



education

Department:
Education
PROVINCE OF KWAZULU-NATAL

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

**ACCOUNTING
SEPTEMBER 2018
COMMON TEST**

MARKS: 100

TIME : 1 hour

**This paper consists of 6 pages, formula sheet and
an answer booklet of 7 pages.**

INSTRUCTIONS AND INFORMATION

1. You are provided with a question paper with ANNEXURE A and an ANSWER BOOK.
2. This question paper comprises THREE compulsory questions. Answer ALL the questions.
3. Use the format provided in the answer book in order to reflect your answers.
4. Where applicable-workings must be shown in order to achieve part-marks.
5. Non-programmable calculators may be used.
6. You may use dark pencil or blue/black ink to answer the questions.
7. Use the information in the table, below, as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1		(56 Marks; 34 Minutes)	
Topic of the question		This question integrates:	
Sole Trader Financial Statements		Financial accounting <ul style="list-style-type: none"> ○ Balance Sheet Notes to Balance Sheet <ul style="list-style-type: none"> • Tangible/ Fixed Assets 	
QUESTION 2		(20 Marks; 12 Minutes)	
Topic of the question		This question integrates:	
Analysis and Interpretation of Financial Statements		Financial accounting <ul style="list-style-type: none"> • Ratio Calculations 	
QUESTION 3		(24 Marks; 14 Minutes)	
Topic of the question		This question integrates:	
Analysis and Interpretation of Financial Statements		Financial accounting <ul style="list-style-type: none"> • Comments 	

QUESTION 1**(56 Marks; 34 Minutes)****SOLE TRADER: BALANCE SHEET AND NOTES**

You are provided with information relating to Manchester Traders on 28 February 2018. The business is owned by Zanele Khanye

REQUIRED:

- 1.1. Prepare the Balance Sheet as 28 February 2018. (Show workings in brackets to earn part marks) (40)
- 1.2. Prepare Note for Tangible / Fixed Assets (16)

INFORMATION:**Extract of PRE-ADJUSTMENT TRIAL BALANCE OF MANCHESTER TRADERS ON 28 FEBRUARY 2018.**

BALANCE SHEET ACCOUNTS SECTION	AMOUNT (R)
Capital	1 420 000
Drawings	1 101 300
Land and Buildings	1 250 000
Equipment	550 000
Vehicles	1 650 000
Accumulated Depreciation on Equipment – 28/02/2018	200 000
Accumulated Depreciation on Vehicles – 28/02/2018	130 000
Loan : Mpindiso Bank (17%)	400 000
Fixed Deposit: Mlomo Bank (8%)	250 000
Trading stock	180 000
Debtors control	142 500
Creditors control	111 800
Pension Fund	17 400
SARS: (PAYE)	31 000
Bank Overdraft	(Cr)1 044 600
Cash float	2 000
Petty cash	1 600
Consumable Stores on Hand	8 600
Accrued Income	20 000
Accrued Expense	4 200
Prepaid Expense	9 000
Deferred Income	6 000
Net Profit for the year	1 800 000

ADJUSTMENTS AND ADDITIONAL INFORMATION ON 28 FEBRUARY 2018:

1. The owner Zanele Khanye took stock valued at R 8 000, after the stock taking for personal use. No entry was made for this transaction.
2. An amount of R 50 000 is payable on the loan from Mpindiso Bank on 30 June 2018.
3. The fixed deposit at Mlomo Bank includes an amount of R 100 000 which will mature on 31 August 2018.
4. The following details concerns fixed assets. The relevant entries concerning the fixed assets have been correctly recorded.
 - Extensions to the buildings, R 500 000, were completed during the financial year.
 - A new computer, R 15 000, was purchased on 1 December 2017.
 - A new delivery vehicle, R 184 000, was bought on credit on 1 January 2018.
 - Depreciation for the year was calculated as follows:

Equipment, R 35 000
Vehicles, R 48 000

QUESTION 2**(20 Marks; 12 Minutes)****RATIO CALCULATIONS**

The following information was taken from the records of Mbhele Traders on 30 September 2018. The business is owned by Mandla Khumalo.

