



# NATIONAL SENIOR CERTIFICATE

**GRADE 11**

**NOVEMBER 2013**

## ACCOUNTING MARKING GUIDELINE (MEMORANDUM)

**MARKS: 300**

### GENERAL PRINCIPLES:

1. Where calculations are required, award full marks for the final answer. If the answer is incorrect, mark the workings provided. If the working amount is shown as a final answer, award the relevant marks allocated for workings (Income statement), and not the method mark for the answer.
2. Method marks are denoted by .
  - For calculations and final totals, at least one part of the workings must be correct for the method mark to be earned. For totals – inspect operation and reasonableness of answer before awarding the mark.
  - In cases where answers of previous questions must be used (carried forward answers), check the transfer.
  - Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no sign (+/-) or bracket is provided, assume that the figure is positive.
3. For questions requiring explanations and comments (2 marks or more), award part-marks. A good comment will normally mention and explain a point. Beware of different ways to say the same thing. Note that the marking guideline only offer suggested answers – read and try to make sense of what the learner is attempting to convey, and award marks accordingly.
4. Where penalties are applied (such as foreign items, misplaced items, omitted details, etc.), the marks for that section cannot be a negative. Penalties will be indicated next to the relevant questions where applicable. *Where foreign items are included in any calculation, full marks cannot be awarded.*
5. Educators are advised to work through the question paper and compare with this guideline, *before* marking. If adjustments are necessary, do so within the framework of the mark allocation.

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This memorandum consists of 14 pages.

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## QUESTION 1

## RECONCILIATIONS

(50 marks; 30 minutes)

## 1.1 Bank Reconciliation

## 1.1.1

## CASH RECEIPTS JOURNAL OF BLITZ TRADERS – MARCH 2013

DOC NO.	DAY	DETAILS	BANK	SUNDRY AMOUNTS	DETAILS OF SUNDRY ACCOUNTS
	<b>31</b>	<b>Total</b>	<b>22 250</b>		
1812		B. Chop	1 500 ✓	1 500	Drawings ✓
V12		XY Services	180 ✓✓	180	Maintenance ✓
B/S		S. Jackson	5 600 ✓	5 600	Rent Income ✓
		Northmead Bank	75 ✓	75	Interest Income ✓
			29 605 ☑	1 mark for amount and detail in each line.	
-1 for details omitted			Total >2 250 to earn mark		

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## CASH PAYMENTS JOURNAL OF BLITZ TRADERS – MARCH 2013

DOC NO.	DAY	NAME OF PAYEE	BANK	SUNDRY AMOUNTS	DETAILS OF SUNDRY ACCOUNTS
	<b>31</b>	<b>Total</b>	<b>15 500</b>		
V13		Cash	5 000 ✓	5 000	Sales ✓
S/O		ASD Insurers	620 ✓	620	Insurance ✓
B/S		A. Skelm (Cheque R/D)	830 ✓	830	Debtors Control ✓
		Northmead Bank	415 ✓☑*	415	Bank Charges ✓ (35 + 132 + 248)
			22 365 ☑	1 mark for amount and detail in each line.	
-1 for details omitted			Total > 15 500 to earn mark * method mark for any ONE of (35 + 132 + 248) included.		

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GENERAL LEDGER OF BLITZ TRADERS  
BANK (B6)

2013 Mar	31	Total Receipts ✓ (CRJ)	29 605 ☑	2013 Mar	1	Balance	b/d	1 670 ✓
				2013 Mar	31	Total Payments ✓ (CPJ)		22 365 ☑
						Balance	c/d	5 570 ☑
			29 605					29 605
2013 Apr	1	Balance	5 570 ☑					

-1 (on each side) for dates and details incorrect or omitted

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**BANK RECONCILIATION STATEMENT ON 31 MARCH 2013** DR CR

Balance as per bank account	5 570	<input checked="" type="checkbox"/>	
Deposits not yet recorded			6 250 <input checked="" type="checkbox"/>
Outstanding cheques No. 1848	6 660	<input checked="" type="checkbox"/>	
No. 1857	2 320	<input checked="" type="checkbox"/>	
No. 1860 (balancing figure)	750	<input checked="" type="checkbox"/>	
Balance as per Bank Statement			9 050 <input checked="" type="checkbox"/>
<i>Accept any other acceptable formats (e.g. single column)</i>	15 300		15 300 <input checked="" type="checkbox"/>

**8**

**1.1.5 Suggest TWO ways in which the internal controls of the business can be improved so that situations like the missing R5 000 can be prevented.**

*Two separate points ✓✓ ✓✓*

Division of duties; rotation of duties; check documentation regularly; request bank notification of deposits (SMS); senior management doing banking themselves; set times for deposits (daily – mornings)

**4**

**1.1.6 Provide ONE advantage of making payments via the Internet.**

*✓✓ (one valid point)*

Quick and easy; can be done at any time(outside office hours); no handling of cash/cheques; Do not have to wait for cheque to be presented; less bank charges.

