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## ACCOUNTING

### GRADE 10



## EXAMINATION

### NOVEMBER 2024 – PAPER 1

**EXAMINER: MR M MKHIZE**

**MODERATOR: MR K.B MOKOATSI**

**MARKS: 150**

**TIME: 2 hours**

This question paper consists of 9 pages, including a formula sheet and a 6-page answer book.

**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
4. Show ALL workings to earn part marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
1	Statement of Comprehensive Income	50	40
2	Notes and Statement of Financial Position	50	40
3	Accounting equation, Ratios/Financial indicator calculations and interpretations	50	40
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME (50 marks; 40 minutes)**

- 1.1 Match the correct explanation in column B with the term in column A. In your answer book write only the letter (A-E) next to the number (1.1.1-1.1.5) e.g. 1.1.6 F.

COLUMN A TERM		COLUMN B DEFINITION/EXPLANATION	
1.1.1	Net worth	A	Proof of goods returned to a supplier.
1.1.2	Business entity	B	Expenses must be recorded in the correct year when calculating the profit for the year.
1.1.3	Trial Balance	C	Assets minus liabilities.
1.1.4	Matching principle	D	Stipulates that a drawings account must be used.
1.1.5	Debit note	E	Checks the accuracy of the double entry principle.

(5)

**1.2 NKOMO TRADERS**

The information below was taken from the books of Nkomo Traders. The financial year ends 29 February 2024.

**REQUIRED:**

- 1.2.1 Prepare the Statement of Comprehensive Income.

(45)


**INFORMATION:**

**Extract from the Pre-adjustment Trial Balance on 29 February 2024**

	Debit	Credit
<b>Balance Sheet Accounts Section</b>		
Fixed Deposit: Bas Bank (7% p.a.)	300 000	
Trading Stock	251 300	
Loan: Bay-Linn Bank		240 000
<b>Nominal Accounts Section</b>		
Sales		2 222 000
Cost of Sales	1 388 750	
Debtors' Allowances	33 250	
Discount received		15 230
Commission Income		110 000
Rent Income		191 100
Discount allowed	10 200	
Telephone	37 265	
Stationery	25 550	
Water and electricity	44 720	
Bad Debts	9 800	
Bank charges	14 900	
Salaries and wages	275 200	
Employer's Contributions	36 898	
Depreciation	?	
Insurance	51 600	
Interest on loan	24 000	
Interest on fixed deposit		19 250



**ADJUSTMENTS AND ADDITIONAL INFORMATION:**

- 
- A. The water and electricity for February 2024 was not recorded, R2 580.
  - B. Bank charges on the bank statement for February 2024 amounted to R1 235.
  - C. A physical stock count on 29 February 2024 revealed the trading stock on hand amounts to R248 400.
  - D. Depreciation for the year amounts to R96 500.
  - E. An amount of R2 500 was received from a debtor whose debts was previously written off as irrecoverable. It was credited in the Debtors control account. Rectify the error.
  - F. Commission for February 2024 was still not received. The commission is the same amount every month.
  - G. A debtor, Z. Pretorius who owed R780 was declared insolvent. Write off his account as irrecoverable.
  - H. The insurance amount includes an annual premium of R11 880 paid on 1 May 2023.
  - I. The interest on fixed deposit is still owed to the business at the end of the year. There were no changes on the fixed deposit during the financial year.
  - J. The rent increased by 10% from 1 October 2023. The rent for March and April was received in advance.
  - K. One of the employees has been omitted from the Salaries Journal for February 2024. The details were as follows:

Gross salary	Total deductions	Net salary	Employers contributions
R12 200	R3 300	R8 900	R1 082

## QUESTION 2: NOTES AND THE STATEMENT OF FINANCIAL POSITION

(50 marks; 40 minutes)

### 2.1 JOEL STORES

The information below was taken from the books of Joel Stores.

#### REQUIRED:

2.1.1 Prepare the following notes to the Statement of Financial Position on 29 February 2024:

- Note for fixed assets (15)
- Cash and cash equivalents (3)
- Trade and other receivables (3)
- Owner's Equity (5)
- Trade and other payables (6)

2.1.2 Prepare the Statement of Financial Position on 29 February 2024. (18)

#### INFORMATION:

#### EXTRACT FROM THE BOOKS OF JOEL STORES ON 29 FEBRUARY 2024

Balance sheet account section	R
Capital	1 635 000
Drawings	111 100
Land and Buildings (1/3/2023)	1 075 000
Vehicles (1/3/2023)	660 000
Equipment (1/3/2023)	180 000
Accumulated depreciation on vehicles (1/3/2023)	402 000
Accumulated depreciation on equipment (1/3/2023)	72 000
Loan: Rust Bank	1 200 000
Fixed deposit: Dregan Bank	?
Debtor's control	186 500
Bank	65 200
Cash Float	950
Trading stock	217 600
Creditors control	312 200
Accrued expenses	6 900
Prepaid expenses	13 200
Income received in advance	11 300
Accrued income	2 100