REQUIRED:

- 2.1. Calculate the following ratios/indicators for 2018. (ROUND OFF TO ONE DECIMAL)
- 2.1.1. Current ratio (3)
- 2.1.2. Acid test ratio (4)
- 2.1.3. Solvency Ratio (5)
- 2.1.4. Operating Expenses on sales (3)
- 2.1.5. Return on Average owner's equity (5)

INFORMATION:

- A. Extract from the Income statement for the year ended 30 September 2018.

Sales / Turn over	1 760 000
Cost of Sales	930 000
Operating expenses	565 000
Operating profit	365 000
Interest on loan (12%)	75 000
Net profit for the year	2900

- B. Extract from the Balance sheet on 30 September 2018.

	2018	2017
Non-current assets	1 929 500	1 172 000
Current Assets	440 000	420 000
Inventory	171 800	351 200
Trade and other receivables	140 000	60 000
Cash and cash equivalents	128 200	8 800
Owners Equity	2 037 500	1 150 000
Non-current liabilities	172 000	232 000
Current Liabilities	160 000	210 000
Trade and other payables	160 000	167 000
Bank overdraft	NIL	43 000

QUESTION 3**(24 Marks; 14 Minutes)****INTERPRETATION OF FINANCIAL INFORMATION**

You are provided with financial indicators of Mashonisa Traders on 31 August 2018.

The business has a target mark up on cost of 75%

Use the information to answer the questions that follow:

N.B: In answering the questions quote relevant indicators, figures and trends.

1. INFORMATION

	2018	2017
Gross profit on cost	60%	63%
Gross profit on sales	46%	50%
Operating expenses on sales	21%	18%
Operating profit on sales	16,1%	19,2%
Return on owner's equity	27,9%	23%
Current ratio	2,1:1	1,9:1
Acid test ratio	1:1	0,9:1
Solvency ratio	3,3:1	2,5:1
Interest on fixed deposits	12%	12%

REQUIRED:

- 3.1 The owner of Mashonisa Traders is happy about the liquidity position of the business. Quote **TWO** relevant financial indicators with figures to support her opinion. (6)
- 3.2 The manager is concerned about the mark up % achieved by the business. Quote **ONE** relevant indicator to support her concern. And explain what caused the business not to achieve its targeted mark up. Mention TWO points. (7)
- 3.3 The owner of the business is not satisfied by the operating efficiency of the business. Quote **TWO** relevant financial indicators with figures to support his opinion (6)
- 3.4 The manager feels that the owner must be satisfied with the returns he is earning in this business. Do you agree with this opinion?
- Explain by quoting **ONE** financial indicator to support your answer. Also quote figures to support your answer. (5)

TOTAL MARKS: 100

ANNEXURE A**FORMULA SHEET FOR GRADE 10**

$\frac{\text{Gross profit}}{\text{Sales}} \times 100$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times 100$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Current assets : Current liabilities	Current Assets - Inventory : Current liabilities	
$\frac{\text{Net profit}}{\text{Average equity}} \times \frac{100}{1}$	Total assets : Total liabilities	



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GR 10 ACC/AB

ACCOUNTING
ANSWER BOOK
SEPTEMBER 2018

**NATIONAL
SENIOR CERTIFICATE**

GRADE 10

Name: _____ Grade: _____

Question	Topic	Learners Mark	Moderators Mark
1	Balance Sheet and Notes		
2	Ratio Calculations		
3	Interpretation of Financial Statements		
	TOTAL		

This answer book consists of 7 pages.

QUESTION 1

**1.1. MANCHESTER TRADERS
BALANCE SHEET AS AT 28 FEBRUARY 2018**

ASSETS	Note	
Non – Current Assets		
Fixed/Tangible assets		
Financial assets:		
Current Assets		
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Owners’ Equity		
Capital		
Non - Current Liabilities		
Current Liabilities		
TOTAL EQUITY AND LIABILITIES		

1.2. FIXED/TANGIBLE ASSETS

	Land & buildings	Equipment	Vehicles
Carrying value at beginning of year	750 000		
Cost	750 000		1 466 000
Accumulated depreciation	0		
Movements			
Additions at cost			
Disposals at carrying value	0	0	0
Depreciation	0		
Carrying value at end of year			
Cost			
Accumulated depreciation		(200 000)	(130 000)

