

PROVINCIAL EXAMINATION

NOVEMBER 2022

GRADE 10

MARKING GUIDELINES

ACCOUNTING (PAPER 2)

9 pages

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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 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 the 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 from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
9. 'One part correct' means 'operation and one part correct'. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method mark, this will be regarded as 'one part correct'.
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 some candidates who provide valid alternatives beyond the marking guideline.

Codes: f = foreign item; p = placement/presentation.

QUESTION 1: DEBTORS' RECONCILIATION AND INTERNAL CONTROL

1.1 GENERAL LEDGER OF ARAMIS TRADERS
DEBTORS' CONTROL

Dr					Cr				
2022 Jun	01	Balance	b/d	209 510 <input checked="" type="checkbox"/>	2022 Jun	30	Bank and discount allowed	CRJ	✓124 380
		(216 210✓ - 6 700✓)							
	30	Sales	DJ	316 100 <input checked="" type="checkbox"/>			Debtors' allowances	DAJ	55 940 <input checked="" type="checkbox"/>
		(310 920✓ + 5 180 ✓✓)					(55 580✓ + 360✓)		
		Bank (Refund)	CPJ	✓600			Journal credits	GJ	✓1 600
		Journal debits	GJ	3 710 <input checked="" type="checkbox"/>			Balance	c/d	348 000
		(1 820✓ + 1 800✓✓ + 90✓✓)							
				529 920					529 920
2022 Jul	01	Balance	b/d	348 000 <input checked="" type="checkbox"/>					

20

1.2 List of debtors as at 30 June 2022

DEBTOR	Debit	Credit
S. Tyler (80 000 ✓ - 900 ✓✓)	79 100 <input checked="" type="checkbox"/>	
Y. Putin (74 800 ✓ - 12 000✓)	62 800 <input checked="" type="checkbox"/>	
G. Krigler (72 400 ✓ - 400✓)	72 000 <input checked="" type="checkbox"/>	
See sales in control account		
M. Ahmod (18 900 ✓ + 5 180 <input checked="" type="checkbox"/>)	24 080 <input checked="" type="checkbox"/>	
R. Dire (66 730 ✓ + 12 000✓)	78 730 <input checked="" type="checkbox"/>	
P. Hlope (-1 800 ✓ + 1 800 ✓)	0	If no calculation shown award 1 mark for 0
See journal debits in control account		
J. Phillip (7 200 ✓ + 90 <input checked="" type="checkbox"/>)	7 290 <input checked="" type="checkbox"/>	
T. Makoe (18 000 ✓ + 6 000 ✓✓)	24 000 <input checked="" type="checkbox"/>	
3 000 (1 mark)+3 000 (1 mark) One part correct	348 000 <input checked="" type="checkbox"/>	

26

1.3	Explain the following terms:			
	<p>Credit term Credit term is the amount of time a debtor is allowed to take to pay off his/her account. ✓✓</p> <p>Credit limit Credit limit is the maximum amount a debtor is allowed to buy goods on credit. OR Credit limit is the maximum amount that a debtor may have as an outstanding balance. ✓✓</p>	<table border="1" style="width: 100%; height: 40px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4				

1.4	A total discount of R6 219 was allowed to debtors. Calculate the actual amount that was received from debtors in June.			
	$124\,380 ✓ - 6\,219 ✓ = 118\,161 ✓$ One part correct	<table border="1" style="width: 100%; height: 40px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">3</td></tr> </table>		3
3				

1.5	The percentage of returns by debtors is 17%. Provide TWO control measures that can be implemented to reduce returns.			
	<p>Any two valid answers ✓✓ ✓✓</p> <ul style="list-style-type: none"> • Follow-up on orders made by customers. • The quality of goods could be a problem. Check alternative suppliers. • Find out what other suppliers are charging for goods that are normally returned by customers./Look for cheaper suppliers. 	<table border="1" style="width: 100%; height: 40px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4				

1.6	In THREE points advise the owner on how to improve collection from debtors.			
	<p>Any three valid answers ✓✓ ✓✓ ✓✓</p> <ul style="list-style-type: none"> • Charge interest on overdue accounts of debtors. • Send statements of account/sms's as reminders./Send letters of demand. • Offer discounts for early payments. 	<table border="1" style="width: 100%; height: 40px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">6</td></tr> </table>		6
6				

TOTAL MARKS
63

QUESTION 2: VALUE ADDED TAX AND ETHICS

2.1 CONCEPTS

2.1.1	True	✓	<table border="1"> <tr><td> </td></tr> <tr><td>6</td></tr> </table>		6
6					
2.1.2	False	✓			
2.1.3	True	✓			
2.1.4	False	✓			
2.1.5	True	✓			
2.1.6	True	✓			

2.2 CALCULATIONS

A	R2 100	✓✓	<table border="1"> <tr><td> </td></tr> <tr><td>14</td></tr> </table>		14
14					
B	R315	✓✓			
C	R126	✓✓			
D	R966	✓✓			
E	R42 000	✓✓			
F	R48 300	✓✓			
G	R747,50	✓✓			

2.3 ETHICS

2.3.1	Explain the difference between <i>tax evasion</i> and <i>tax avoidance</i>.	<table border="1"> <tr><td> </td></tr> <tr><td>4</td></tr> </table>		4
4				
	<ul style="list-style-type: none"> • Tax evasion is the use of illegal methods to pay less/no tax. ✓✓ • Tax avoidance is the use of legal methods to pay less tax. ✓✓ 			