**2**

**1.2 Creditors' Reconciliation**

**1.2.1 CREDITORS RECONCILIATION ON 31 MARCH 2013**

	DR	CR	
<b>BALANCE AS PER STATEMENT</b>			<b>27 440</b>
Statement undercast	360 ✓✓		
Returns posted on wrong side (490 + 490)	Award 1 marks each for R490	980 ✓✓	
Discount received not taken into account		600 ✓✓	
Trade discount omitted		760 ✓✓	
<i>Accept single column presentation (Credit amounts must be in brackets) No marks for statements. (learners can have any appropriate descriptions)</i>			25 460 <input checked="" type="checkbox"/>

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## QUESTION 2

## FINANCIAL STATEMENTS AND PARTNERSHIPS

(100 marks; 60 minutes)

2.1.1

**GENERAL LEDGER OF STAR TRADERS**  
**ASSET DISPOSAL ACCOUNT**

2013 Feb	28	Equipment	5 500 ✓	2013 Feb	28	Accumulated Depreciation on Equipment ✓	3 375 ✓✓
		Profit on sale of asset ✓	875 ☑			Bank ✓	3 000 ✓
			6 375				6 375
						Acc Depr on Equipment 5 500 – 2 125 = 3 375	
<i>Details must be complete to score marks.</i>							

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2.1.2 Notes to the Balance Sheet

**TANGIBLE/FIXED ASSETS**

	VEHICLES	EQUIPMENT
Cost (1 March 2012)	176 500 ✓	60 200 ✓✓
Accumulated Depreciation (1 March 2012)	(79 200) ✓	(22 200) ✓
<b>CARRYING VALUE (1 March 2012)</b>	97 300 ☑	38 000 ☑
<b>Movements:</b>		
Additions at cost		7 600 ✓
Disposal at carrying value		(2 125) ✓
Depreciation (Equipment: 5 700 ✓ + 285 ✓)	(26 475) ✓	(5 985) 3 marks ☑
<b>CARRYING VALUE (28 February 2013)</b>	70 825 ☑	37 490 ☑
Cost (28 February 2013)	176 500 ✓	62 300 ✓✓
Accumulated Depreciation (28/02/13)	(105 675) ☑ (79 200 + 26 475)	(24 810) ☑

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Inspect totals if brackets not inserted.

**TRADE AND OTHER RECEIVABLES**

Trade Debtors (1 170 x <sup>100</sup> / <sub>5</sub> )	23 400	✓✓
Provision for Bad Debts <i>must be negative</i>	(1 170)	✓
Net Trade Debtors <i>(This total may not be included)</i>	22 230	
Accrued Income (71 500/11) <i>check Rent Income adjustment</i>	6 500	☑
Prepaid expenses (280 x 2) <i>check Insurance adjustment</i>	560	☑
	29 290	☑
<i>Check the transfer of amounts from the Income Statement.</i>		