**EXTRACT FROM THE FIXED ASSETS NOTE**

	<b>Land &amp; buildings</b>	<b>Vehicles</b>	<b>Equipment</b>
Carrying value beginning of year	<b>1 075 000</b>	<b>258 000</b>	<b>108 000</b>
Cost	<b>1 075 000</b>	<b>660 000</b>	<b>180 000</b>
Accumulated depreciation	<b>(0)</b>	<b>(402 000)</b>	<b>(72 000)</b>
<b>Movements:</b>			
Additions at cost	<b>415 000</b>	<b>540 000</b>	
Depreciation	<b>(0)</b>		
Carrying value end of year			
Cost		<b>1 200 000</b>	
Accumulated depreciation	<b>(0)</b>		

**Additional information:**

- (i) During the year the owner increased his capital contribution with an additional amount of R225 000. This was recorded.
- (ii) The owner withdrew R10 000 of stock on 27 February 2024. No entry was made.
- (iii) The net profit for the year after additional information was taken into account amounted to R376 550.
- (iv) During the year a new storeroom for R415 000 was built. This transaction was recorded properly.
- (v) A new vehicle was bought on 1 October 2023 for R540 000. This transaction was recorded properly. Depreciation on vehicles is calculated at 20% p.a. on the diminishing balance method.
- (vi) The business bought equipment on 1 February 2024 for R24 000 on credit. This transaction was not recorded. Depreciation on equipment is calculated at 10% p.a. on the cost price method.
- (vii) 25% of the loan will be repaid in the next financial year.
- (viii) R75 000 of the fixed deposit matures on 1 December 2024.



**QUESTION 3: ACCOUNTING EQUATION AND ANALYSIS AND INTERPRETATION**  
(50 marks; 40 minutes)

**3.1 ANALYSIS OF TRANSACTIONS**

**REQUIRED:**

Use the table provided to show the account debited, account credited and the effect on the accounting equation for each transaction. Indicate a decrease/minus with **– sign**, an increase/plus with **+ sign** and **0** for no effect. Assume that Bank is always favourable. The financial year ended on 29 February 2024.

(25)

**Example:** Withdrew R1 600, at the ATM to pay wages.

No	Account debited	Account credited	Assets	Owner's equity	Liabilities
E.g.	Wages	Bank	– 1 600	– 1 600	0

**TRANSACTIONS:**

- 3.1.1 Received R1 800 from a debtor to settle their account of R1 950.
- 3.1.2 Purchased stock R3 500 on credit from TT Traders.
- 3.1.3 Credit sales for R6 000. Cost of sales, R4 000.
- 3.1.4 Insurance for R900 was not paid for February 2024.
- 3.1.5 Paid R350 out of Petty Cash to buy flowers for the owner.

**3.2 BENJY WHOLESALERS**

You are provided with information from the books of Benjy Wholesalers on 30 June 2024.

**REQUIRED:**

- 3.2.1 Use the financial information provided to calculate on 30 June 2024:
  - Mark-up percentage (3)
  - Percentage operating expenses on sales (3)
  - Percentage net profit on sales (3)
  - Current ratio (3)
  - Acid test ratio (4)
  - Solvency (4)
- 3.2.2 Comment on the liquidity position of Benjy Wholesalers. Quote TWO financial indicators and figures. (5)



**BENJY WHOLESALER**  
**EXTRACT FROM THE FINANCIAL STATEMENTS - JUNE**

	<b>2024</b>	<b>2023</b>
Sales	3 000 000	1 800 000
Cost of sales	(2 000 000)	(1 200 000)
Gross profit	1 000 000	600 000
Other income	150 000	80 000
Operating expenses	700 000	500 000
Net profit	450 000	180 000
Total assets	3 500 000	2 900 000
Current assets	420 000	360 000
Inventory	245 000	180 000
Trade and other receivables	125 000	125 000
Cash and cash equivalents	50 000	55 000
Owners' equity	2 400 000	2 200 000
Loan	750 000	440 000
Current liabilities	350 000	180 000

**FINANCIAL INDICATORS:**

	<b>2024</b>	<b>2023</b>
Mark-up percentage	?	50%
Operating expenses on sales	?	27,8%
Net profit on sales	?	6,7%
Current ratio	?	2 : 1
Acid test ratio	?	1 : 1
Solvency ratio	?	4,7:1

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50

**TOTAL MARKS : 150**



GRADE 10 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Nett profit}}{\text{Average Owner's equity}} \times \frac{100}{1}$	Total assets : Total liabilities	



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# ACCOUNTING – P1



**NOVEMBER 2024**

**GRADE 10**

**ANSWER BOOK**

**SURNAME:** \_\_\_\_\_

**NAME:** \_\_\_\_\_

**SCHOOL:** \_\_\_\_\_

QUESTION	MARKS	INITIAL	MODERATOR
1			
2			
3			
<b>TOTAL</b>	<b>150</b>		

This answer book consists of 6 pages.

