



GRADE 11 EXAMINATION  
NOVEMBER 2007

**ACCOUNTING PAPER I  
MARKING GUIDELINES**

Time: 2 hours

200 marks

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**The marking guide is a working document prepared for use by teachers as they assess the Grade 11 externally set examinations.**

**There may be different interpretations of the marking guidelines but the teacher should keep as closely as possible to the suggested way of assessing. When in doubt, a teacher should check with another member of the cluster or with the relevant Assessment Specialist.**

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**QUESTION 1**

**PART A**

**(11 marks)**

(20 marks, LO1 AS 11.1.7)

1.1.1	Give two possible reasons as to why Summit Adventures is a registered VAT vendor.	(4)
	The business has a turnover of over R300 000 The business has voluntarily registered as a VAT Vendor	
1.1.2	Summit Adventures uses the Invoice basis to calculate VAT. Name the other method of calculating VAT.	(1)
	Payment based method	
1.1.3	What is the difference between the two?	(4)
	Payment - The business only needs to pay the VAT once the money has been received from the customers therefore assisting with cash flow Invoice – the tax is due when the invoice is issued	
1.1.4	What is input VAT and output VAT?	(2)
	Input Vat is on items bought and output Vat is on items sold	

**PART B**

**(9 marks)**

1.2.1	Calculate the input VAT of this invoice.	(2)
	$684/114 \times 14 = R84$	
1.2.2	What would be the selling price (exclusive of VAT) that Summit Adventures would charge for a sleeping bag?	(3)
	Selling price of sleeping bags = $R182.40/114 \times 100 = R160$	
1.2.3	If all the sleeping bags and torches were sold how much would be payable to SARS?	(4)
	Input VAT = R84 Output VAT = R168 Payable = R84	

**20 marks**

**QUESTION 2**

(85 marks, LO1 11.1.5 and LO3 11.3.3)

**STAINLESS PRODUCTS**

2.1 Income statement for 28 February 2007

Turnover	530 250
Cost of sales	303 000 ✓✓*
Gross profit	227 250 ✓*
Other operating income	39 190 ✓*
Rent income (26100-3960)	22 140 ✓✓✓*
Discount received	1 450
Fee income	15 600
Gross operating income	266 440 ✓*
Operating expenses	132 305 ✓*
Water and electricity	2 340
Insurance (1350-225)	1 125 ✓✓✓*
Stationery	720 ✓✓*
Salaries and wages	21 529
Sundry expenses (13 450 +510)	13 960 ✓✓*
Bad debts	230 ✓*
Depreciation (4500+73000+8625+5625) ✓✓✓✓	91 750 ✓*
Provision for bad debts adjustment	651 ✓✓*
Net operating profit	134 135 ✓*
Interest income	1 875 ✓✓*
Net profit before interest expense	136 010 ✓*
Interest expense	8 750 ✓✓*
Net profit for the year	127 260 ✓✓**

(32)

2.2 **Tangible Asset note**

	<b>Plant and Machinery</b>	<b>Vehicles</b>
Carrying Value at the beginning of the year	262 500 ✓*	<b>57 500</b>
Cost Price	500 000 ✓*	<b>125 000</b>
Accumulated Depreciation	<b>237 500</b>	67 500 ✓*
Movements		
Additions		75 000 ✓*
Disposals at carrying value (135 000-123450-4500)	7050 ✓✓✓✓*	
Depreciation (4500 +73 000) (8625+5625)	77 500 ✓✓✓*	14 250 ✓✓✓*
Carrying Value at the end of the year	177 950 ✓*	118 250 ✓*
Cost Price	<b>365 000</b>	<b>200 000</b>
Accumulated Depreciation	187 050 ✓✓✓**	81 750 ✓*

(20)

**Trade and other receivables**

Net Trade Debtors	31 899 ✓
Trade Debtors (32 780 – 230)	32550 ✓✓
Provision for bad debts ✓	(651) ✓
Prepaid expenses	225 ✓
Accrued income	1875 ✓
	33 999 ✓

(8)

**Current Account Note**

	<b>Steel</b>	<b>Rodd</b>	<b>TOTAL</b>
Balance at the beginning of the year	12 450	(8 640)	
Profit as per income statement	60 605 ✓	✓66 655	127 260 ✓
Salaries to partners	36 300 ✓✓✓	42 350	
Interest on capital	15 000 ✓	✓15 000	
Primary distribution	51 300 ✓	✓57 350	108 650 ✓
Final distribution	9 305 ✓✓	✓✓9 305	18 610 ✓
Drawings for the year	(34 650) ✓✓✓	✓(49 000)	
Balance at the end of the year	38 405 ✓	✓ 9015	

(22)

**Trade and other payables**

Trade creditors	23 900
Income received in advance	3 960✓
Accrued expenses	510✓
	28 370✓

(3)

**85 marks**

**QUESTION 3**

(40 marks, LO1 11.1.2 , 11.1.5 LO3 11.3.4)

**3.1**

**GENERAL LEDGER OF ADVENTURE BIKES  
NOMINAL SECTION  
Membership fees account**

<b>Dr</b>				<b>B5</b>	<b>Cr</b>				
2007 Jan	1	Accrued Income ✓	GJ	600✓	2007 Jan	1	Deferred Income✓	GJ	480✓
Dec	31	Bank✓	CB	60✓	Dec	31	Bank✓	CB	29820✓
		Deferred Income✓	GJ	720✓			Accrued Income✓	GJ	240✓
		Income and expend.✓	GJ	29 640✓✓✓			Mem. Written off✓	GJ	360✓
		(7 x 60 +60+243x120)					Honorarium✓	GJ	120✓
				31 020					31 020

