



Province of the  
**EASTERN CAPE**  
EDUCATION

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 10**

**NOVEMBER 2017**

### **ACCOUNTING MARKING GUIDELINE**

#### **GENERAL RULES:**

1. Award full marks for the correct final answers. If the answer is incorrect, mark the workings provided.  
If a 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.

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This marking guideline consists of 14 pages.

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**QUESTION 1: ACCOUNTING CONCEPTS, DEBTORS, INTERNAL CONTROL AND ACCOUNTING EQUATION**

**1.1 ACCOUNTING CONCEPTS**

1.1.1	E	✓	1.1.6	I	✓
1.1.2	H	✓	1.1.7	D	✓
1.1.3	G	✓	1.1.8	J	✓
1.1.4	F	✓	1.1.9	C	✓
1.1.5	B	✓	1.1.10	A	✓

10
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**1.2 DEBTORS**

**1.2.1 DEBTORS LEDGER OF MARY LEE STORES**

TT Rosie

DATE		DETAILS	FOL	DEBIT	CREDIT	BALANCE
2017						
Sep	1	Balance	b/d			✓ 3 200
	2	Invoice ✓	DJ	✓ 1 800		5 000
	6	Credit note ✓	DAJ		✓ 180	4 820
	9	Receipt ✓	CRJ		✓ 3 040	1 780
		Receipt	CRJ		✓ 160	1 620
	15	Invoice	DJ	✓ 4 160		5 780
	30	Receipt	CRJ		✓ 2 890	✓ 2 890

12
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**1.2.2 What information about a prospective debtor does this business need before an account can be opened? Give a reason for your answer.**

INFORMATION ✓✓	REASON ✓✓
Any relevant answer <ul style="list-style-type: none"> <li>• ID document</li> <li>• Salary advice</li> <li>• Proof of address</li> <li>• Other accounts</li> </ul>	Reason should fit information <ul style="list-style-type: none"> <li>• Confirm identity of debtor</li> <li>• Proof of income</li> <li>• Address for accounts</li> <li>• Credit record</li> </ul>

4
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**1.2.3 Name TWO methods the business can apply to improve the collection of outstanding amount from debtors.**

Any relevant answer ✓✓

- Add interest to outstanding accounts
- Allow discount for early payments
- Regularly send out accounts
- Follow up outstanding account with SMS

2
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## 1.3 ACCOUNTING EQUATION

NO	JOURNAL	ASSETS		OWNER'S EQUITY		LIABILITIES	
		REASON	EFFECT	REASON	EFFECT	REASON	EFFECT
E.g.	CPJ	Bank	- 200	Drawings	- 200		
1.3.1	CJ ✓	Trading stock ✓	+ 11875 ✓✓			Creditors control ✓	+ 11 875 ✓
1.3.2	PCJ ✓	Petty cash ✓	- 150 ✓	Wages ✓	- 150 ✓		
1.3.3	DAJ ✓	Debtors control ✓	- 900 ✓	Debtor allowances ✓	- 900 ✓		
		Trading stock ✓	+ 600 ✓	Cost of sales ✓	+ 600 ✓		
1.3.4	CRJ ✓	Bank ✓	+ 9 500 ✓	Interest of fixed deposit ✓	+ 2 500 ✓		
		Fixed deposit ✓	- 7 000 ✓				

27

Q1

55

## QUESTION 2: GENERAL JOURNAL, GENERAL LEDGER AND INTERNAL CONTROL

## 2.1 GENERAL JOURNAL

General Journal of AM Traders – October 2017

DAY	DETAILS	DEBIT	CREDIT	DEBTORS CONTROL		CREDITORS CONTROL	
				DEBIT	CREDIT	DEBIT	CREDIT
<b>31</b>	<b>Totals</b>			<b>492</b>	<b>236</b>	<b>632</b>	<b>298</b>
	[Drawings	✓ 865]					
	Stationery		✓ 130				
	Trading stock		✓✓ 735				
	Bad debts	✓ 430					
	J Small		✓ 430		✓ 430		
	<u>Interest</u> paid	✓ 147					
	NO1 Dealers		✓ 147				☑ 147
	Repairs	✓ 20 000					
	Land and buildings		✓ 20 000				
	A Cona	✓ 20		☑ 20			
	Discount allowed		✓ 20				
	R Lewis	✓ 1 250		✓ 1 250			
	Bad debts recovered		✓ 1 250				
				1 762	666	632	445

✓ [Details and amount]

☑

☑

-1 per extra entry (maximum -2)

