



PROVINCIAL EXAMINATION

JUNE 2022

GRADE 11

MARKING GUIDELINES

ACCOUNTING (PAPER 2)

9 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 items). No double penalty is 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).
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. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
9. Operation means check operation. One part correct means operation and one part correct.
Note: Check operation must be +, -, x, ÷ or per memo.
10. In calculations, do not award marks for working 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 guidelines.
13. Codes: f=foreign item; p=placement/presentation.

QUESTION 1.1: CONCEPTS AND BANK RECONCILIATION

1.1	1.1.1.1	False √√
	1.1.1.2	True √√
	1.1.1.3	False √√

6

1.1.2.1	<p>Explain to Mabuto, the owner of Butros Traders, why it is important that he prepares the Bank Reconciliation Statement at the end of each month. Provide THREE reasons.</p>	
	<p>Good explanation = √√ Partial explanation = √</p> <p>Expected responses for 2 marks:</p> <ul style="list-style-type: none"> • Improves internal control by minimising fraud or error because records are checked against an external source. • Improves internal controls by identifying outstanding EFTs and outstanding deposits. • To compare the books of the business with that of the bank in order to detect errors and dishonesty at an early stage. <p>Expected responses for 1 mark:</p> <ul style="list-style-type: none"> • Internal control purposes • To reconcile the Bank Account <p>(Any other valid points.)</p>	(6)

1.1.2.2	<p>What does the abbreviation EFT stand for?</p>	
	<p>Electronic Funds Transfer √√</p>	(2)

1.1.2.3	<p>List FOUR advantages of internet banking.</p>	
	<ul style="list-style-type: none"> • Do not have to stand in queues to pay accounts/not restricted to business hours/time-saving. √√ • Do not have to walk around with cash hence less fraud/theft. √√ • Maintain your own internet banking limits. √√ • Payments/receipts can be made immediately/account is updated immediately. √√ • Send proof of payment to a beneficiary immediately. • Convenient or easy to use. • Cheaper bank charges. <p>(Any other valid points.)</p>	(8)

1.1.2.4	<p>Jane, the bookkeeper, has been assigned the duty of processing and controlling all EFTs. Provide TWO reasons why the internal auditor should be concerned about this.</p> <ul style="list-style-type: none"> • Too many related job functions/No division of duties (no checks and balances)/Possibility of fraud. √√ • She may be negligent in performing her duties. √√ • Lack of supervision can result in abuse. • Payments not made on time if Jane is absent, there may not be any continuity. <p>Part-marks for unclear answer. (Any other valid points.)</p>	(4)
---------	---	-----

20

QUESTION 1.2: BANK RECONCILIATION
1.2.1

CASH RECEIPTS JOURNAL			CASH PAYMENTS JOURNAL		
Totals	b/f	477 400	Totals	b/f	413 500
		28 000 √			36 000 √√
		(90 000 + 6 750) 96 750 √√			34 000 √
		400 √			52 000 √
		602 550 ☑			1 750 √
					537 250 ☑

Can have R34 000 in CRJ and another R34 000 in CPJ. Then only 1 mark if all 3 are recorded.

11

1.2.2

GENERAL LEDGER OF BUTROS TRADERS

BANK ACCOUNT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2022 Mar 01	Balance	b/d	299 600√	2022 Mar 31	Total payments√	CPJ	537 250 <input checked="" type="checkbox"/>
Mar 31	Total receipts√	CRJ	602 550 <input checked="" type="checkbox"/>		Balance	c/d	364 900
			902 150				902 150
2022 Apr 01	Balance	b/d	364 900 <input checked="" type="checkbox"/>				

6

1.2.3

BUTROS TRADERS

BANK RECONCILIATION STATEMENT ON 31 MARCH 2022

	Debit	Credit
Balance as per Bank Statement		249 400 <input checked="" type="checkbox"/>
CR outstanding deposit		124 500 √
DR outstanding EFTs √		
No. 480	25 000 √	
No. 481	18 000 √	
CR amount incorrectly debited/Correction of error√		34 000√√
DR balance as per Bank Account (from 1.2.2)	364 900 <input checked="" type="checkbox"/>	
√ <input checked="" type="checkbox"/> for both totals	407 900	407 900

11

TOTAL
54

QUESTION 2: CONCEPTS AND CREDITORS' CONTROL

		ANSWER
2.1	2.1.1	E √√
	2.1.2	A √√
	2.1.3	D √√
	2.1.4	B √√
	2.1.5	C √√

10

2.2	<p>Provide TWO reasons for preparing a Creditors' Reconciliation.</p> <ul style="list-style-type: none"> • An internal control measure to ensure that all payments, returns, and discounts are deducted, and that all invoices charged are legit. √√ • To reconcile all entries between ledger and statement. √√ • To ensure that the correct amount is paid to a creditor. <p>Part-marks for unclear answer. (Any other valid points.)</p>	(4)
------------	--	-----

2.3	<p>The owner of Seb's Sound Clinic is not completely satisfied with the service and quality of goods received from Big Music. He is thinking about finding a new supplier. State THREE factors that he should consider before changing to another supplier.</p> <ul style="list-style-type: none"> • The credit terms offered. √√ • Will they offer discounts for early payments? √√ • Will the alternative supplier be able to meet the demands of the business? √√ • The quality of the products they are able to deliver. • The price of the goods offered. <p>Part-marks for unclear answer. (Any other valid points.)</p>	(6)
------------	---	-----

