



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
NOVEMBER 2020
GRADE 11**

**ACCOUNTING
PAPER 2**

MARKING GUIDELINES

13 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 item). 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 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. 'Operation' means check operation. 'One part correct' means operation and one part correct. Note: 'check operation' must be +, -, x, - as per memo.
9. 'One part correct' means operation and one part correct. Where method-marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as 'one part correct'.
10. In calculations, do not award marks for workings if numerator and 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. Indicate with a ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

QUESTION 1

1.1 TRUE OR FALSE

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

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QUESTION 1.2: BANK RECONCILIATION

1.2.1 Show changes in the cash journals on 30 November 2020.

Cash Receipts Journal	Cash Payments Journal
54 940	64 800
2 300✓	8 950✓
1 250✓	980✓
2 700✓	3 800✓
16 500✓	
750✓	
78 440	78 530

8

1.2.2 Calculate the Bank Account balance

$$(9\ 200) \checkmark\checkmark + 78\ 530 \checkmark - 78\ 440 \checkmark = (9\ 290) \checkmark$$

$$(9\ 200) + 78\ 440 - 78\ 530 = (9\ 290)$$

5

1.2.3 Prepare the Bank Reconciliation Statement on 30 November 2020.

	Debit	Credit
Debit balance as per Bank Statement	17 695 <input checked="" type="checkbox"/> Balancing figure	
Outstanding deposits		19 765 ✓
Outstanding cheques and EFT		
Nr 888	5 780 ✓	
EFT 14	8 630 ✓	
Nr 1044	5 900 ✓	
Credit Correction of error on debit order		8 950 ✓
Credit balance as per Bank Account		9 290 <input checked="" type="checkbox"/> Van 1.2.1
	38 005	38 005

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1.2.4 The owner, J Kirk, realised that many people are now using electronic funds transfers (EFTs) to pay the business. State TWO advantages of EFTs.

Any 2 ✓ ✓

- Less fraud
- Convenient or easy to use
- Can be done from the business premises
- Is not restricted to business hours.
- Less-time consuming
- Payment/Receipts are instant/Account is updated immediately
- Cheaper bank charges

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QUESTION 1.3: CREDITORS' RECONCILIATION**1.3.1 Creditors' Reconciliation for Golden Globe Traders**

	Creditors' Ledger of Emmy Stores	Creditors' Statement of Golden Globe Traders
Balances	28 656	26 228
1	+256✓	
2		(618) ✓
3		(1 766) ✓
4	(3 464) ✓	
5		(490) ✓
6		+2 263 ✓
7	+169✓	
	25 617✓	25 617 ✓

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Award method marks for totals only if totals were calculated taking into account the opening balances

1.3.2 (a) **What action should be taken by the management against this employee? Provide TWO points.**

Any 2 ✓ ✓

- Disciplinary hearing
 - A case should be opened at the SAPS
 - Suspend the employee pending the outcome of the case.
 - Dismiss the employee for violating conduct rules.
 - Deduct the money from his salary/Recover money through legal action.
- (Any relevant answer)

2

1.3.2 (b) Provide TWO internal control measures that should be applied to prevent this from happening again.

Any 2 ✓ ✓

- Division of duties.
- Senior personnel to authorise purchases.
- When goods are received, the receiving officer should check the stock delivered against the invoice and order form.
- Do internal audits or checks to detect errors or fraud.
- Monthly reconciliation of creditors.

(Any relevant answer)

2

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QUESTION 2

QUESTION 2.1: HAPPY PAWS PET FOOD

2.1.1 Calculate the amount of raw materials issued for production in 2020.

$$48\,000\checkmark - 20\,000\checkmark + 650\,000\checkmark + 12\,300\checkmark - 35\,000\checkmark = 655\,300\checkmark$$

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2.1.2 Calculate the direct labour cost.

Normal time

$$9 \times 1\,240\checkmark \times 45\checkmark = 502\,200$$

Contribution:

$$502\,200 \times 5/100 = 25\,110\checkmark$$

$$502\,200 \times 1/100 = 5\,022\checkmark$$

$$25\,100 + 5\,022 = 30\,132$$

Overtime:

$$9 \times 365\checkmark \times 90\checkmark = 295\,650$$

Total Direct Labour Cost:

$$502\,200\checkmark + 30\,132\checkmark + 295\,650\checkmark = 827\,982\checkmark$$

$$25\,100 + 5\,022 \text{ (1 mark)}$$

12

2.1.3(a)
DTGENERAL LEDGER OF HAPPY PAWS PET FOOD
FACTORY OVERHEADS COST

CR

Sept	30	Rent income (68 400 x 40/60)	45 600✓✓	Sept	30	Work-in-process stock	358 650☑
		Factory maintenance	46 700✓				
		Water and electricity 75 000 x 40/60	50 000✓✓				
		Indirect materials (7 200✓ – 7 500✓ + 56 000✓)	55 700☑				
		Sundry expenses 21 000 x 4/7	12 000✓✓				
		Depreciation	12 800✓				
		Factory foreman	135 850✓				
			358 650				358 650