(20)

**3.2 Calculation of cost price of cycling clothes sold**

Opening Stock	3 400✓
Purchases (12300✓+360✓✓+42 460✓-10300✓) - 1200 ✓	43 620✓
Carriage on stock	3 500✓
Import Duties	10 000✓
Value of Stock	60 520
Closing Stock	4 570 ✓
Cost of sales	55 950✓

(12)

**3.3 Questions**

1.	Name the other stock system that can be used.	(2)
	Perpetual stock system	
2.	The chairman of the club needs new cycling clothes for himself and his family. The selling price of the stock that he is taking is R1 800. He has asked you, the treasurer, to give the stock to him at cost. What would you do? Justify your answer.	(6)
	Any suitable answer as long as the solution given is ethical.	

(8)

**40 marks**

**QUESTION 4**

(15 marks LO2 10.2.2)

**GENERAL LEDGER OF COVER-UP  
BALANCE SHEET SECTION  
Work in Progress Account**

<b>Dr</b>				<b>B5</b>				<b>Cr</b>	
2006 May	1	Balance	b/d	13 500	2007 April	31	<b>Finished goods✓</b>	GJ	437 500✓
2007 April	30	Direct materials cost	GJ	137 500			Balance	c/d	2 500
		<b>*Direct labour costs✓</b>	GJ	175 000					
				114					
		Factory overhead cost	GJ	000(✓)					
				440 000					440 000
April	1	Balance	b/d	2 500					

(4)

**Finished Goods Stock Account**

<b>Dr</b>				<b>B5</b>				<b>Cr</b>	
2006 May	1	Balance	b/d	59 500	2007 May	31	<b>Cost of sales ✓</b>	GJ	407 400✓✓✓
2007 April	30	<b>Work in progress ✓</b>	GJ	437 500			Balance	c/d	<b>89 600✓✓*</b>
2007 April	1	Balance	b/d	<b>89 600✓*</b>					

(8)

**Gross Profit**

$SP = 437\ 500/12500 = R35 /100*180 = R63 \times 12500$   
 $407400/100*180 = \text{Sales } 733320 - 407\ 400 = 325\ 920 \checkmark\checkmark\checkmark$

(3)

**15 marks**

**QUESTION 5**

(27 marks LO2 10.2.3)

**CASH BUDGET FOR MANDY BEAN**

<b>Cash Received</b>	<b>January 2008</b>	<b>February 2008</b>
Cash Sales	<b>38 070</b>	41 877✓✓
Debtors collections	<b>4 230</b>	4 653✓✓
Capital	<b>10 000</b>	
Loan from Aunt		5 000
<b>TOTAL CASH RECEIVED</b>	<b>52 300</b>	51 530✓
<b>Cash Payments</b>		
Cash purchases	<b>5 640</b>	6 204✓✓
Creditors payments	<b>17 958</b>	19 590✓
Advertising	<b>1 010</b>	1 111✓✓
Salaries and Wages	<b>5 000</b>	5 550✓✓
Drawings	<b>2 500</b>	<b>2 500</b>
Sundry expenses	<b>1 790</b>	1 897✓✓
<b>Rent expense</b>	<b>1 700</b>	<b>1 700</b>
<b>Cell Phone costs</b>	<b>440</b>	<b>440</b>
<b>Interest on loans</b>	<b>300</b>	<b>300</b>
<b>Equipment</b>	<b>9 240</b>	
<b>TOTAL CASH PAYMENTS</b>	<b>46 336</b>	39 292 ✓
<b>Net change in cash</b>	<b>5 964</b>	<b>12 238</b>
<b>Balance at the beginning of the year</b>	<b>23 940</b>	<b>29 904</b>
<b>Balance at the end of the year</b>	<b>29 904</b>	<b>42 142</b>

(15)

**Creditors Payment Schedule**

<b>Credit Purchases</b>	<b>February 2008</b>
<b>December R 18 800</b>	13 160✓✓
January R 22 560	6 430✓✓
February R *24 816✓	-
<b>TOTAL</b>	<b>19 590✓</b>

(6)

**Question:**

In your opinion do you think that the extended hours would improve the cash position of Mandy's business?	(6)
Yes, because even without the putting in extra capital or buying new machines her cash position has improved. It may even improve more as a result of more clients remembering that she is open. Other suitable answers	

**27 marks**

**QUESTION 6**

(13 marks LO1 11.1.4.)

**6.1**

**Calculation of Bank Balance in the General Ledger**

<b>Incorrect balance</b>	<b>(1 988)</b>
Stopped cheque	876✓
Stop order	(149)✓
Correction of error	(900) ✓
Cancelling and reissuing	+ -8900✓
R/d cheque	(4 400)
Bank balance	(6 561) ✓

(5)

**Bank Statement of TYSON TRADERS as at 30 September 2007**

<b>✓ layout</b>	<b>DEBIT</b>	<b>CREDIT</b>
Cr Balance as per bank statement	4 117 ✓	
Cr Outstanding deposit		8 762✓
Dr Outstanding cheques		
810 (6 October 2007)	960✓	
813 (26 September 2007)	1 346✓	
900	8 900✓	
Cr Balance as per bank account		6561✓
	15 323	15 323

(8)

<b>13 marks</b>
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