



**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA

**NATIONAL  
SENIOR CERTIFICATE**



**GRADE 10**

**ACCOUNTING**  
**SEPTEMBER 2022**  
**COMMON TEST**

*Stanmorephysics.com*

**MARKS:** 100

**TIME :** 1 ½ HOURS

**This paper consists of 8 pages, 1 formula sheet and the answer booklet of 7 pages.**



**INSTRUCTIONS AND INFORMATION**

1. You are provided with a question paper 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. Round off to **ONE** decimal place where necessary.
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	TOPICS	MARKS	MINUTES
1	Statement of Comprehensive Income and Tangible/ Fixed Assets Note	60	54
2	Ratio Calculations	20	18
3	Interpretation of Financial Information	20	18
<b>TOTAL</b>		<b>100</b>	<b>90</b>

**QUESTION 1****(60 Marks; 54 Minutes)****SOLE TRADER: STATEMENT OF COMPREHENSIVE INCOME AND NOTES**

Use the following information from Merc Traders for the financial year ending on 28 February 2022. The business is owned by Andile Ndlovu.

**REQUIRED:**

- 1.1. Prepare the Income Statement/Statement of Comprehensive Income for the year ended 28 February 2022. (43)
- 1.2. Calculate the missing figures in the Tangible/ Fixed Assets Note denoted by letters A – D by using **information no.9**. (17)

**INFORMATION:****PRE-ADJUSTMENT TRIAL BALANCE OF MERC TRADERS ON 28 FEBRUARY 2022.**

<b>Balance sheet accounts section</b>	<b>Debits</b>	<b>Credits</b>
Capital		1 200 000
Drawings	68 000	
Mortgage loan: Mondlo Bank		207 600
Land and buildings at cost	1 160 000	
Equipment at cost	260 000	
Accumulated depreciation on equipment(1 March 2021)		69 200
Vehicles at cost	560 000	
Accumulated depreciation on vehicles (1 March 2021)		112 000
Fixed deposit: Juju Bank (8% p.a.)	48 000	
Trading stock	88 000	
Debtors control	84 600	
Bank	60 200	
Creditors control		85 200
<b>Nominal accounts section</b>		
Sales		1 792 840
Cost of sales	840 000	
Debtors allowances	21 840	
Salaries and wages	187 000	
Insurance	25 000	
Bad debts	17 600	
Stationery	28 640	
Telephone	42 900	
Bank charges	22 800	
Rent income		66 800
Packing materials	40 000	
Advertising	11 280	
Commission income		30 620
Interest on fixed deposit		1 600
	<b>3 565 860</b>	<b>3 565 860</b>

**Additional information and adjustments:**

1. Received 40 cents in the rand from the insolvent estate of Shukela Gumede, a debtor who owed R 1 600. The remainder must be written off. No entries have as yet been made.
2. The telephone account for February 2022, R1 830, was still outstanding.
3. The rent for March 2022 has already been received. The rent was increased by R600 per month with effect from 1 January 2022.



4. The loan statement received reflected the following:

Balance on 1 March 2021	300 000
Repayments during the financial year (including interest)	92 400
Interest capitalized	?
Balance on 28 February 2022	234 600

Provide for the interest on loan.

5. Insurance includes an amount of R1 920 paid for the period 1 January 2022 to 30 June 2022.
6. Provide for the outstanding interest on the fixed deposit.
7. There was a fire in the business on 20 February 2022 and merchandise was damaged. The insurance company has agreed to pay only 80% of the claim as the goods were under-insured. Their settlement EFT of R12 800 was received and recorded. No entries have as yet been made for the loss.
8. Stocks on hand on 28 February 2022 as per stock sheets:
  - Trading stock, R71 000
  - Packing materials, R950

9. Fixed/ Tangible Assets Note for the year ended February 2022.

<b>FIXED/TANGIBLE ASSETS</b>	<b>Equipment</b>	<b>Vehicles</b>
<b>Carrying value at beginning of year(1/03/2021)</b>		<b>C</b>
Cost	<b>A</b>	560 000
Accumulated depreciation	(69 200)	(112 000)
<b>Movements</b>		
Additions at cost	24 800	0
Depreciation	<b>B</b>	<b>D</b>
<b>Carrying value at end of year (28/02/2022)</b>		
Cost	260 000	
Accumulated depreciation		

Provide for depreciation as follows:

- On vehicles at 25% p.a. on cost.
- On equipment at 20% p.a. on diminishing balance method.