☑ entry requiring calculation

20

## 2.2 GENERAL LEDGER

**GENERAL LEDGER OF AM TRADERS**  
**Trading Stock**

DATE		DETAILS	FOL	AMOUNT	DATE		DETAILS	FOL	AMOUNT
2017	1	Balance	b/d	✓ 28 000	2017	31	Drawings ✓	GJ	☑ 735
Oct	31	Bank	CPJ	✓☑ 5 400	Oct		Cost of sales	CRJ	✓ 14 550
		Creditors	CJ	✓ 7 800			Cost of sales	DJ	✓✓ 11 616
		Cost of sales ✓	DAJ	✓ 200			Creditors	CAJ	✓ 900
							Balance	b/f	✓ 13 599
				41 400					41 400
Nov	1	Balance	b/d	☑ 13 599					

14
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**Creditors Control**

DATE		DETAILS	FOL	AMOUNT	DATE		DETAILS	FOL	AMOUNT
2017	31	Bank	CPJ	✓ 7 040	2017	1	Balance	b/d	✓ 15 430
Oct		Discount received	CPJ	✓ 340	Oct	31	Sundry purchases	CJ	✓ 12 200
		Sundry returns	CAJ	✓ 2 400			Journal credits	GJ	☑ 445
		Journal debits	GJ	☑ 632					
		Balance	b/f	✓ 17 663					
				28 075					28 075
					Nov	1	Balance	b/d	☑ 17 663

9
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**Stationery**

DATE		DETAILS	FOL	AMOUNT	DATE		DETAILS	FOL	AMOUNT
2017	1	Total	b/d	✓ 670	2017	31	Drawings ✓	GJ	✓ 130
Oct	23	Bank	CPJ	✓ 330	Oct		Creditors	CAJ	✓ 300
	31	Creditors	CJ	✓ 700					

6
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## 2.3 INTERNAL CONTROL

**What can the owner of AM Traders do to ensure that stock is not stolen by his employees? State THREE internal control measures.**

Any valid control measure referring to stock ✓✓ ✓✓ ✓✓

- Do regular stock counts
- Limit entry to store room
- Security cameras / staff
- Search employees when leaving
- Division of duties for employees handling stock / stock records

Award part marks for: ✓ ✓ ✓

- Stock count
- Security / cameras
- Division of duties

6

Q2	55	
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**QUESTION 3: FIXED ASSETS, INTERNAL CONTROL AND INCOME STATEMENT****3.1.1 ASSET REGISTER**

<b>MALAMBO TRADERS</b>			
ASSET REGISTER: VEHICLES			
Item:	Mahindra Pik-up-Loader	Purchased from:	Mahindra PE
Date of purchase:	1 December 2015	Cost price:	R110 000
Depreciation method:	20% on diminishing balance		
DATE	DEPRECIATION	ACCUMULATED DEPRECIATION	BOOK VALUE
29 Feb 2016		<b>26 400</b>	83 600 ✓
28 Feb 2017	16 720 ✓✓	43 120 ☑	66 880 ☑✓

Depreciation:  $(110\ 000 - 26\ 400) \times 20\% = 16\ 720$

<b>MALAMBO TRADERS</b>			
ASSET REGISTER: EQUIPMENT			
Item:	Canon Pixma MX924	Purchased from:	Capital contribution
Date received:	1 March 2016	Cost price:	R14 000
Depreciation method:	10% on cost price		
DATE	DEPRECIATION	ACCUMULATED DEPRECIATION	BOOK VALUE
28 Feb 2017	1 400 ✓	1 400 ✓	12 600 ☑✓

<b>10</b>
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3.1.2 **State ONE reason why the asset register is a valuable tool in asset management.**

Any relevant reason ✓✓

- Verification of assets for balance sheet
- Quick reference when selling assets

<b>2</b>
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3.1.3 **Make TWO suggestions on how the business can improve the safety of their vehicles.**

Any relevant safety measure ✓✓ ✓✓

- Install tracking devices
- Lock-up garage when not in use
- Used only by approved drivers

Award part marks for: ✓

- Tracking
- garage

<b>4</b>
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3.2.1 **INCOME STATEMENT OF MALAMBO TRADERS FOR THE YEAR ENDING 28 FEBRUARY 2017**

