



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

EXAMINATION GUIDELINES

ACCOUNTING GRADE 11

PAPER 1 & 2

2019

This document consists of 11 pages

**ACCOUNTING GRADE 11
EXAMINATION GUIDELINES
with effect from January 2019**

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1. OVERVIEW

The Curriculum and Assessment Policy Statement (CAPS) for Accounting outlines the nature and purpose of the subject Accounting. This guides the philosophy underlying the teaching and assessment of the subject in Grades 10-12.

The points outlined in CAPS consequently have a significant effect on the setting of Accounting examinations.

The purpose of these Examination Guidelines is to highlight and further clarify these points to:

- Inform teachers on examination principles and curriculum content affecting the NSC examinations so that these can be reflected in school-based assessments.
- Assist teachers in adequately preparing learners for the demands of the NSC examinations.

2. FORMAT OF ACCOUNTING GRADE 11 MID-YEAR & YEAR-END EXAMINATION PAPERS

Examinations	Number of papers	Marks	Time
Mid-year	2 papers	150 each	2 hours each
Year-end	2 papers	150 each	2 hours each

The number of questions may vary from 3 to 6 questions in each paper. There is no stipulation on the marks allocated to each question. All questions are compulsory and are to be answered in specially prepared answer books, which are designed to address the requirements of each question and assist learners in time-management.

Year-end examination	Marks	Time
Paper 1	150	2 hours
Paper 2	150	2 hours
TOTAL	300	

The Accounting topics (previously in three fields) have been consolidated into two broad disciplines. Discipline 1 covers topics of reporting to external stakeholders, while Discipline 2 covers topics related to internal accounting processes.

Because the current Grade 11 annual teaching plan for the first two terms is focused more on Discipline 1 content and in order to have a well-balanced mid-year Grade 11 examination paper that meets all minimum requirements, the ATP is revised such that Cost accounting (manufacturing) will be taught in term 2 and Sports clubs are moved to term 3. The revised Summary of Annual Teaching Plan for Grade 11 is attached as Appendix 2.

The weighting of each broad discipline across the two year-end papers is amended to:

AMENDED WEIGHTING TO CATER FOR TWO EXAMINATION PAPERS		
Discipline 1	Recording, Reporting and Evaluation of Financial Information	Paper 1 150 marks; 2 hours
Discipline 2	Manufacturing, Forecasting & Internal Auditing and Control	Paper 2 150 marks; 2 hours

Note:

- Refer to the table below and to Appendix 1 for specific examinable content across the two examination papers.

- The principle of integration of the topics of Ethics and Internal Control in the teaching of other topics, where appropriate, is retained.
- Certain financial indicators apply to both disciplines and both examination papers. These are listed below and in Appendix 1.
- Although a formula sheet will be provided, candidates will be required to identify the appropriate financial indicators in calculating the relevant indicators and in supporting their comments on interpreting and evaluating financial information. Teachers are advised to guide learners in understanding the logic of each financial indicator to enhance their comments on the financial indicators, and to avoid reliance on the formula sheet.

3. EXAMINABLE CONTENT FOR GRADE 11 ACCOUNTING

NOTE: This is a summary only. Teachers must refer to Accounting CAPS for specific requirements. Refer to 3 below for relevant content from previous grades.

GRADE 11: PAPER 1

Recording, Reporting and Evaluation of Financial Information

- 11.1.1 Concepts relating to partnerships
- 11.1.2 Concepts relating to clubs
- 11.1.3 Concepts relating to GAAP
- 11.1.4 Ledger accounts of partnerships; & interpretation thereof
- 11.1.5 Ledger accounts of clubs & interpretation thereof
- 11.1.6 Accounting equation of partnerships
- 11.1.7 Adjustments & final accounts of partnerships & trial balances
- 11.1.8 Income Statement (Statement of Comprehensive Income) of partnerships
- 11.1.9 Balance Sheet (Statement of Financial Position) & Notes of partnerships
- 11.1.10 Statement of Receipts & Payments of clubs
- 11.1.11 Analysis and interpretation of financial statements of partnerships *
- 11.1.12 Valuation of fixed assets including additions, depreciation & disposal
- 11.1.13 Periodic & perpetual stock systems - concepts & reporting
- 11.1.14 Ethical behaviour in financial environments