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## 2.1.3 Star Traders

## Income Statement for the year ended 28 February 2013

Turnover /Sales	(323 320 ✓ – 3 320 ✓)	320 000	Or 2 marks
Cost of Sales		(192 000)	✓
<b>GROSS PROFIT</b>		<b>128 000</b>	✓
<b>Other Income</b>		<b>81 445</b>	✓
Rent Income	(71 500 ✓ + 6 500 ✓)	78 000	✓ ③
Discount Received		2 420	✓
Profit on sale of asset	refer asset disposal account (2.1.1)	875	✓
Provision for bad Debts Adjustment	(1 320 – 1 170 ✓)	150	✓ ②
<b>Gross Income</b>		<b>209 445</b>	✓
<b>Operating Expenses</b>		<b>(148 990)</b>	
<b>Bank Charges</b>		<b>4 560</b>	
<b>Sundry Expenses</b>		<b>22 460</b>	
Bad Debts		1 220	✓
Employers Contributions (salaries and wages)		2 800	✓
Insurance	(3 920 ✓ – 560 ✓)	3 360	✓ ③
Telephone	(6 410 ✓ + 480 ✓)	6 890	Or 2 marks
Salaries and wages	(56 000 ✓ + 4 460 ✓ + 2 340 ✓)	62 800	✓ ④
Consumable Stores	(7 350 ✓ – 2 150 ✓)	5 200	Or 2 marks
Stationery		5 330	✓
Trading Stock deficit	(27 550 – 25 640 ✓)	1 910	✓ ②
Depreciation	Total from Asset Note (2.1.2)	32 460	✓
<b>Operating Profit</b>		<b>60 455</b>	✓
Interest Income		3 110	✓
<b>Net Profit before Interest expense</b>		<b>63 565</b>	✓
Interest expense		(970)	✓
<b>Net Profit for the year</b>		<b>62 595</b>	✓
	Inspect all totals for operations		
Interest misplaced must be marked wrong. -1 for foreign entries (any balance sheet accounts) Max -2			

## 2.2.1 Calculate the missing amounts on the table provided (denoted by A to G).

	YOGA	YASH	TOTAL	
Partners salaries	64 800	46 200	111 000	
Interest on Capital	A: 15 750 ✓✓	7 500		
Bonus	-	E: 5 600 ✓		
Total primary distribution	B: 80 550 ✓	D: 59 300 ✓	C: 139 850 ✓	
Share in the remaining profit Ratio :11: 8	F: 8 580 ✓✓	G: 6 240 ✓✓	14 820	
Net profit for the year	?	?	154 670	10

## 2.2.2 Calculate the following financial indicators:

(a) <b>Debt/Equity Ratio</b>  94 840 ✓ : 534 580 ✓ 0,17 : 1 ✓  Accept 0,2 : 1	
(b) <b>Percentage return earned by Yoga. (Use the average equity)</b>  $\frac{89\ 130}{\frac{1}{2}(237\ 500 - 24\ 690 + 17\ 040)} \times \frac{100}{1} = 77,5\%$ ✓ ✓ (7 650) ✓ ✓	

## 2.2.3 Yoga feels that the business is in a sound liquidity position. Explain why you think he feels this way. Quote TWO financial indicators (with figures) to motivate your answer.

Name of indicator ✓ ✓ Quote figures ✓ ✓ Comment ✓ ✓ (could be a general overall comment)	
<p><b>Current ratio:</b> although it decreased from 2,5 : 1 to 1,7 : 1, it still indicated that there is adequate short term assets to cover current liabilities.</p> <p><b>Acid Test ratio:</b> improved from 1,8 : 1 to 1,1 : 1. Suggests that the business was holding too much stock in the previous year and was able to turn over stock more effectively in the current year.</p> <p><b>Debtors Collection Period:</b> Improved from 42 days to 31 days. Debtors are paying close to the 30 days normally allowed. Indicates an improvement in the collection policy and thereby on cash management.</p>	
Any 2 ratios explained. -1 for each incorrect indicator (if more than 2 are quoted) Do not accept Creditors payment period – although improved, the business takes too long to settle short term debts.	6

**2.2.4 Yash is not satisfied with her percentage return on equity compared to that of Yoga's. Give ONE possible reason why she feels this way. Quote figures to motivate your response.**

✓✓ *reason explained* ✓ *quoting figures*

Yash manages her current account better (always reflecting a positive balance) R42 540 against R17 040.

Yoga had a big debit balance on his current account (R24 690). This accounts for a better percentage return when calculating average equity.

Yoga also draws large amounts which also affects the current account balance. His drawings is almost double that of Yash's. (R47 400 compared to R24 200)

3

**2.2.5 The business wants to expand their operations and have discussed extending the existing building. This venture is expected to cost R200 000. By looking at the financial statements and the indicators, suggest different ways in which this project can be financed. (Two points)**

*Any two valid and separate points* ✓✓ ✓✓

The partners have increased their capital contribution by R150 000

They increased the investment by R130 000 with an interest rate of only 11%

They repaid a large portion of the loan thereby improving the debt/equity ratio.

Their interest on loan is only 12% but the return on capital employed is 28%.

Their business can borrow more money at 12% p.a. interest and this would result in positive gearing.