**NOTE:**

Additional equipment with a total cost of R24 800 was purchased on 1 September 2021. This transaction was recorded and therefore included in the equipment balance above.

**QUESTION 2**

**(20 Marks; 18 Minutes)**

**RATIO CALCULATIONS**

The following information was extracted from the accounting records of Manchester Traders the business owned by S. Mhlanga which is selling school uniform in Dumbe Area.

**REQUIRED:**

2.1 Calculate the following ratios/financial indicators for the year ended 30 June 2019. Show all calculations to the nearest two decimal points.

- 2.1.1 Solvency ratio (5)
- 2.1.2 Current ratio (3)
- 2.1.3 Acid test ratio (4)
- 2.1.4 Return on average owner's equity (5)
- 2.1.5 Operating expenses on sales (3)

**INFORMATION:**

1. Extract from the Statement of Comprehensive Income for the year ended 30 June 2022:

Sales	1 875 000
Cost of sales	1 118 750
Operating expenses	700 000
<b>Net profit</b>	<b>525 000</b>

2. Extract from the Statement of Financial Position as at 30 June :

	2022	2021
<b>Fixed/Tangible assets at carrying value</b>	2 250 000	1 500 000
<b>Fixed deposit: Betty Bank</b>	150 000	120 000
<b>Current assets</b>	1 287 500	880 000
Inventories	300 000	225 000
Trade and other receivable	850 000	565 000
Cash and cash equivalents	137 500	90 000
<b>Owner's equity</b>	<b>2 500 000</b>	<b>1 475 000</b>
<b>Non current liabilities</b>	<b>818 750</b>	<b>625 000</b>
<b>Current liabilities</b>	<b>368 750</b>	<b>400 000</b>



**QUESTION 3****(20 Marks; 18 Minutes)****INTERPRETATION OF FINANCIAL INFORMATION**

You are provided with information about Punchies Stores for the past two financial years ended 30 September. The business is situated in KZN Pongola and trades in racing bikes. The business is owned by Supota Mbhele.

**REQUIRED:**

- 3.1. The owner took a decision with regards to selling price/Mark-up of bikes in 2022;
- What is the decision, quote figures to support your answer? (3)
  - Did the business benefited from that decision explain by mentioning TWO Points from the question with figures to support your answer. (6)
- 3.2. Comment on the liquidity position of the business, quote TWO financial indicators to support your comment. (6)
- 3.3. The owner is satisfied with the return he is earning in this business, explain By quoting ONE financial indicator to support your answer. (5)

**NOTE:** Provide figures or financial indicators (ratios or percentages) And comparisons with the previous year to support comments or explanations.

**INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER:****A. FIGURES IDENTIFIED FROM STATEMENT OF COMPREHENSIVE INCOME:**

	2022	2021
Sales	R13 182 000	R7 740 000
Number of bikes sold	1 750 bikes	900 bikes
Mark-up %	58%	72%
Cost of sales	8 330 000	4 500 000
Gross profit	4 852 000	3 240 000
Operating expenses	1 900 000	1 500 000
Depreciation	412 000	275 000
Net profit for the year	1 911 000	1 036 000

**B. FINANCIAL INDICATORS:**

	<b>2022</b>	<b>2021</b>
Mark-up % achieved	58%	72%
Operating profit on sales	22%	17,5%
Net profit on sales	19%	16,2%
Operating expenses on sales	12,6%	19,4%
Current ratio	2,0 : 1	2,9 : 1
Acid-test ratio	1,2 : 1	0,9 : 1
Solvency Ratio	3,8 : 1	3,3 : 1
Return on owners equity	20,8%	17,8%
Interest(rate) on fixed deposit	12%	12%

**TOTAL: 100**



## Annexure A

## FORMULA SHEET FOR GRADE 10

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
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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**ACCOUNTING**  
**SPECIAL ANSWER BOOK**  
**SEPTEMBER 2022**  
**COMMON TEST**

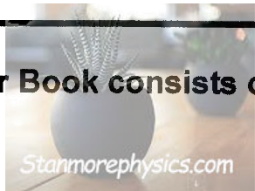
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**GRADE 10**

