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NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2022

ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise indicated in the marking guidelines, 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 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). NOTE: if figures are stipulated in marking guidelines for 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.
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.
9. 'Operation' means 'Check operation'. 'One part correct' means 'Operation and one part correct'.
NOTE: Check operation must be +, –, x or ÷ or as per marking guidelines.
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. Note that one comment could contain different aspects.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 8 pages.

QUESTION 1

1.1

No.	A	O	L
e.g.	+	+	0
a	+ ✓	+ ✓	0
b	- ✓	0	- ✓
c	- ✓	+ ✓	0

If no entry in a column, assume 0; -1 per line for foreign entry.

6

1.2.1 Calculate the missing figures in the fixed asset note:

	WORKINGS	ANSWER
(i)	3 000 000 + 760 000	3 760 000 ✓✓
(ii)	420 000 ✓ – 160 000 ✓	260 000 ✓
(iii)	see (ii) x 10% above 26 000 ☑ + 12 000 ✓✓	38 000 ☑ one part correct
(iv)	252 000 three marks 360 000 ✓ – (216 000 ✓ + 36 000 ✓✓)	108 000 ☑ one part correct

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TOTAL MARKS

20

QUESTION 2**2.1 CONCEPTS**

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

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2.2.1 AMADIBA TRADERS**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022**

Sales	(1 770 400 ✓ + 9 600 ✓)	1 780 000	✓*
Cost of sales	Sales x 100/160	(1 112 500)	✓✓
Gross profit	Sales – Cost of sales	667 500	✓
Other income	operation, one part correct	98 800	✓
Discount received		4 600	✓
Trading stock surplus	278 000 two marks (287 700 ✓ – (284 000 ✓ – 6 000 ✓))	9 700	✓*
Provision for bad debts adjustment	(5 950 ✓ – 4 810 ✓✓)	1 140	✓*
Rent income	(69 700 ✓ + 13 660 ✓✓)	83 360	✓*
Gross income	GP + OI	766 300	✓
Operating expenses		(419 960)	
Salaries and Wages		192 200	
Advertising		46 600	
Bad debts	(7 790 ✓ + 1 400 ✓)	9 190	✓
Telephone	(10 500 ✓ + 1 150 ✓)	11 650	✓
Insurance	(107 730 ✓ – 8 910 ✓✓)	98 820	✓*
Depreciation		61 500	✓
Operating profit	GOI – OE	346 340	✓
Interest income	balancing figure (PBIE – OP)	18 000	✓
Profit before Interest expense	NP + Int exp	364 340	✓
Interest expense	(312 000 – 294 500)	(17 500)	✓✓
Net profit for the year		346 840	

6

15

12

4

37

2.2.2

Provide TWO possible reasons why rent income decreased.

Any TWO valid reasons ✓✓ ✓✓

part marks for incomplete / partial / unclear responses

- Decrease in demand for rental space due to lockdown
- Tenant could not afford to pay the original rent and negotiated for a decrease.
- The tenant negotiated to occupy a smaller floor space.
- The tenant got a cheaper offer for the same floor space elsewhere.

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TOTAL MARKS

45



QUESTION 3

3.1

TRADE AND OTHER RECEIVABLES			
Trade debtors	NTD + PBD	377 500	☑*
Provision for bad debts		(4 900)	✓
Net trade debtors		372 600	✓
Prepaid expense		3 900	✓
Accrued income		12 500	✓✓
		389 000	☑*

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3.2

CURRENT ACCOUNTS	B. Bolt	C. Comma
Partners' salaries	600 000 ✓✓	480 000
Partners' bonuses	40 000 ✓✓	
Interest on capital (24 000 + 30 000)	72 000	54 000 ✓✓
Primary distribution of profit operation	712 000 ☑	534 000 ☑
Final distribution of profit (261 600 x 3 ÷ 2)	392 400 ✓✓	261 600
Drawings for the year	(1 200 400)	(750 000)
Retained income for the year operation	(96 000) ☑	45 600 ☑
Balance at the beginning of the year	146 500 ✓	33 000 ✓
Balance at the end of the year operation	50 500 ☑	78 600 ☑

