles ✓		360 000 ✓ <small>see 1.1 (iv)</small>	2023 Dec	31	Accumulated depreciation on vehicles ✓		251 000 ✓ one part correct
		Profit on sale of asset ✓		6 000 ✓ balancing figure			(215 000 + 36 000)		
							Bank		115 000 ✓
				366 000					366 000

1.3	Calculate the percentage increase in the value of Land and Buildings if their market value as at 29 February 2024 amounts to R5 500 000.		<input type="text" value="4"/>
	<small>must be together 1 500 000 two marks</small> $\frac{[5\ 500\ 000 - 4\ 000\ 000]}{4\ 000\ 000} \times 100$		
	$= 37,5\% \quad \checkmark$ <small>one part correct and x 100</small>		

1.4

The owner notices that the mileage on one of the vehicles is extremely high. He therefore concluded that the driver is misusing the vehicle. Suggest TWO internal control measures that can be implemented to safeguard the business against misuse of vehicles.

Any TWO points ✓✓

POINT 1	Signing in and out of vehicles to track where they are and who used them / putting tracking devices on the vehicles / have a log book to record the movement on vehicles.
POINT 2	Have a policy on what time should the vehicles be returned on business premises / lock them on business premises at night.

2

TOTAL MARKS
25

QUESTION 2

2.1 CONCEPTS

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

5

2.2 ESHOWE TRADERS

Statement of Comprehensive Income for the year ended 30 June 2024

Sales (1 696 080 – 4 480 ✓)	1 691 600	<input checked="" type="checkbox"/> *
Cost of sales (998 000 – 2 800 ✓)	(995 200)	<input checked="" type="checkbox"/> *
Gross profit operation (Sales – COS)	696 400	<input checked="" type="checkbox"/>
Other income	84 400	<input checked="" type="checkbox"/> *
Bad debts recovered	640	
Rent Income (95 600 ✓ – 14 340 ✓✓)	81 260	<input checked="" type="checkbox"/> *
Provision for bad debts adjustment (4 444 – 4 144 ✓✓)	300	<input checked="" type="checkbox"/> *
Trading stock surplus (371 000 + 2 800 ✓ – 18 000 ✓ – 358 000 ✓)	2 200	<input checked="" type="checkbox"/> *
Gross operating income		
Operating expenses		
Discount allowed	1 200	
Sundry expenses	34 000	
Loss due to fire (18 000 x 15/ 100) or (18 000 – 15 300)	2 700	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Depreciation	17 250	<input checked="" type="checkbox"/>
Salaries and wages (156 000 ✓ + 9 000 ✓)	165 000	<input checked="" type="checkbox"/> *
Employer's contribution (54 000 ✓ + 90 ✓)	54 090	<input checked="" type="checkbox"/> *
Insurance (56 400 ✓ – 2 400 ✓✓)	54 000	<input checked="" type="checkbox"/> *
Telephone (18 000 x 100/80 ✓) or (18 000 + 4 500 <i>1 mark</i>)	22 500	<input checked="" type="checkbox"/> *
Packing material (21 450 – 4 000)	17 450	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Bad debts (3 450 + 1 120 ✓✓)	4 570	<input checked="" type="checkbox"/> *
Bank charges (5 800 + 1 300 ✓) OR (5 800 + 420 + 880) <small>one mark for both</small>	7 100	<input checked="" type="checkbox"/> *
Operating profit	375 490	
Interest income operation	20 462	<input checked="" type="checkbox"/>
Profit before interest expense	395 952	<input checked="" type="checkbox"/>
Interest expense (249 800 + 54 000 – 280 000) <small>signs may be reversed</small>	(23 800)	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Net profit for the year if 22% of sales	372 152	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

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-1 foreign items. Maximum -2. For misplaced items, mark workings only. * One part correct check operation

TOTAL MARKS

50

QUESTION 3

3.1 TINY-TONY TRADERS

3.1.1 TRADE AND OTHER RECEIVABLES NOTE

Trade debtors (85 800 – 800 ✓)	85 000 <input checked="" type="checkbox"/> *
Deposit paid	620 ✓
Accrued Income	1 200 ✓
	86 820 <input checked="" type="checkbox"/> *
<input checked="" type="checkbox"/> * One part correct <input checked="" type="checkbox"/> check operation	

5

3.1.2 STATEMENT OF FINANCIAL POSITION ON 30 SEPTEMBER 2024
EQUITY AND LIABILITIES SECTION

OWNERS EQUITY	492 000 <input checked="" type="checkbox"/>
Capital (210 000 + 40 000 + 230 000)	480 000 <input checked="" type="checkbox"/> *
Current account (15 600 – 3 600)	12 000 <input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES	120 000
Loan (180 000 – 60 000 ✓✓)	120 000 <input checked="" type="checkbox"/> *
CURRENT LIABILITIES	150 580
Trade and other payables (79 500 – 800 ✓ + 3 980 ✓ + 450 ✓ + 1 210 ✓ + 990 ✓)	85 330 <input checked="" type="checkbox"/> *
Current portion of loan see Loan	60 000 <input checked="" type="checkbox"/>
Bank overdraft	5 250 ✓
TOTAL EQUITY AND LIABILITIES	762 580 <input checked="" type="checkbox"/>