10

2.4 Creditor's Reconciliation

Number	Creditor's Ledger Account	Statement of Account
2.4.1	42 794	46 820
2.4.2	(67 + 67) - 134 ✓✓	
2.4.3	+ 110 ✓✓	
2.4.4		+ 1 600 ✓✓
2.4.5		- 4 000 ✓✓
2.4.6	- 1 350 ✓✓	
2.4.7		- 2 840 ✓ - 160 ✓ OR - 3 000 ✓✓
Totals	41 420 ✓	41 420 ✓

Totals need not be the same to earn method marks

14

TOTAL
34

QUESTION 3: FIXED ASSETS AND INTERNAL CONTROLS

3.1

Number	Workings	Answer	
A.	460 000 – 396 750	63 250 √√	2
B.	5 000 000 + 650 000	5 650 000 √√	2
C.	564 000 √ + 132 000 √ - 576 000 √	120 000 ☑	4
D.	<p>Sold : 118 800 x 10% = 11 880</p> <p>118 800 √ – 11 880 √ = 106 920</p> <p>106 920 x 10% x 7/12 √ = 6 237</p> <p>Old : 576 000 √ - 132 000 √ = 444 000</p> <p style="margin-left: 100px;">25 080</p> <p>460 000 √ – (13 200 √ + 11 880 ☑) = 434 920</p> <p>444 000 ☑ – 434 920 = 9 080 x 10% = 908</p> <p>New : 120 000 (see C) ☑ x 10% x 3/12 √ = 3 000</p> <p>Total depreciation : 6 237 ☑ + 908 ☑ + 3 000 ☑ =</p>	10 145 ☑	15
E.	<p style="margin-left: 100px;">31 317</p> <p>132 000 √ – (13 200 √ + 11 880 (see D) ☑ + 6 237 (see D) ☑)</p> <p>132 000 – 31 317</p>	100 683 ☑	5
F.	<p>460 000 x 15% = 69 000</p> <p>However, the carrying value is only 63 250</p> <p>Therefore depreciation can only be 63 250 (see A) – 1</p>	63 249 √☑	2
G.	<p>396 750 √ + 63 249 ☑</p> <p style="margin-left: 100px;">(see F)</p>	459 999 ☑	3

3.2

GENERAL LEDGER OF RATIZA TRADERS
ASSET DISPOSAL ACCOUNT

Date	Details	Fol	Amount	Date	Details	Fol	Amount
2021 Sep 30	Vehicles ✓		132 000 ✓	2021 Sep 30	Accumulated depreciation on vehicles ✓		31 317 ✓ (see E)
					Bank ✓		81 348 ✓
					Loss on sale of fixed asset ✓		19 335 ✓
			132 000				132 000

9

3.3

Provide ONE suggestion that the internal auditor can use to check whether any movable assets have been stolen.

- Conduct physical inspection (regular and random) ✓✓
 - Compare to Fixed Assets Register
- (Any other valid points.)**

(2)

3.4

Land and buildings were bought five years ago for R5 000 000. The property prices have increased by 20% since then. Partner Oratile suggested that the value of this asset be recorded at a higher amount so that the additional R1 000 000 can be reflected as a profit in the Statement of Comprehensive Income (Income Statement). Partner Zama disagrees. Give ONE reason why you would agree with partner Zama. Refer to GAAP principles in your answer.

- Historical cost principle ✓ – Assets are recorded at their original (purchase) price and profits/losses are only recognized on disposal. ✓✓

One mark for GAAP Principle
Two marks for explanation
Part-marks for unclear answers

(3)

3.5	The partners suspect that some of the drivers are using the business vehicles for their private purposes.	
3.5.1	<p>Provide TWO points to justify their concerns. Quote figures. Hint: Refer to INFORMATION F.</p> <ul style="list-style-type: none"> • Petrol and oil increased from R65 200 to R114 100, an increase of R48 900. This is a 75% increase. • Sales increased from R740 000 to R932 400, an increase of R192 400. This is an increase of 26%. <p>Two marks for each expense √√√√ One mark for each trend and one mark each for figures √√ √√</p>	(8)
3.5.2	<p>List TWO points of advice on how the partners can exercise better control over the use of the business vehicles.</p> <ul style="list-style-type: none"> • Install tracking devices on vehicles. √√ • Use a logbook to keep records on mileage. √√ • Make provision for all vehicles to be parked at business after finishing time. • Allocate vehicles to drivers on a daily basis. <p>Part-marks for unclear answer. (Any other valid points.)</p>	(4)

3.6	<p>The six drivers are dissatisfied with their salary increase and are planning a strike. Are they justified? Explain. Quote figures to support your answer.</p> <p>Yes/No √</p> <ul style="list-style-type: none"> • Salaries increased from R388 200 to R408 240, an increase of R20 040. This is an increase of about 5%, which is below the inflation rate. √√ • Sales increased by 40%, yet the drivers only get a 5% increase. <p>One mark for Yes/No Two marks for trend AND figures Part-marks for unclear answer. (Any other valid points.)</p>	(3)
------------	---	------------

20

TOTAL
62

TOTAL: 150