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100	
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## QUESTION 3

## CASH BUDGETS

(40 marks; 24 minutes)

3.1 Calculate the percentage of goods sold on credit during February 2013.

Percentage:

$$\frac{50\,400}{(12\,600 + 50\,400)} \times 100 = 80\%$$

63 000 ✓✓



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3.2 Cash expected from debtors during March 2013:

MONTHS	CREDIT SALES	WORKINGS	MARCH 2013
January	75 200	X 15%	11 280 ✓✓
February	50 400	X 30%	15 120 ✓✓
March	78 400	X 50% X 95% ✓	37 240 ✓✓
<b>CASH FROM DEBTORS</b>			63 640 ✓

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3.3 CASH BUDGET FOR MARCH 2013  
RECEIPTS

MARCH 2013

<b>Cash Sales</b>		<b>19 600</b>	
Cash from Debtors		63 640	✓ Transfer from Note above
Interest on Fixed Deposit		2 400	✓
Rent Income	$(36\,000 \div 12 \times \frac{115}{100})$ or $3\,000 \times 1,15$ ✓	3 450	✓
Capital contribution		40 000	✓
<b>TOTAL RECEIPTS</b>	<i>inspection</i>	<b>129 090</b>	✓
<b>PAYMENTS</b>			
Payments to creditors	$(12\,600 + 50\,400) \times \frac{100}{140}$ ✓	45 000	✓
Drawings		1 500	✓
<b>Operating expenses</b>		<b>18 000</b>	
Salaries	$24\,000 \checkmark + (24\,000 \times 80\%) \checkmark$	43 200	✓
Equipment purchased	$96\,000/12$	8 000	✓✓
<b>Bank charges</b>		<b>500</b>	
Maintenance of buildings		2 000	✓
<b>TOTAL PAYMENTS</b>	<i>inspection</i>	<b>118 200</b>	✓
SURPLUS/(SHORTFALL)	<i>inspect operation</i>	10 890	✓
Bank (Opening Balance)		(6 000)	✓
<b>BANK (Closing balance)</b>	<i>inspect operation</i>	<b>4 890</b>	✓

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-1 Foreign entries (max -2) any non-cash item

13



3.4 The business intends to employ two additional shop assistants in April 2013, at the same salary of the existing employees. In your opinion, is this a wise decision? Motivate your answer by making use of figures from the information.

Salary per person =  $24\ 000 \div 4 = 6\ 000$   
R6 000 x 2 = R12 000 (needed to employ two people) ✓✓

March surplus is only R6 640 ✓; therefore the business will not be able to afford this. ✓

*2 marks for calculation; 1 mark to quote supporting figure; 1 mark for comment.*

4

3.5 Compare the actual figures for February 2013 against the budgeted amounts for March 2013. (Refer to point 14 of the information provided)

Advise the owner on what he could do to improve the internal controls of any TWO items on the list. You do not need to quote any figures.

**Rent Income:** poor collection policy; over budgeted; investigate reasons. Adjust budget or implement rules for the tenant.

**Maintenance:** under budgeted / possible the extra money spent in February will reduce the expense in the future / investigate and budget appropriately in the future.

**Drawings:** taking advantage of being the owner / need to stick to budget arrangement to exercise good cash management.

✓✓ ✓✓ *any two valid suggestions*

4

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QUESTION 4

CLUBS

(30 marks; 18 minutes)

4.1.1 Calculate the total amount that is due by all members in respect of membership fees, for this financial year. (Income and expenditure amount)

$(108 - 3) \times 60 \checkmark = 6\,300 \checkmark$   
 $12 \times (5 \times 7) \checkmark = 420 \checkmark$   
 $15 \times (5 \times 4) \checkmark = 300 \checkmark$   
  
 7 020

Accuracy mark for the whole statement  
Method mark if one part of the calculation is correct

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4.1.2

**GENERAL LEDGER OF CITY SPORTS CLUB  
MEMBERSHIP FEES ACCOUNT**

2012 Jan	1	Accrued Income	480 <input checked="" type="checkbox"/>	2012 Jan	1	Income Received in Advance	900 <input checked="" type="checkbox"/>
Dec	31	Income Received in Advance <small>(6 x 60)</small>	360 <input checked="" type="checkbox"/>	Dec	31	Bank <i>balancing figure</i>	6 420 <input checked="" type="checkbox"/>
		Income and expenditure	7 020 <input checked="" type="checkbox"/> <small>Refer 4.1</small>			Membership fees written off <small>(480 - 240 - 60)</small>	180 <input checked="" type="checkbox"/>
						Repairs/Maintenance <input checked="" type="checkbox"/>	60 <input checked="" type="checkbox"/>
						Accrued Income <small>(5 x 60)</small>	300 <input checked="" type="checkbox"/>
			7 860				7 860

-1 for details omitted/incorrect (Max -2). Accept recognisable abbreviations.