Name: \_\_\_\_\_ Grade: \_\_\_\_\_

Question	Topic	Learners Mark	Moderators Mark
1	Statement of Comprehensive Income and Tangible Assets Note		
2	Ratio Calculations		
3	Interpretation of Financial Statements		
	<b>TOTAL</b>		

**N.B. This Special Answer Book consists of 7 pages.**





1.2

	WORKINGS	ANSWER
(A)		
(B)		
(C)		
(D)		

17

60



**QUESTION 2**

<b>2.1.1 Solvency Ratio</b>


5

<b>2.1.2. Current Ratio</b>

3

<b>2.1.3. Acid test ratio</b>

4

<b>2.1.4. Return on average owner's equity</b>

5

**2.1.5. Operating expenses on sales**

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3

20



## QUESTION 3

**3.1. The owner took a decision with regards to selling price/Mark-up of bikes in 2022;**

- **What is the decision, quote figures to support your answer?**
- **Did the business benefited from that decision explain by mentioning TWO Points from the question with figures to support your answer.**

**Decision**

**Explanation TWO Points**

9

**3.2. Comment on the liquidity position of the business, quote TWO financial Indicators to support your comment.**

6

3.3. The owner is satisfied with the return he is earning in this business, explain by quoting ONE financial indicator to support your answer.



5

20

**TOTAL MARKS: 100**



## KWAZULU-NATAL PROVINCE

EDUCATION  
REPUBLIC OF SOUTH AFRICA



### ACCOUNTING

### MARKING GUIDELINE

SEPTEMBER 2022

NATIONAL  
SENIOR CERTIFICATE

GRADE 10

**MARKS: 100**

#### MARKING PRINCIPLES:

1. 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. Full marks for correct answer. If answer incorrect, mark the workings provided.
3. 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).
4. 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.
5. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
6. Where penalties are applied, the marks for that section of the question cannot be a final negative.
7. 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.
8. Operation means 'Check operation'. 'One part correct' means 'Operation & one part correct'.  
Note: Check operation means must be +, -, x, or ÷ per memo, but some items can be + or – such as stock deficit.
9. Be aware of candidates who provide valid alternatives beyond the marking guideline.

**N.B. This MARKING GUIDELINE consists of 7 pages.**

**QUESTION 1****1.1. STATEMENT OF COMPREHENSIVE INCOME OF MERC TRADERS FOR THE YEAR ENDED 28 FEBRUARY 2022**

Sales (1 792 840✓ - 21 840✓)		<input checked="" type="checkbox"/> 1 771 000
Cost of sales (840 000)		✓ (840 000)
<b>Gross profit</b> operation	<b>5</b>	<input checked="" type="checkbox"/> 931 000
<b>Other operating income</b> one part correct		<input checked="" type="checkbox"/> 91 820
Commission income(30 620)		✓30 620
Rent income( 66 800✓ – 5 600✓✓) one part correct		<input checked="" type="checkbox"/> 61 200
<b>Gross operating income</b>	<b>7</b>	<input checked="" type="checkbox"/> 1 022 820
<b>Operating expenses</b> operation		<input checked="" type="checkbox"/> (555 660)
Salaries and wages(187 000)		✓187 000
Insurance(25 000✓ – 1 280✓)		<input checked="" type="checkbox"/> 23 720
Bad Debts (17 600✓ + 960✓)		<input checked="" type="checkbox"/> 18 560
Stationery (28 640)		✓28 640
Telephone (42 900✓ + 1 830✓)		✓44 730
Bank Charges (22 800)		✓22 800
Packing Materials (40 000✓–950✓)		✓39 050
Advertising (11 280)		✓11 280
Trading stock deficit (88 000 – 16 000 – 71 000)		✓ <input checked="" type="checkbox"/> 1 000
Depreciation see B+D in 1.2		<input checked="" type="checkbox"/> 175 680
Loss due to fire (16 000✓ – 12 800✓)	<b>23</b>	<input checked="" type="checkbox"/> 3 200
<b>Operating profit</b> operation		<input checked="" type="checkbox"/> 467 160
Interest income (1 600✓ + 2 240✓)		<input checked="" type="checkbox"/> 3 840
<b>Profit before interest expense</b>		<input checked="" type="checkbox"/> 471 000
Interest expense		✓✓(27 000)
<b>Net profit for the year</b> operation	<b>8</b>	<input checked="" type="checkbox"/> <b>444 000</b>