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2.1.3(b)

WORK-IN-PROCESS STOCK

Oct	1	Balance	35 000✓	Sept	30	Donations	522☑
		Raw materials issued	655 300☑ See 2.1.1			Finished goods (40 300✓ x 44,70✓)	Balancing figure 1 801 410☑
		Direct labour cost	827 982☑ See 2.1.2			Balance	75 000✓
		Factory overheads cost	358 650☑ See 2.1.3(a)				
			1 876 932				1 876 932
Sep	1	Balance	75 000				

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QUESTION 2.2: MUFASA MANUFACTURERS

2.2.1 Calculate the amounts indicated by (a) and (b).

	Calculations	Answer
(a)	1 248 000 – 898 560	R349 440 ✓✓
(b)	748 800 / 24 960	R30 ✓✓

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2.2.2 Calculate the break-even point for the financial year ended 30 June 2020.

$\frac{\text{Total fixed cost}}{\text{Selling price} - \text{variable cost}}$ $= \frac{1\,248\,000}{184 - 56 - 46 - 30}$ $= \frac{1\,248\,000}{52}$ $= 24\,000 \text{ units } \checkmark \checkmark$
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2.2.3 Do you think the business should be happy with the break-even point. Quote relevant figures in your comment.

<p>Yes/No ✓</p> <p>Comment ✓✓</p> <p>Yes – Business is producing 960 units more than the break-even point.</p> <p>No – Business is only producing 960 units more than the break-even point, the business is barely making a profit.</p>

3

55

QUESTION 3**QUESTION 3.1: INVENTORY SYSTEMS**

3.1.1 Calculate the purchases figure that will be closed off to the Trading Account.

$$230\,000 + 3\,250\checkmark - 12\,500\checkmark - 1\,250\checkmark = 219\,500\checkmark$$

OR

$$230\,000 + 3\,250 - 13\,750 = 219\,500$$

4

3.1.2 Calculate the sales figure that will be closed off to the Trading Account.

$$350\,000\checkmark - 25\,000\checkmark - 11\,250\checkmark = 313\,750\checkmark$$

OR

$$350\,000 - 36\,250 = 313\,750$$

4

3.1.3 Calculate the cost of sales.

See 3.1.2

$$75\,000 + 219\,500\checkmark + 17\,500\checkmark - 90\,000\checkmark = 222\,000\checkmark$$

4

QUESTION 3.2: INTERNAL CONTROL OF ASSETS

3.2.1 Catharine 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? Explain why.

Land and buildings ✓

It increases in value ✓

2

3.2.2 Briefly explain to her the purpose of the fixed asset register.

It is a register of all the fixed assets in the business and is used to verify physical stock of fixed assets on hand. ✓✓

(Any other reasonable answer)

2

3.2.3 Catharine received some complaints from her clients that stock has gone missing from their storage units. Give ONE suggestion on how this problem can be solved.

Any ONE ✓✓

- Install cameras.
- Hire security guards to do duty around the storage units.
- Only the tenant of the storage unit should have a key to the unit.
- Use electronic access points and only authorized personnel will have access.

2

3.2.4 The business has three delivery trucks, each with its own driver. Catharine has discovered that one of the truck's kilometre readings is higher than what it should be. Give ONE practical solution how she can solve this issue.

Any ONE ✓✓

- Record the kilometers in a logbook.
- Install a tracking device.
- Vehicles should be locked away when not in use.
- Keys should be kept by the manager and the drivers must only sign out keys when they need them to do deliveries.

2

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QUESTION 4

QUESTION 4.1: MATCHING ITEMS

4.1	ANSWER
4.1.1	E ✓
4.1.2	F ✓
4.1.3	A ✓
4.1.4	C ✓
4.1.5	D ✓

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QUESTION 4.2: CASH BUDGET

Debtors' collection schedule for the period September and October 2020

	Credit sales	September	October
July	600 000	150 000	
August	750 000	300 000	187 500
September	720 000	205 200✓✓	288 000✓✓
October	690 000✓✓		196 650✓✓
Debtors' collections		655 200☑	672 150☑

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CASH BUDGET FOR SEPTEMBER AND OCTOBER 2020

	September	October
RECEIPTS		
Sales	240 000	230 000✓
Collection from Debtors	655 200☑	672 150☑
Rent income	15 000	15 000
Total receipts <i>for both totals</i> ☑	910 200	917 150
PAYMENTS		
Payment to creditors	80 000	65 000✓
Purchases of Trading stock	65 000	85 000✓
Drawings	7 500✓	7 500✓
Advertising	10 000✓✓	9 600✓✓
Salaries	75 000	79 500✓✓
Total payments <i>for both totals</i> ☑	237 500	246 600
Cash surplus (shortfall)	672 700☑	670 550☑
Bank: Opening balance	(127 500)	545 200☑
Bank: Closing balance	545 200☑	1 215 750☑