



**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

NOVEMBER 2020

**ACCOUNTING P1
MARKING GUIDELINE
(EXEMPLAR)**

MARKS: 150

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 foreign item 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. 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 memo 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 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 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 ÷ or per candidates' response.
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. In such cases, do not award the method mark. Indicate by way of ☒
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 6 pages.

QUESTION 1: ACCOUNTING CONCEPTS AND ACCOUNTING EQUATION**1.1 CONCEPTS**

1.1.1	C	✓
1.2.2	E	✓
1.2.3	B	✓
1.2.4	A	✓

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1.2 ACCOUNTING EQUATION

NO.	ASSETS		OWNER'S EQUITY		LIABILITIES	
	REASON	EFFECT	REASON	EFFECT	REASON	EFFECT
1.2.1	Bank✓	+1 000✓	Interest on fixed deposit✓	+1 000✓		
1.2.2	Equipment✓ Bank✓	+/- 24 000✓✓				
1.2.3			Interest Paid ✓	-288✓	Creditors' control✓	+288✓
1.2.4 (a)	Bank✓	+2 700✓	Sales✓	+2 700✓		
(b)	Trading stock✓	-1 800✓	Cost of sales✓	-1 800✓		

20

TOTAL MARKS

24

QUESTION 2: CONCEPTS AND INCOME STATEMENT

2.1

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

4

2.2.1

**INCOME STATEMENT OF KINGSTON TRADERS FOR THE YEAR ENDED
29 FEBRUARY 2020**

Sales (950 000 ✓ + 18 200 ✓ – 14 000 ✓)	<input checked="" type="checkbox"/>	954 200
Cost of Sales (400 000 ✓ + 13 000 ✓✓)	<input checked="" type="checkbox"/>	(413 000)
Gross Profit	<input checked="" type="checkbox"/>	541 200
Other operating Income	<input checked="" type="checkbox"/>	123 830
Discount received		830
Rent income (39 000 – 3 000)	<input checked="" type="checkbox"/>	36 000
Fee Income (82 600 ✓ + 2 400 ✓)	<input checked="" type="checkbox"/>	85 000
Trading stock surplus (231 000 – 13 000 – 220 000)		✓✓ <input checked="" type="checkbox"/> 2 000
Gross operating income		665 030
Operating Expenses	<input checked="" type="checkbox"/>	(258 560)
Discount allowed		1 260
Stationery		8 800
Salaries and wages (168 000 ✓ + 10 000 ✓✓) or (168 000 ✓ + 7 300 ✓ + 2 700 ✓)	<input checked="" type="checkbox"/>	178 000
Insurance (16 800 ✓ – 2 400 ✓✓)	<input checked="" type="checkbox"/>	14 400
Bad Debts (1 300 ✓ + 700 ✓)	<input checked="" type="checkbox"/>	2000
Consumable Stocks (5 500 ✓ – 500 ✓)	<input checked="" type="checkbox"/>	5 000
Depreciation (32 000 ✓ + 17 100 ✓)	✓	49 100
Operating Profit	<input checked="" type="checkbox"/>	406 470
Interest Income (900 ✓ + 1 870 ✓)	1	<input checked="" type="checkbox"/> 2 770
Profit before Interest Expense		<input checked="" type="checkbox"/> 409 240
Interest Expense	2	✓ (30 800)
Net Profit for the Year		<input checked="" type="checkbox"/> 378 440

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operation, one part correct; Foreign entries -1 (max.2), accept alternative format (two columns)

TOTAL MARKS

49

QUESTION 3: CONCEPTS, FIXED ASSETS, BALANCE SHEET, INTERPRETATION AND INTERNAL CONTROL

3.1 CONCEPTS

- 3.1.1 Return on investment ✓
 3.1.2 Liquidity ✓
 3.1.3 Profitability ✓
 3.1.4 Solvency ✓ (4)