Foreign items -1 max 2

No penalties for misplacement of statement of comprehensive income items

43

43

1.2

	WORKINGS	ANSWER
(A)	$260\,000\checkmark - 24\,800\checkmark$	$3$ <input checked="" type="checkbox"/> 235 200 One part correct
(B)	<b>New</b> $24\,800\checkmark \times 20\% \times 6/12\checkmark = 2\,480\checkmark$	$3$  $4$  $1$ <input checked="" type="checkbox"/> 35 680 One part correct
	<b>Old</b> $235\,200\checkmark - 69\,200\checkmark = 166\,000\checkmark \times 20\%$ $= 33\,200\checkmark$	
	$2\,480 + 33\,200$ 3 Marks 4 Marks	
(C)	$560\,000\checkmark - 112\,000\checkmark$	$3$ <input checked="" type="checkbox"/> 448 000 One part correct
(D)	$560\,000\checkmark \times 25\%\checkmark$	$3$ <input checked="" type="checkbox"/> 140 000 One part correct

17

17

60

60

## QUESTION 2

**2.1.1 Solvency Ratio**

$$(2\,250\,000 + 150\,000 \checkmark \text{ for both} + 1\,287\,500 \checkmark) : (818\,750 \checkmark + 368\,750 \checkmark)$$

$$3\,687\,500 : 1\,187\,500$$

2 Marks 2 Marks

$$3,1 : 1 \checkmark$$

One part correct

5

5

**2.1.2. Current Ratio**

$$1\,287\,500 \checkmark : 368\,750 \checkmark$$

$$3,5 : 1 \checkmark$$

One part correct

3

3

**2.1.3. Acid test ratio**

$$(1\,287\,500 \checkmark - 300\,000 \checkmark) : 368\,750 \checkmark$$

$$987\,500 : 368\,750$$

2 Marks 1 Mark

$$2,7 : 1 \checkmark$$

One part correct

4

4

**2.1.4. Return on average owner's equity**

$$\frac{525\,000 \checkmark}{(1\,475\,000 \checkmark + 2\,500\,000 \checkmark) \checkmark / 2} \times 100$$

$$\frac{525\,000 \text{ 1 mark}}{1\,987\,500 \text{ 3 marks}} \times 100$$

$$= 26,4\% \checkmark$$

One part correct



5

5



**2.1.5. Operating expenses on sales**

$$\frac{700\,000}{1\,875\,000} \checkmark \times 100$$

37, 3%

One part correct

3

3

20

20

**QUESTION 3**

**3.1. The owner took a decision with regards to selling price/Mark-up of bikes in 2022;**

- **What is the decision, quote figures to support your answer?**
- **Did the business benefited from that decision explain by mentioning TWO Points from the question with figures to support your answer.**

**Decision** (✓✓ for a decision ✓ Figures)

Decreased mark-up % from 72% - 58% or by 14%

**Explanation TWO Points** (Any TWO ✓✓ explanations ✓ Figures)

Sales increased from 7 740 000 – 13 182 000 or by 5 540 000

Number of bikes sold increased from 900 – 1 750 or by 850

Gross profit increased from 3 240 000 – 4 852 000 or by 1 612 000

9

9

**3.2. Comment on the liquidity position of the business, quote TWO financial Indicators to support your comment.**

**Relevant Financial Indicators with figures** ✓✓

Current Ratio decreased from 2,9 : 1 – 2,0 : 1

Acid Test Ratio increased from 0,9 : 1 – 1,2 : 1

**General Comment** ✓✓

Liquidity position indicates that the business can pay its current liabilities using current assets/ there are no liquidity problems/ the business does not rely on stock

6

6

3.3. The owner is satisfied with the return he is earning in this business, explain  
By quoting ONE financial indicator to support your answer.

**Relevant Financial Indicators with figures ✓✓✓**

Return on Equity increased from 17,8% - 20,8% or by 3%

**Compare with interest rate on fixed deposit ✓✓**

This is above interest rate on fixed deposit at 12%

5
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5
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20
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20
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**TOTAL MARKS: 100**