2.3.2	(a)	Bokang has conducted himself unethically. Explain the action taken by SARS against the VAT vendors who conduct themselves unethically. Provide TWO points.			
		Any two valid points. ✓✓ ✓✓ Allocate one mark for partially correct response. <ul style="list-style-type: none"> • SARS imposes penalties on businesses for non-compliance or tax evasion. • Jail term for defrauding SARS. • The Commissioner can cancel the registration if the business does not keep proper accounting records. 	<table border="1" style="width: 100%;"> <tr><td style="height: 15px;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4					

	(b)	Provide ONE reason why VAT should be paid to SARS on this transaction.			
		Any one valid point. ✓✓ Allocate one mark for partially correct response. <ul style="list-style-type: none"> • Goods donated to individuals and businesses are subjected to VAT output. • VAT output on donated goods is not charged to registered charity organisations. 	<table border="1" style="width: 100%;"> <tr><td style="height: 15px;"> </td></tr> <tr><td style="text-align: center;">2</td></tr> </table>		2
2					

TOTAL MARKS
30

QUESTION 3: TANGIBLE ASSETS AND INTERNAL CONTROL

No.	CALCULATIONS	ANSWER	
3.1.1	Accumulated depreciation 230 000 – 152 000	R78 000 ✓✓	2
3.1.2	Cost price of new vehicle 380 000 – 230 000	R150 000 ✓✓	2
3.1.3	Depreciation – vehicles $230\,000 \times \frac{10}{100} = 23\,000$ ✓☑ One part correct $150\,000 \times \frac{10}{100} \times \frac{6}{12} = 7\,500$ ✓☑ One part correct See 3.1.2	R30 500 ☑ One part correct	5
3.1.4	Cost price of equipment at the beginning of the year. 290 000 + 130 000	R420 000 ✓✓	2
3.1.5	Depreciation – equipment $290\,000 \times \frac{15}{100}$	R43 500 ✓✓	2
3.1.6	Carrying value at end of year – equipment See 3.1.5 290 000 – 43 500	246 500 ✓☑ One part correct	2

No.	CALCULATIONS	ANSWER			
3.1.7	Cost price equipment – end of the year See 3.1.6 246 500 + 173 500 OR From 3.1.4 420 000	420 000 ✓ <input checked="" type="checkbox"/> One part correct	<table border="1" style="width: 100%; height: 20px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">2</td></tr> </table>		2
2					

3.2.1	Explain how the business is affected by private use of its vehicles. Provide TWO points.			
	Any two valid points. ✓✓ ✓✓ Allocate one mark for partially correct answer. <ul style="list-style-type: none"> • The business will spend more money on repairing the vehicles. • The business will spend more money on fuel. • The value of vehicles will depreciate quicker than expected. • The maintenance plan or service plan will expire quickly. • The expenses of the business will increase and that will reduce profit. 	<table border="1" style="width: 100%; height: 20px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4				

3.2.2	Provide the control measures that should be implemented by the owner to avoid mismanagement of movable tangible assets. State TWO points.			
	Accept any two valid points. ✓✓ ✓✓ Allocate one mark for partially correct answer. <ul style="list-style-type: none"> • Signing in and out of vehicles to track where they are and who used them. • The movement of assets must be recorded in a logbook./Record kilometres travelled and inspect the vehicles. • Install a tracking system in the vehicle to monitor movement. 	<table border="1" style="width: 100%; height: 20px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4				

TOTAL MARKS
25

QUESTION 4: COST ACCOUNTING

4.1 CONCEPTS

4.1.1	Prime ✓
4.1.2	Indirect ✓
4.1.3	Factory overhead ✓
4.1.4	Indirect ✓
4.1.5	Factory overhead ✓

5

4.2

Explain the difference between <i>fixed costs</i> and <i>variable costs</i>.
Variable costs vary in direct proportion to the amount of goods produced, e.g. raw materials. ✓✓
Fixed costs remain constant irrespective of the amount of goods produced, e.g. rent. ✓✓

4

4.3 Complete the following:

No.	CALCULATIONS	ANSWER
4.3.1	Direct material costs per kite for October 2022. 25 ✓ + 5 ✓ + 5 ✓	R35 ✓ One part correct
4.3.2	Total manufacturing overheads for October 2022. 5 000 ✓ + 8 000 ✓ + 2 500 ✓ + 500 ✓	R16 000 ✓ One part correct

4

5

No.	CALCULATIONS	ANSWER			
4.3.3	<p>Total production cost for October 2022 if 2 500 kites were produced.</p> <p style="text-align: center; font-size: small;">85 two marks</p> $(35 \checkmark \text{ See 4.3.1} + 50 \checkmark) \times 2\,500 \checkmark = 212\,500 \checkmark$ <p style="text-align: center; font-size: small;">See 4.3.2 $+16\,000 \checkmark$</p>	<p style="text-align: center;">228 500 $\checkmark \checkmark$</p> <p style="text-align: center; font-size: small;">One part correct</p>	<table border="1" style="width: 100%; height: 20px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">7</td></tr> </table>		7
7					
4.3.4	<p>Unit cost of production.</p> $228\,500 \checkmark \text{ See 4.3.3} / 2\,500 \checkmark$	<p style="text-align: center;">91,40 \checkmark</p> <p style="text-align: center; font-size: small;">One part correct</p>	<table border="1" style="width: 100%; height: 20px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">3</td></tr> </table>		3
3					
4.3.5	<p>The percentage profit Dan Malgas earned per kite during October 2022, if the kites were sold at R155 each.</p> $\frac{155 \checkmark - 91,40 \checkmark}{91,40 \checkmark} \times \frac{100}{1}$	<p style="text-align: center;">69,6% OR 70% \checkmark</p> <p style="text-align: center; font-size: small;">One part correct</p>	<table border="1" style="width: 100%; height: 20px;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;">4</td></tr> </table>		4
4					

TOTAL MARKS
32

TOTAL: 150