4.2

12
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NO.	STATEMENT OF RECEIPTS AND PAYMENTS - 31 DECEMBER 2012		STATEMENT OF INCOME AND EXPENDITURE - 31 DECEMBER 2012	
	RECEIPTS	PAYMENTS	INCOME	EXPENDITURE
E.g.		800		600
1		9 900 <input checked="" type="checkbox"/>		3 900 <input checked="" type="checkbox"/>
2	3 000 <input checked="" type="checkbox"/>		1 800 <input checked="" type="checkbox"/>	
3		1 400 <input checked="" type="checkbox"/>		300 <input checked="" type="checkbox"/>
4	8 944 <input checked="" type="checkbox"/>	3 090 <input checked="" type="checkbox"/> <small>5 590 - 2 500</small>	3 354 <input checked="" type="checkbox"/> or <small>8 944 - 5 590</small> 8 944 (1 mark)	5 590
5				350 <input checked="" type="checkbox"/>
			<small>Refreshment is not normally shown separately. Therefore only 1 mark for calculation of 8 944 if profit is not shown</small>	

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**QUESTION 5**

**COSTING (MANUFACTURING CONCERNS)**

**(35 marks; 21 minutes)**

5.1 Place a cross (X) under the appropriate category for each of the items listed below.

	ITEM	PRIME COST	FACTORY OVERHEADS	ADMINISTRATION COSTS	SELLING AND DISTRIBUTION
5.1.1	Indirect materials		X ✓		
5.1.2	Advertising				X ✓
5.1.3	Direct Labour	X ✓			
5.1.4	Factory Rent		X ✓		
5.1.5	Office Stationery			X ✓	

5

5.2.1 Calculate:

a) The total fixed cost.

$$\begin{aligned}
 & \text{(775 x 40\%)} \\
 & 1\,250 + 310 + 460 + 200 \\
 & = 2\,220 \checkmark \checkmark \text{ (if one part above is correct)}
 \end{aligned}$$

(2)

b) The total variable cost.

$$\begin{aligned}
 & \text{(775 x 60\%)} \\
 & 520 + 555 + 465 \\
 & = 1\,540 \checkmark \checkmark \text{ (if one part above is correct)}
 \end{aligned}$$

(2)

4

5.2.2 Explain the concept "breakeven".

It is the number of units that must be produced and sold to cover the total costs (where income = expenses); where the business is not making a profit or loss. It shows the level of sales that is required; it assists with determining mark-up percentages and in assessing whether production of this product is a viable venture.

✓ ✓ (award part marks for partial answers)

2

5.2.3 Calculate the selling price at the breakeven point.

Will Julius be satisfied with this break-even selling price? Explain.

$$*1\,540/40 = 38,50 \text{ (variable cost per unit)}$$

$$\frac{2\,220}{x-38,50} = 40 \text{ units } \checkmark$$

$$x = \frac{2\,220 + 1\,540}{40}$$

Breakeven selling price is R94. ✓

No. ✓

He will not be satisfied with R94 per bag, because he will not make a profit (will only cover costs.)

This price shows a profit mark-up of 144% on cost which is very high.

He must assess the market (and competitors) to determine if he would be able to sell these bags at a higher price in order to show some profit; perhaps at flea markets and at tourist attractions.

✓ ✓ valid explanation

Response could be in line with learners' incorrect calculation. Award marks accordingly

7

## 5.3

**GENERAL LEDGER OF TARGET PRODUCTS**  
**BALANCE SHEET ACCOUNTS**

**WORK IN PROCESS STOCK (B8)**

2012 Mar	1	<b>Balance</b>	<b>10 200</b>	2013 Feb	28	<i>Finished Goods Stock</i> ✓ Balancing figure	145 600 ☑
2013 Feb	28	<i>Direct material cost</i> ✓	<b>38 420</b>			<b>Balance</b>	<b>14 000</b>
		<b>Direct labour cost</b>	<b>65 480</b>				
		<b>Factory Overheads</b>	45 500 ✓✓				
			159 600				159 600
2013 Mar	1	<b>Balance</b>	14 000				