QUESTION 2

2.1.1. Current Ratio	(3)

2.1.2. Acid Test Ratio	(4)

2.1.3. Solvency Ratio	(5)

2.1.4. Operating Expenses on Sales	(3)

2.5. Return on Average Owners' Equity	(5)

QUESTION 3

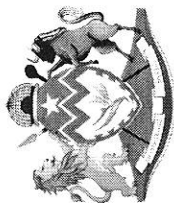
3.1. The owner of Mashonisa Traders is happy about the liquidity position of the business. Quote TWO relevant financial indicators with figures to support her opinion. (6)

3.2. The manager is concern about the mark up % achieved by the business. Quote ONE relevant indicator to support her concern. And explain what caused the business not to achieve its targeted mark up. Mention TWO points. (7)

TWO POINTS

3.3. The owner of the business is not satisfied by the operating efficiency of the business. Quote TWO relevant financial indicators with figures to support his opinion (6)

3.4. The manager feels that the owner must be satisfied with the returns he is earning in this business. Do you agree with this opinion?
○ Explain by quoting ONE financial indicator to support your answer. Also quote figures to support your answer. (5)



Basic Education

KwaZulu-Natal Department of Basic Education
REPUBLIC OF SOUTH AFRICA

ACCOUNTING

MEMORANDUM

SEPTEMBER 2018

NATIONAL
SENIOR CERTIFICATE

GRADE 10

MARKS: 100

MARKING PRINCIPLES:

- 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.
- Full marks for correct answer. If answer incorrect, mark the workings provided.
- 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).
- 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.
- Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
- Where penalties are applied, the marks for that section of the question cannot be a final negative.
- Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
- Operation means 'Check operation'. One part correct means 'Operation & one part correct'.
Notes: Check operation means must be +, x, or ÷ per method, but some items can be + or - such as stock deficit.**
- Be aware of candidates who provide valid alternatives beyond the marking guideline.

N.B. This MEMORANDUM consists of 6 pages.

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QUESTION 1 1.1. MANCHESTER TRADERS BALANCE SHEET AS AT 28 FEBRUARY 2018

ASSETS	Note	
Non – Current Assets	\$	✓13 270 000
Fixed/Tangible assets (1 250 000+350 000+1 520 000) see 1.2		✓13 120 000
Financial assets (250 000✓ – 100 000✓)	#	✓150 000
Current Assets	5	
	\$	✓1455 700
Inventory (180 000✓-8 000✓+8 600✓)	#	✓180 600
Trade and other Receivables(142 500✓+20 000✓+9 000✓)	#	✓171 500
Cash and Cash Equivalents (2 000✓+1 600✓+100 000✓)	#	✓103 600
TOTAL ASSETS	14 #	✓13 725 700
EQUITY AND LIABILITIES		
Owners' Equity	\$	✓12 110 700
Capital (1 420 000✓+1 800 000✓-1 109 300✓) (1 101 300-8 000) one mark each	#	✓12 110 700
Non - Current Liabilities	6	
	\$	✓350 000
Loan (400 000✓ – 50 000✓)	#	✓350 000
Current Liabilities	4	
	\$	✓1 265 000
Trade and other Payables (11 800✓+31 000✓+4 200✓+6 000✓+17 400✓)	#	✓1170 400
Current portion		✓50 000
Bank overdraft		✓1 044 600
TOTAL EQUITY AND LIABILITIES	11	✓13 725 700

Foreign entries - 1 Max 3 for \$ means check operation # means operation one part correct
No penalties for misplaced items i.e. Balance sheet items
Misplaced items mark workings in brackets and mark the final figure wrong