GRADE 11: PAPER 2

Manufacturing, Forecasting & Internal Auditing and Control

- 11.2.1 Preparation of bank and creditors' reconciliations
- 11.2.2 Value Added Tax calculations
- 11.2.3 Manufacturing concepts
- 11.2.4 Cost Accounting - Ledger accounts
- 11.2.5 Calculation of unit costs and break-even point
- 11.2.6 Preparation of Cash Budget for sole traders
- 11.2.7 Preparation of Projected Income Statement for sole traders
- 11.2.8 Application of internal control & audit processes: cash, fixed assets, inventories, debtors, creditors, income & expenses including salaries/wages; & including financial indicators #
- 11.2.9 Valuation of fixed assets including depreciation & asset disposal for forecasting and internal control purposes
- 11.2.10 Periodic & perpetual inventory systems - concepts, recording & control
- 11.2.11 Ethical behaviour in financial environments

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Financial Indicators for Financial Reporting (Grade 11 Paper 1)

Gross profit on sales	Gross profit on cost of sales	Net profit on sales
Operating expenses on sales	Operating profit on sales	Current ratio
Acid test ratio	Stock turnover rate	Stock holding period
Average debtors' collection period	Average creditors' payment period	Solvency ratio
Return on partners' equity	Debt/Equity ratio	

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Financial Indicators for Internal Control (Grade 11 Paper 2)

Gross profit on cost of sales	Net profit on sales	Operating expenses on sales
Operating profit on sales	Stock turnover rate	Stock holding period
Average debtors' collection period	Average creditors' payment period	

4. RELEVANT SECTIONS OF CAPS FOR ACCOUNTING WHICH HAVE A DIRECT EFFECT ON THE SETTING OF EXAMINATION PAPERS

The Accounting CAPS contains several requirements which, apart from influencing the general teaching and assessment of the subject, have a direct bearing on the structure of and content addressed in formal examinations, including the Accounting NSC examination. The relevant sections are as follows (refer to the CAPS for further details):

Page 8-9	The nature and purpose of Accounting i.e. the subject is not limited to recording and preparation of financial information; the subject also addresses skills of recording, analysing, interpreting, communicating, presenting and problem-solving.
Page 8	Weighting of content to be addressed in the Grade 10-12 curriculum i.e. 50%: Recording, reporting and evaluation of financial information & corporate governance. 50%: Manufacturing, Forecasting & Internal Auditing and Control.
Page 42	Formal assessment tasks i.e. tasks should prepare learners for the demands of the Accounting NSC examination.
Page 44	Content relating to previous grades i.e. Grade 12 examinations may contain a 20% weighting of content stipulated in previous grades which has an impact on Grade 12 content.
Page 44	Cognitive levels to be addressed i.e. in the weighting of lower-order (30%); middle order (40%) and higher order (30%).
Page 44	Problem-solving i.e. 10% of all examinations may address problem-solving questions (in new and unfamiliar contexts) using critical and creative thinking.

5. DEGREES OF DIFFICULTY

All examinations, and most assessment tasks in Accounting, must reflect sub-questions of differing degrees of difficulty i.e. Easy, Moderate and Difficult.

The following weighting of degrees of challenge is generally accepted as appropriate for Grade 10-12 examinations:

Easy	Moderate	Difficult
30%	40%	30%

It must be noted that degrees of challenge are not necessarily tied to specific cognitive levels. A higher-order cognitive level question might not necessarily be Difficult, while a lower-order level question might not necessarily be Easy.

For example,

- In preparing financial statements, year-end adjustments will be regarded as being of the middle-order cognitive level (i.e. Applying), yet they could be Easy, Moderate or Difficult in challenge depending on the adjustment required.
- In comparing the % returns of two companies, the appropriate cognitive level would be higher order (i.e. Evaluating), yet the degree of challenge might well be Easy, depending on the context of the question and information provided.

- In a problem-solving question, the identifying of a problem from given financial information will be regarded as being of the higher order level (i.e. Creating), but could be Easy, Moderate or Difficult in challenge, depending on the context of the question and information provided.
- Assessment of whether a sub-question is Easy, Moderate or Difficult is obviously a subjective exercise which depends on the opinion and perception of the reviewer. Nevertheless, the exercise must be carried out by examiners and moderators to ensure that examination papers cater for the full range of abilities of learners who are adequately prepared for Accounting NSC examinations.