5

**FINISHED GOODS STOCK (B9)**

2012 Mar	1	<b>Balance</b>	<b>0</b>	2013 Feb	28	<i>Cost of Sales</i> ✓	*134 600 ✓✓
2013 Feb	28	<i>Work-in-process stock</i> ✓	145 600 ☑			<b>Balance</b>	11 000 ✓
							<i>Can be calculated</i> <i>(18 200 – 16 825) x 8</i>
			145 600				145 600
2013 Mar	1	<b>Balance</b>	11 000 ☑			Unit cost = $145\,600 \div 18\,200 = 8$ 16 825 x 8 (cost of sales)	

7

**FINAL ACCOUNTS**  
**TRADING ACCOUNT**

2013 Feb	28	<b>Cost of Sales</b>	134 600 ☑	2013 Feb	28	<b>Sales</b>	168 250 ☑☑
		<i>Profit and Loss</i> ✓	33 650 ☑				
			168 250				168 250
Gross Profit = *Cost of sales x 25%				*Cost of sales x 125% (Sales amount)			

*Could calculate Gross Profit (in which case the Sales amount would be the balancing figure)*  
*or the sales amount could be calculated (in which case the Gross Profit would be the balancing figure)*  
Allocate the 2 accuracy marks to the one calculated by the learner.

5

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QUESTION 6

VAT AND STOCK SYSTEMS

(45 marks; 27 minutes)

6.1.1 Indicate whether the following statements are True or False.

(a)	False	✓✓
(b)	False	✓✓
(c)	True	✓✓
(d)	True	✓✓

Accept (F) or (T)

8

6.1.2

(a) According to the information above, calculate the amount of VAT that City Cleaning Services will need to pay to SARS on 25<sup>th</sup> August 2013. (Show all calculations – do not show the final answer only.)

$$\text{VAT paid (Input VAT): } 896 + 77 + 175 + 406 + 5\,432 = 6\,986$$

✓
✓
✓
✓✓
✓✓
✓

$$\text{VAT received (Output VAT): } 8\,666 + 882 = 9\,548$$

✓
✓✓
✓

$$\text{Due to SARS (9 548 – 6 986) = 2 562 } \checkmark$$

Learners could use ledger accounts – award marks accordingly

13

(b) As a registered accountant, you noticed that the owner, P. Mandla, inflated the cleaning materials account by R5 000.  
• Express your feelings about Mandla’s action, and explain what steps you would take.

Mandla is attempting to defraud SARS by paying less VAT (inflating the VAT input)  
It is unethical.  
✓✓ for explaining Mandla’s action (unethical)

Would inform him of this and the consequences (fines/penalties etc.).  
Would request that he reverse this entry and reflect the correct amount due to SARS.  
Also to protect my professional integrity (belonging to a professional body with a code of conduct).  
✓✓ For stating you action (inform and correct)

4

6.2.1

**GENERAL LEDGER OF JUBILEE STORES  
PURCHASES ACCOUNT (N4)**

2013 Sep	30	<b>Balance/total</b>	<b>684 240</b>	2013 Sep	30	Donation ✓	1 440 ✓✓
		Creditors Control ✓	9 550 ✓			<b>Drawings</b>	<b>2 000</b>
						<b>Creditors Allowances</b>	<b>10 350</b>
						Trading Account ✓	680 000 ✓
			693 790				693 790
				Mark details and amounts together			

<b>7</b>	
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**6.2.2 Calculate the Gross profit earned by the business.  
(You may construct the Trading Account to calculate this amount)**

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Sales – Debtors Allowances  
(915 000 – 24 170) = 890 830 ✓✓

Opening Stock + Purchases + Carriage on Purchases – Closing Stock  
211 900 + 680 000 + 9 930 – 255 000 = 646 830  
✓                    ✓                    ✓✓                    ✓

Gross Profit: 890 830 – 646 830 = 244 000 ✓

Or

Trading Account			
Opening St	211 900	Sales	890 830
Purchases	680 000	Closing Stock	255 000
Carriage	9 930		
Gross Profit	<b>244 000</b>		

*Allocate the marks to the account*

<b>8</b>
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**6.2.3 Calculate the Gross profit percentage achieved.**

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$$\frac{244\,000}{646\,830} \times \frac{100}{1} = 37,7\%$$

✓                    ✓                    ✓

<b>3</b>
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**6.2.4 Provide ONE suitable reason why the 50% mark-up on cost was not achieved.**

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Discounts given on cash sales / clearance sales of old, obsolete stock / mark downs

✓✓ one valid point

<b>2</b>
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<b>45</b>	
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**TOTAL: 300**