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QUESTION 2

1.2. FIXED/TANGIBLE ASSETS

	Land & buildings	Equipment	Vehicles
Carrying value at beginning of year <small>operation</small>	750 000	<input checked="" type="checkbox"/> 370 000#	<input checked="" type="checkbox"/> 1 384 000#
Cost	750 000	✓ 535 000	1 466 000
Accumulated depreciation	0	<input checked="" type="checkbox"/> (165 000) <small>operation</small>	<input checked="" type="checkbox"/> (82 000) <small>operation</small>
Movements			
Additions at cost	✓ 500 000	✓ 15 000	✓ 184 000
Disposals at carrying value	0	0	0
Depreciation	0	✓ (35 000)	✓ (48 000)
Carrying value at end of year <small>Operation</small>	<input checked="" type="checkbox"/> 1 250 000#	<input checked="" type="checkbox"/> 350 000#	<input checked="" type="checkbox"/> 1 520 000#
Cost	✓ 1 250 000	✓ 550 000	✓ 1 650 000
Accumulated depreciation	0	(200 000)	(130 000)

Cost - Acc Dep

56
56

2.1.1 Current Ratio
(3)

440 000 ✓ : 160 000 ✓

2,8 : 1

Operation one part correct Accept 2,75;1 don't accept 3:1 must be in a form x:1

2.1.2. Acid Test Ratio
(4)

(440 000 ✓ - 171 800 ✓) : 160 000 ✓

2 marks

268 200 : 160 000

1,7 : 1

Operation one part correct Accept 1,67;1 don't accept 2:1 must be in a form x:1

2.1.3. Solvency ratio
(5)

(1 929 500 ✓ + 440 000 ✓) : (172 000 ✓ + 160 000 ✓)

2 marks

2 369 500 : 332 000

7,1 : 1

Operation one part correct Accept 7,13;1 don't accept 7:1 must be in a form x:1

2.1.4. Operating Expenses on Sales
(3)

565 000 ✓ x 100

1 760 000 ✓

32,1%

Operation one part correct. Don't accept 32%. Must be %

2.5. Return on Average Owners' Equity

(5)

$$\frac{290\,000}{(2\,037\,500 + 1\,150\,000) \div 2} \times 100$$

Error on the question paper as NP shown as R 2 900 misprint

$$\frac{2\,900}{1\,593\,750} \times 100$$

$$\frac{290\,000}{1\,593\,750} \times 100$$

3 marks

0,18% or 0,2%

18,2%

Operation one part correct. Accept 18,19% don't accept 18%. Must be %

20
20

QUESTION 3

3.1. The owner of Mashonisa Traders is happy about the liquidity position of the business. Quote TWO relevant financial indicators with figures to support her opinion. (6)

Relevant indicator ✓ Trend ✓ Figures ✓

- Current Ratio – increased – 1,9:1 to 2,1:1
- Acid Test Ratio – increased – 0,9:1 to 1,1:1

3.2. The manager is concerned about the mark up % achieved by the business. Quote one relevant indicator to support her concern. And explain what caused the business not to achieve its targeted mark up. Mention TWO points. (7)

Relevant indicator ✓ Trend ✓ Figures ✓

- Gross Profit on Cost – Decreased from 63% to 60% OR
- Gross profit on Sales – Decreased from 50% to 46%

TWO POINTS

Any relevant point 2 Marks

- Sales on discounted prices
- Errors when calculating selling prices

Points for 1 mark

Discounts, errors

8	NSC
22	
22	

TOTAL MARKS: 100

<p>3.3. The owner of the business is not satisfied by the operating efficiency of the business. Quote TWO relevant financial indicators with figures to support his opinion (6)</p>	
<p>Relevant indicator ✓ Trend ✓ Figures ✓</p> <ul style="list-style-type: none"> - Operating expenses on sales – increased from 18% to 21% or by 3% - Operating profit on sales – decreased from 19,2% to 16,1% or by 3,1% 	

<p>3.4. The manager feels that the owner must be satisfied with the returns he is earning in this business. Do you agree with this opinion?</p> <ul style="list-style-type: none"> o Explain by quoting ONE financial indicator to support your answer. Also quote figures to support your answer. (5) 	
<p>Relevant indicator with Yes ✓ Trend ✓ Figures ✓</p> <p>Explanation ✓✓</p> <p>Yes ,Return on Equity – increased from 23% to 27,9% or by 4,9%</p> <p>Above interest rate on fixed deposit currently at 12%</p>	