- 3.2.1 (a) $R1\,200\,000 - R600\,000 = R600\,000$ ✓ ✓ (2)
- (b) $R700\,000 - R280\,000 = R420\,000$ ✓ ✓ (2)
- (c) $R420\,000$ ✓ $\times 20/100 = R84\,000$ ✓ (old)
 $R145\,000$ ✓ $\times 20/100 \times 9/12 = 21\,750$ ✓ (new)
 $R105\,750$ ✓ (6)
- (d) $R420\,000$ ✓ $+ R145\,000$ ✓ $- R105\,750$ ✓ $= R459\,250$ ✓ (4)

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3.2.2 BALANCE SHEET OF OBBIE TRADERS – 30 APRIL 2020

ASSETS		
NON-CURRENT ASSETS		✓ 2 049 200
Fixed (tangible) assets		✓ 1 931 250
Financial assets: Fixed deposit	balancing figure	✓ 117 950
CURRENT ASSETS	operation, one part correct	✓ 550 800
INVENTORIES		270 200
TAOR ($162\,000$ ✓ $+ 3\,200$ ✓ $+ 1\,200$ ✓)	operation, one part correct	✓ 166 400
CACE ($112\,000$ ✓ $+ 2\,200$ ✓)	operation, one part correct	✓ 114 200
TOTAL ASSETS		✓ 2 600 000
EQUITY AND LIABILITIES		
OWNER'S EQUITY		2 186 400
NON-CURRENT LIABILITIES		280 000
Loan ($423\,200$ ✓ $- 103\,200$ ✓ $- 40\,000$ ✓)	operation, one part correct	✓ 280 000
CURRENT LIABILITIES		✓ 133 600
TAOP ($86\,000$ ✓ $+ 5\,800$ ✓ $+ 1\,800$ ✓)	operation, one part correct	✓ 93 600
Short-term loan		✓ 40 000
TOTAL EQUITY AND LIABILITIES		2 600 000

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3.3 Financial indicators

(a) Current ratio = $\frac{550\ 800 \checkmark}{133\ 600 \checkmark}$

= 4,1 : 1

3

(b) Acid test ratio = $\frac{550\ 800 \checkmark - 270\ 200 \checkmark}{133\ 600 \checkmark}$

= 2,1 : 1

4

(c) No.

- The current ratio improved from 0,9 : 1 in 2019 to 4,1 : 1 in 2020. ✓
- The acid test ratio also improved from 1,3 : 1 in 2019 to 2,1 : 1 in 2020. ✓
- Both ratios show an improvement. ✓
- These ratios indicate that that business could be able to meet its short-term obligations. The business should continue to try and improve these ratios. ✓

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3.4 This is not essential as the return being earned by the business exceeds the interest rate on the loan. ✓✓ However, it does not make sense to have surplus cash invested at a lower rate than the 15% (e.g. the fixed deposit). It would make sense to repay the loan provided there is no other urgent use for the money. ✓✓

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TOTAL MARKS
55

QUESTION 4: WAGES JOURNAL AND INTERNAL CONTROL**4.1 CONCEPTS**

4.1.1	E ✓
4.1.2	D ✓
4.1.3	A ✓
4.1.4	B ✓

4

4.2.1 R110 000 – R25 000 ✓ = R85 000 ✓

2

4.2.2 Deductions are the payments that are made by the employer on behalf of the employee, ✓✓ while contributions are made by the business of the employee and are paid in addition to the deductions, and these employer contributions are additional expenses to the business. ✓✓

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4.2.3 R25 000 x R25

$$R110\,000\ \checkmark - R75\,000\ \checkmark = \frac{R35\,000\ \checkmark}{R35\ \checkmark}$$

$$= 1\,000\ \text{hours}\ \checkmark$$

5

4.2.4 R7 000 ✓ + R14 000 ✓ = R21 000 ✓

3

- 4.2.5**
- Accuracy in the workplace ✓✓
 - Increased productivity ✓✓
 - Track absenteeism ✓✓
 - Track employees work hours ✓✓
 - Increased employee satisfaction ✓✓

(Any 2 relevant)

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TOTAL MARKS
22

TOTAL: 150