Sales	492 736✓ – 5 890✓ – 965✓	485 881	✓
Cost of sales	263 380✓ – 580✓	(262 800)	✓
Gross profit		## 223 081	✓
Other operating income		17 040	✓
Rent income	16 900✓ – 1 300✓✓	15 600	✓
Bad debts recovered		1 440	✓
Gross operating income		## 240 121	✓
Expenses		(220 615)	✓
<b>Packaging</b>		<b>3 656</b>	
<b>Advertising</b>		<b>1 900</b>	
<b>Salaries</b>		<b>170 000</b>	
Telephone	3 995✓ + 135✓	4 130	✓
Water and electricity		3 385	✓
Insurance	5 300✓ – 1 000✓✓	4 300	✓
Stationery	2 450✓ – 120✓	2 330	✓
Bad debts		3 744	✓
Depreciation SEE 3.1.1	16 720☑ + 4 000✓✓ + 1 400☑ + 2 650✓	# 24 770	✓
Trading stock deficit	(31 440 – 29 620) ✓ + 580✓	2 400	✓
Operating profit		## 19 506	✓
Interest income	SEE 3.2.2	5 494	✓
Profit before interest expense		## 25 000	✓
Interest expense		(8 100)	✓
Net profit for the year		## 16 900	✓✓

43
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# See calculations

## Confirm operation

Foreign items -1 (maximum -2); -1 for misplaced items (maximum -2)

3.2.2 **Interest income**

Interest of fixed deposit	3 100✓ + 350✓✓	3 450	✓
Interest on current account		889	✓
Interest received		1 155	✓
		5 494	

6
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<b>Q3</b>	<b>65</b>	
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**QUESTION 4: GAAP PRINCIPLES AND INTERPRETATION OF FINANCIAL STATEMENTS**

**4.1 GAAP PRINCIPLES**

4.1.1	Prudence	✓
4.1.2	Matching	✓
4.1.3	Historical cost	✓
4.1.4	Going concern	✓
4.1.5	Materiality	✓

**5**

**4.2.1 INTERPRETATION OF FINANCIAL STATEMENTS**

(a)

**Current ratio**  
104 000 ✓ : 35 000 ✓  
3 : 1  (must be X : 1)

**3**

(b)

**Acid test ratio**  
104 000 ✓ – 42 000 ✓ : 35 000 ✓  
  
62 000 : 35 000  
  
1,8 : 1  (must be X : 1)

**4**

(c)

**Net profit percentage on sales**  
$$\frac{55\,000\ \checkmark}{177\,000\ \checkmark} \times 100$$
  
  
= 31,1 %

**3**

4.2.2

**Comment on the return on owner's equity. Provide a calculation to support your comment. (Use average equity.)**

$$\frac{55\,000 \checkmark}{\frac{1}{2} \checkmark (279\,000 \checkmark + 321\,000 \checkmark)} \times 100$$

$$\frac{55\,000}{300\,000} \times 100$$

= 18,3%

Yes,

Return of 18,3% is much better than 8,5% interest at financial institutions.

8

4.2.3

**Solvency ratio**

$$50\,000 \checkmark + (360\,900 \checkmark - 65\,900 \checkmark) + 104\,000 \checkmark : 35\,000 \checkmark + 85\,000 \checkmark$$

$$449\,000 : 120\,000 \checkmark$$

3,7 : 1  (must be X : 1)

**Is Langa Traders in a position to acquire another long term loan?**

**Motivate your answer.**

Yes ,

They have R3,70 available to cover every R1 debt.

11

4.2.4

**Mark-up percentage**

$$\frac{177\,000 \checkmark - 112\,000 \checkmark}{112\,000 \checkmark} \times 100$$

$$\frac{65\,000}{112\,000} \times 100$$

= 58%

**Give TWO reasons why the target was not achieved.**

Any valid reason

- Sale at discounted prices
- Wrong calculations
- Allowances for inferior goods sold without return of goods

6

Q4

40

**QUESTION 5: VAT, SALARIES AND INTERNAL CONTROL**

5.1 **VAT**

5.1.1	Evasion	✓
5.1.2	SA Revenue Services	✓
5.1.3	Input	✓
5.1.4	14%	✓
5.1.5	Zero-rated	✓

5
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5.2 **SALARIES**

5.2.1 **Name TWO methods that the employer can use to improve the productivity of employees.**

Any valid method ✓✓✓✓

- Training courses
- Improve computer skills
- Improve supervision
- Meals / cafeteria at work