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* One part correct check operation

3.2 BECO TRADERS

CURRENT ACCOUNTS	Ben	Collin
Partner's salaries	102 000 ✓	93 840 ✓✓
Bonus	15 300	–
Interest on capital	28 000 ✓✓	28 500 ✓
Primary distribution	145 300 <input checked="" type="checkbox"/>	122 340 <input checked="" type="checkbox"/>
Secondary distribution	35 970 ✓✓	23 980
Net profit for the year	181 270	146 320
Drawings	(119 600) ✓	(104 800) ✓✓
Retained earnings	61 670 <input checked="" type="checkbox"/>	41 520 <input checked="" type="checkbox"/>
Balance at the beginning	(13 500) ✓	29 000
Balance at the end	48 170 <input checked="" type="checkbox"/>	70 520 <input checked="" type="checkbox"/>

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 check operation

TOTAL MARKS

40

QUESTION 4

4.1 Calculate the following financial indicators for the financial year ended 29 February 2024:

4.1.1

% operating expenses on turnover	
WORKINGS	ANSWER
$\frac{585\,000 \checkmark \times 100}{3\,459\,000 \checkmark \quad 1}$	16,9% <input checked="" type="checkbox"/> One part correct, x 100 not one part correct Assume % if not specified

3

4.1.2

Acid-test ratio	
WORKINGS	ANSWER
$223\,100 \checkmark + 100\,000 \checkmark : 359\,000 \checkmark$	0,9:1 <input checked="" type="checkbox"/> One part correct

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4.1.3

% return on average equity earned by partners	
WORKINGS	ANSWER
$\frac{629\,025 \checkmark}{\frac{1}{2} \checkmark (2\,670\,000 \checkmark + 1\,970\,000 \checkmark)} \times \frac{100}{1}$ <p style="margin-left: 40px;">4 640 000 two marks OR 2 320 000 three marks</p>	27,1% <input checked="" type="checkbox"/> One part correct, x 100 not one part correct Assume % if not specified

5

4.2

• Explain whether the business is managing its operating activities efficiently. Quote TWO financial indicators with figures.	
Financial Indicator <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Explanation (with figures) <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
% operating profit on sales	Improved from 19,5% to 22,2%
% operating expenses on sales	Well managed as they decreased from 18% to 16,9%
Do not accept % gross profit on cost of sales -1 for superfluous entries, max 2	

4

• Explain how the business can improve their sales in future. Quote ONE financial indicator.	
Financial Indicator <input checked="" type="checkbox"/>	Explanation (with figures) <input checked="" type="checkbox"/>
% gross profit on cost of sales	Decrease mark-up / % gross profit on cost of sales from 60%

2

4.3 • The partners decided to increase their business activities in 2024 and agreed to take up a loan. Explain how their decision affected the financial risk of the business, quote ONE financial indicator with figures.

Financial Indicator (with figures) ✓✓	Explanation (<i>comment on risk</i>) ✓✓ <i>(allocate part marks for incomplete answers)</i>
Debt equity ratio increased from 0,3 : 1 to 0,7 : 1	The business is now on high risk / rely too much on borrowed funds / debt has increased from 30% to 70% of own capital.

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• Provide TWO suggestions that the partners can consider instead of increasing the loan.

Suggestion 1 ✓	Contributing more capital / increasing their capital contributions.
Suggestion 2 ✓	Get another partner.

2

4.4 Should the partners be satisfied with the % return on their investments? Explain. Provide TWO points, with relevant figures.

POINT 1	Yes ✓ (<i>or implied</i>) % return on capital ✓ increased from 22% to 27,1% ✓ (by 5,1 % points)
POINT 2	% return on their investment exceeds ✓ interest on alternative investment (fixed deposit) of 8,5% ✓ <small>Comparison to interest on alternative investment must be made or implied in the comment to get full marks.</small>

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4.5 Comment on the liquidity position of the business for 2024. Quote TWO financial indicators with comparative figures.

<p>Financial indicator ✓ ✓ figures ✓ ✓ comment on liquidity ✓✓</p> <ul style="list-style-type: none"> • Current ratio decreased from 2 : 1 to 1,8 : 1 • Acid test ratio increased from 0,8 : 1 to 0,9 : 1 but still indicating the problem of stock piling. • Debtors collection period increased from 32 to 56 days • Stock turnover rate decreased from 8 times to 5,2 times a year <p>Comment on liquidity</p> <p>Partners should be concerned about the liquidity position of their business as it will struggle to meet its short-term obligations – too much cash is tied up in stock/stock piling/ debtors are taking too long to pay which could lead to liquidity problems/ stock turnover rate declined showing a decline in the demand for products.</p>
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TOTAL MARKS
35

TOTAL: 150