See APPENDIX 1. Examinable content across two examination papers Grades 10-12

APPENDIX 1

ACCOUNTING CONTENT ACROSS TWO EXAMINATION PAPERS GRADES 10-12

GRADE 12 IMPLEMENTATION DATE: 2020

GRADE 12: PAPER 1

Financial Reporting and Evaluation

12.1.1	Concepts relating to companies
12.1.2	Concepts relating to GAAP & IFRS
12.1.3	Unique ledger accounts of companies & interpretation thereof
12.1.4	Accounting equation of companies
12.1.5	Adjustments & final accounts of companies & trial balances
12.1.6	Income Statement (Statement of Comprehensive Income) of companies
12.1.7	Balance Sheet (Statement of Financial Position) & Notes of companies
12.1.8	Cash Flow Statement of companies
12.1.9	Analysis and interpretation of fin. statements of companies *
12.1.10	Analysis and interpretation of published financial statements & audit report of companies
12.1.11	Valuation of fixed assets for reporting purposes incl additions, depreciation & disposal
12.1.12	Inventory valuation for reporting (FIFO, Weighted average & Specific Identification)
12.1.13	Professional bodies & Code of conduct
12.1.14	Ethical behaviour and corporate governance in financial environments
12.1.15	Legislation governing companies (overview only)
12.1.16	Close corporations (background only; not examinable)

GRADE 11 IMPLEMENTATION DATE: 2019

GRADE 11: PAPER 1

Financial Reporting and Evaluation

11.1.1	Concepts relating to partnerships
11.1.2	Concepts relating to Clubs
11.1.3	Concepts relating to GAAP
11.1.4	Ledger accounts of partnerships; & interpretation thereof
11.1.5	Ledger accounts of clubs & interpretation thereof
11.1.6	Accounting equation of partnerships
11.1.7	Adjustments & final accounts of partnerships & trial balances
11.1.8	Income Statement (Statement of Comprehensive Income) of partnerships
11.1.9	Balance Sheet (Statement of Financial Position) & Notes of partnerships
11.1.10	Statement of Receipts & Payments of clubs
11.1.11	Analysis and interpretation of financial statements of partnerships *
11.1.12	Valuation of fixed assets incl. additions, depreciation & disposal
11.1.13	Periodic & perpetual stock systems - concepts & reporting
11.1.14	Ethical behaviour in financial environments

GRADE 10 IMPLEMENTATION DATE: 2018

GRADE 10: PAPER 1

Financial Reporting and Evaluation

10.1.1	Concepts relating to sole traders
10.1.2	Concepts relating to GAAP
10.1.3	Bookkeeping: documents & journals of sole traders
10.1.4	Ledgers and trial balances of sole traders
10.1.5	Accounting equation of sole traders
10.1.6	Adjustments & final accounts of sole traders & trial balances
10.1.7	Income Statement (Statement of Comprehensive Income) of sole traders
10.1.8	Balance Sheet (Statement of Financial Position) & Notes of sole traders
10.1.9	Analysis and interpretation of fin. statements of sole traders *
10.1.10	Salaries & wages - recording & interpretation
10.1.11	Calculation & reporting of additions to fixed assets and depreciation
10.1.12	Ethical behaviour in financial environments

GRADE 12: PAPER 2**Managerial Accounting & Internal Control**

12.2.1	Analysis & interpretation of reconciliations: bank, debtors, creditors, age-analysis
12.2.2	Value Added Tax - Input, Output & calculations
12.2.3	Manufacturing concepts
12.2.4	Manufacturing: Production Cost Statement; abridged Income Statement & notes
12.2.5	Analysis & interpretation of cost information, unit costs & break-even point
12.2.6	Analysis & interpretation of Cash Budget for sole traders and companies
12.2.7	Analysis & interpretation of Projected Income Statement: sole traders and companies
12.2.8	Application of internal control & audit processes: cash, fixed assets, inventories, debtors, creditors, income & expenses (incl. salaries/wages) & financial indicators#
12.2.9	Recording & control of fixed assets including depreciation & asset disposal
12.2.10	Perpetual and periodic stock systems; valuation and control of inventories
12.2.11	Ethical behaviour in financial environments

Financial Indicators for Financial Reporting (Grade 12 Paper 1)

Gross profit on sales; Gross profit on cost of sales; Net profit on sales; Operating expenses on sales; Operating profit on sales; Current ratio; Acid test ratio; Stock turnover rate; Stock holding period; Average debtors' collection period; Average creditors' payment period; Solvency ratio; Debt equity ratio (gearing); Return on shareholders' equity; Return on total capital employed; Net asset value per share; Dividends per share; Earnings per share; Dividend pay-out rate

Financial Indicators for Internal Control (Grade 12 Paper 2)

Gross profit on cost of sales; Net profit on sales; Operating expenses on sales; Operating profit on sales; Stock turnover rate; Stock holding period; Average debtors' collection period; Average creditors' payment period