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STATEMENT OF FINANCIAL POSITION ON 31 DECEMBER 2021

NON-CURRENT ASSETS	operation	1 248 700	<input checked="" type="checkbox"/>	
Fixed assets		948 700	<input checked="" type="checkbox"/>	
Financial assets	400 000 ✓ – 100 000 ✓✓	300 000	<input checked="" type="checkbox"/> *	6
CURRENT ASSETS	operation (TA – NCA)	763 000	<input checked="" type="checkbox"/>	
Inventories	balancing figure (CA – TOR – CCE)	254 000	<input checked="" type="checkbox"/>	
Trade and other receivables	see 3.1	389 000	<input checked="" type="checkbox"/>	
Cash and Cash Equivalents	see above (8 000 ✓ + 12 000 ✓ + 100 000 <input checked="" type="checkbox"/>)	120 000	<input checked="" type="checkbox"/> *	
TOTAL ASSETS	E + L	2 011 700	<input checked="" type="checkbox"/>	8
EQUITY AND LIABILITIES				
OWNERS' EQUITY	operation (Cap + Cur acc's)	1 229 100	<input checked="" type="checkbox"/>	
Capital	(600 000 + 500 000)	1 100 000	✓✓	
Current accounts	(50 500 + 78 600) see 3.2	129 100	<input checked="" type="checkbox"/>	
NON-CURRENT LIABILITIES		617 000		
Loan: Gqeberha Bank	(662 000 ✓ – 45 000 ✓✓)	617 000	<input checked="" type="checkbox"/> *	8
CURRENT LIABILITIES	operation	165 600	<input checked="" type="checkbox"/>	
Trade and other payables	(83 200 ✓ – 12 500 ✓ + 5 400 ✓ + 13 000 ✓✓)	89 100	<input checked="" type="checkbox"/> *	
Bank overdraft		31 500	✓	
Current portion of Loan	See NCL above	45 000	<input checked="" type="checkbox"/>	10
TOTAL EQUITY AND LIABILITIES	operation	2 011 700	<input checked="" type="checkbox"/>	32

TOTAL MARKS**55**

QUESTION 44.1 **Calculate the following:**4.1.1 **Acid-test ratio**

WORKINGS	ANSWER
<p>554 000 two marks $(416\ 000 \checkmark + 138\ 000) \checkmark : 588\ 000 \checkmark$</p> <p>OR</p> <p>554 000 two marks one mark $(854\ 000 - 300\ 000) : 588\ 000$ one mark one mark</p>	<p>0,9 : 1 <input checked="" type="checkbox"/> one part correct</p>

4

4.1.2 **Average stockholding period (in days)**

WORKINGS	ANSWER
<p>507 500 three marks 1 015 000 two marks $\checkmark \frac{1}{2} (300\ 000 + 715\ 000) \checkmark \checkmark$ $\frac{1\ 875\ 000 \checkmark}{1\ 875\ 000 \checkmark} \times 365$</p>	<p>98,8 or 99 days <input checked="" type="checkbox"/> one part correct</p>

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4.1.3 **Percentage return on average partner's equity**

WORKINGS	ANSWER
<p>$\checkmark \frac{660\ 000}{3\ 490\ 800 \text{ two marks}} \times 100$ $\checkmark \frac{1}{2} (2\ 002\ 800 + 1\ 488\ 000) \checkmark \checkmark$ 1 745 400 three marks</p>	<p>37,8% or 38% <input checked="" type="checkbox"/> one part correct</p>

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4.2

Comment on the liquidity position of the business. Quote and explain THREE financial indicators (with figures) in your explanation.

Financial indicators ✓ ✓ ✓ comparative figures ✓ ✓ ✓ Valid comment ✓✓
part marks for incomplete / partial / unclear responses

Current ratio decreased from 1,8 : 1 to 1.5 : 1

Acid test ratio increased from 0,7 : 1 to 0,9 : 1 see 4.1.1 and mark explanation accordingly

Stockholding period drop from 159 days to 99 days see 4.1.2

Liquidity shows an upward/increasing trend / the business is holding much less stock / stock is moving faster / increase in sales / less cash tied up in stock / may not experience cash flow problems in the future.

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4.3

The partners decided to decrease the loan during the financial year. Explain how this decision has affected the risk of the business. Quote and explain ONE financial indicator with figures.

Financial indicator ✓ comparative figures with trend ✓ comment ✓✓

Debt/equity ratio decreased from 0,5 : 1 to 0,3 : 1 (by 0,2 : 1)

- Paying-off the loan places the business at a lower financial risk.
- Although the business is still lowly geared the risk is lower.

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4.4

Collar is satisfied with the % return he is earning in the partnership. Provide TWO reasons with figures.

Two valid reasons ✓ ✓ Comparative figures ✓ ✓

- % return increased from 14% to 17% (by 3% points) while EZO's dropped from 30% to 21% (by 9%).
- % return is still higher than alternative investments which is ± 6%.

4

TOTAL MARKS

30

TOTAL: 150