Award part marks for: ✓✓

- Train
- Skills
- Supervise

4
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## 5.2.2 SALARIES JOURNAL

Salaries journal of Jakaranda Traders – October 2017

EMPLOYEES	GROSS SALARY	DEDUCTIONS				PAYE	TOTAL	NET SALARY	CONTRIBUTIONS	
		UIF	MEDICAL AID	PENSION FUND	UIF				PENSION FUND	
<b>G Zikwe</b>	<b>13 700</b>	<b>137</b>	<b>1 000</b>	<b>822</b>	# 2 466	4 425 <input checked="" type="checkbox"/>	9 275 <input checked="" type="checkbox"/>	<b>137</b>	1 644 ✓✓	
<b>T Titus</b>	<b>17 900</b>	<b>179</b>	<b>800</b>	1 074 ✓✓	# 3 388	5 441 <input checked="" type="checkbox"/>	<b>12 459</b>	179 ✓	<b>2 148</b>	
<b>C Cartoon</b>	<b>12 900</b>	129 ✓✓	1 000 ✓	<b>774</b>	<b>2 322</b>	<b>4 225</b>	8 675 <input checked="" type="checkbox"/>	<b>129</b>	1 548 ✓✓	

21

**CALCULATIONS OF PAYE [# TO BE MARKED]**Zikwe:  $164\,400 \times 18\% \div 12 \checkmark = 2\,466 \checkmark$ Titus:  $[34\,178 \checkmark + ((214\,800 \checkmark - 189\,880 \checkmark) \times 26\%)] \div 12 \checkmark = 3\,388 \checkmark$ 

Q5

30

**QUESTION 6: COST ACCOUNTING AND BUDGET**

**6.1.1 CHOOSE THE CORRECT TERM**

(a)	Sales and distribution	✓✓
(b)	Indirect	✓✓
(c)	Fixed	✓✓

6
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**6.1.2 COST CALCULATIONS AND ADVICE**

**A**

COST ITEM	CALCULATION	ANSWER
<b>DIRECT LABOUR COST</b>	300 ✓ x 0,50 ✓	150 ✓
<b>DIRECT MATERIAL COST</b>	2 100 ✓ + (25 ✓ x 8 ✓)	2 300 ✓
<b>OVERHEAD COST</b>	Butter + lettuce + rent 40 ✓ + 110 ✓ + 100 ✓	250 ✓
<b>TOTAL COST OF PRODUCTION</b>		2 700 ✓
<b>UNIT COST OF PRODUCTION</b>	2 700 ÷ 300	9 ✓✓
<b>SELLING PRICE</b>	9 ✓ + 66⅔% ✓	15 ✓

17
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**B** Name **TWO** things that Mary can do in order to decrease her cost.  
Any valid answer ✓✓✓✓

- Find cheaper supplier
- Use less garnish
- Bargain for cheaper rent

4
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**C** Advise Mandy on **THREE** marketing strategies that she can implement at the school to improve her sales.  
Any valid advice ✓✓✓✓✓✓

- Public announcement at break time / at end of day
- Posters on notice boards
- Banner at tuck-shop
- Mobile sales option

Award part marks for: ✓✓✓

- Advertise

6
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6.2 BUDGETS

6.2.1 Calculate the total cost of the tour for the players.

INCOME		
Sponsorship		8 456 ✓
Donation		5 000 ✓
<b>TOTAL INCOME</b>		13 456
EXPENSES		
BUDGET ITEM	CALCULATION	ANSWER
Transport	$3\ 000\ \checkmark + 850 \times 2\ \checkmark$	4 700 <input checked="" type="checkbox"/>
Accommodation	$1\ 120\ \checkmark \times 3\ \checkmark \times 4\ \checkmark$	13 440 <input checked="" type="checkbox"/>
Meals and refreshments	$300\ \checkmark \times 18\ \checkmark$	5 400 <input checked="" type="checkbox"/>
Kit	$6\ 880\ \checkmark + 400\ \checkmark$	7 280 <input checked="" type="checkbox"/>
<b>TOTAL EXPENSES</b>		30 820 <input checked="" type="checkbox"/>
<b>TOTAL COST OF THE TOUR FOR THE PLAYERS</b>		17 364 <input checked="" type="checkbox"/>

18
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6.2.2 The team has financial problems as some players cannot afford the amount expected of them. Suggest TWO ways to solve the problem.

Any valid suggestion ✓✓✓✓

- Sell raffle tickets
- Donation list for individual group members
- Fundraising event at school / community
- Sell food (hotdogs) at school / busy pavement
- Work a shadow shift at a restaurant and earn commission / tips

Award part marks for: ✓✓

- Raffle
- Donation
- Fundraising

4
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Q6	55	
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TOTAL: 300