GRADE 11: PAPER 2**Managerial Accounting & Internal Control**

11.2.1	Preparation of bank and creditors' reconciliations
11.2.2	Value Added Tax calculations
11.2.3	Manufacturing concepts
11.2.4	Cost Accounting - Ledger accounts
11.2.5	Calculation of unit costs and break-even point
11.2.6	Preparation of Cash Budget for sole traders
11.2.7	Preparation of Projected Income Statement for sole traders
11.2.8	Application of internal control & audit processes: cash, fixed assets, inventories, debtors, creditors, income & expenses (incl. salaries/wages) & financial indicators #
11.2.9	Valuation of fixed assets including depreciation & asset disposal for forecasting and internal control purposes
11.2.10	Periodic & perpetual inventory systems - concepts, recording & control
11.2.11	Ethical behaviour in financial environments

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Financial Indicators for Financial Reporting (Grade 11 Paper 1)

Gross profit on sales; Gross profit on cost of sales; Net profit on sales; Operating expenses on sales; Operating profit on sales; Current ratio; Acid test ratio; Stock turnover rate; Stock holding period; Average debtors' collection period; Average creditors' payment period; Solvency ratio; Return on partners' equity; Debt/equity ratio

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Financial Indicators for Internal Control (Grade 11 Paper 2)

Gross profit on cost of sales; Net profit on sales; Operating expenses on sales; Operating profit on sales; Stock turnover rate; Stock holding period; Average debtors' collection period; Average creditors' payment period

GRADE 10: PAPER 2**Managerial Accounting & Internal Control**

10.2.1	Preparation of debtors' & creditors' lists to agree to Control accounts
10.2.2	Value Added Tax concepts and basic calculations
10.2.3	Manufacturing concepts and basic calculations
10.2.4	Indigenous bookkeeping (not examinable)
10.2.5	Budgeting concepts and basic calculations
10.2.6	Application of internal control & audit processes: cash, fixed assets, inventories, debtors, creditors, income & expenses (including salaries/wages) & financial indicators #
10.2.7	Calculation & recording of fixed assets & depreciation
10.2.8	Perpetual inventory system; recording & control of inventories
10.2.9	Code of ethics in businesses, principles & values

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Financial Indicators for Financial Reporting (Grade 10 Paper 1)

Gross profit on sales; Gross profit on cost of sales; Net profit on sales; Operating expenses on sales; Operating profit on sales; Current ratio; Acid test ratio; Solvency ratio; Return on owner's equity

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Financial Indicators for Internal Control (Grade 10 Paper 2)

Gross profit on cost of sales; Net profit on sales; Operating expenses on sales; Operating profit on sales

Appendix 2: Summary of Annual Teaching Plan Grade 11

TERM 1											
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	
Topic	Reconciliations			Fixed Assets			Partnerships : Adjustments, ledger, accounting equation, final accounts				
	Integrate Internal control and ethics with all the topics										
Assessment	<i>Written report</i>				<i>Informal</i>			<i>Test</i>			
TERM 2											
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	
Topic	Partnerships: Financial statements			Partnerships: Analysis and interpretation of statements		Cost Accounting (Manufacturing) Ledger		Midyear examination			
	Integrate Internal control and ethics with all the topics										
Assessment	<i>Project</i>				<i>Informal</i>			<i>Midyear examination</i>			
TERM 3											
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	
Topic	Budgeting: Projected income statement, debtors' collection and creditors' payments, cash budgets				Inventory system			Clubs: Concepts, Ledger, Statement of receipts and payments		Revision	
	Integrate Internal control and ethics with all the topics										
Assessment	<i>Presentation (Budgeting)</i>				<i>Informal</i>			<i>Test</i>			
TERM 4											
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	
Topic	Value Added Tax (VAT)		Revision and examination preparation			Final examination					
	Integrate Internal control and ethics with all the topics										
Assessment	<i>Informal</i>					<i>Final examination</i>					

Appendix 3: Formula Sheet

GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times 100$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times 100$	$\frac{\text{Net profit}}{\text{Sales}} \times 100$
Operating expenses X $\frac{100}{\text{Sales}}$	Operating profit X $\frac{100}{\text{Sales}}$	
$\frac{\text{Total earnings by partner}}{\text{Partner's average equity}} \times 100$	$\frac{\text{Net profit}}{\text{Average owners' equity}} \times 100$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times 365$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times 365$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times 365 \text{ or } 12$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$	
Non-current liabilities : Partners' equity	Total assets: Total liabilities	