**QUESTION 1**

1.1

Match the correct explanation in column B with the term in column A.

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

5

1.2.1

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024**

Sales	
Cost of sales	(1 388 750)
Gross profit	
Other income	
Discount Received	15 230
Operating expenses	
Discount Allowed	10 200
Telephone	37 265
Stationery	
Operating profit	
Profit before interest expense	
Interest expense	(24 000)
Net profit for the year	

45

**TOTAL MARKS**

50



QUESTION 2

JOEL STORES

NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1.1

<b>FIXED ASSETS</b>	<b>Land &amp; buildings</b>	<b>Vehicles</b>	<b>Equipment</b>
Carrying value beginning of year	1 075 000	258 000	108 000
Cost	1 075 000	660 000	180 000
Accumulated depreciation	(0)	(402 000)	(72 000)
Movements			
Additions at cost	415 000	540 000	
Depreciation	(0)		
Carrying value end of year			
Cost		1 200 000	
Accumulated depreciation	(0)		

15

**CASH AND CASH EQUIVALENTS**

Bank	65 200

3

**TRADE AND OTHER RECEIVABLES**

Trade debtors	186 500

3

**OWNER'S EQUITY**

Balance at the beginning	
Balance at the end of the year	1 635 000

5

**TRADE AND OTHER PAYABLES**


6

2.2

**JOEL STORES  
STATEMENT OF FINANCIAL POSITION ON 29 FEBRUARY 2024**

**ASSETS**

**Non-current assets**

**Fixed Assets**

**Current assets**

**Inventory**

**TOTAL ASSETS**

**EQUITY AND LIABILITIES**

**Owner's Equity**

**Non-current liability**

**Current liabilities**

**Trade and other payables**

**TOTAL EQUITY AND LIABILITIES**

1 635 000

1 635 000

18

**TOTAL MARKS**

50

### QUESTION 3

#### 3.1 ACCOUNTING EQUATION

No.	Account debited	Account credited	Assets	Owner's equity	Liabilities
<i>E.g.</i>	<i>Wages</i>	<i>Bank</i>	<i>- 1 600</i>	<i>- 1 600</i>	<i>0</i>
3.1.1	Bank	Debtors Control			
3.1.2					
3.1.3		Sales			
3.1.4					
3.1.5					

25

#### 3.2.1 Calculate the following for June 2024:

Mark-up percentage:

WORKINGS

ANSWER

3

Percentage operating expenses on sales:

WORKINGS

ANSWER

3

Percentage net profit on sales:

WORKINGS

ANSWER

3



Current ratio:	
WORKINGS	ANSWER

3

Acid test ratio:	
WORKINGS	ANSWER

4

Solvency:	
WORKINGS	ANSWER

4

3.2.2 Comment on the liquidity. Quote two financial indicators and figures.

<p>Comment</p>
----------------

5

TOTAL MARKS
50

TOTAL: 150



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# ACCOUNTING

NOVEMBER 2024 – PAPER 1

GRADE 10

MARKING GUIDELINE

## MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guidelines, 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. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
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).
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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution; as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, marker must inspect reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 6 pages.

## QUESTION 1

1.1

Match the correct explanation in column B with the term in column A.

1.1.1	C	✓
1.1.2	D	✓
1.1.3	E	✓
1.1.4	B	✓
1.1.5	A	✓

5

1.2.1

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2024

<b>Sales</b> (2 222 000✓ – 33 250✓)		2 188 750	✓*
<b>Cost of sales</b>		(1 388 750)	
<b>Gross profit</b>	operation 4	800 000	✓
<b>Other income</b>	operation	300 230	✓
<b>Discount Received</b>		15 230	
Commission Income (110 000✓ + 10 000✓)		120 000	✓*
Rent income (191 100✓ – 28 600✓✓)		162 500	✓*
Bad Debts Recovered		2 500	✓
<b>Gross operating income</b>	operation 10	1 100 230	✓
<b>Operating expenses</b>	operation	(621 430)	✓
<b>Discount Allowed</b>		10 200	
<b>Telephone</b>		37 265	
Stationery		25 550	✓
Water and Electricity (44 720✓ + 2 580✓)		47 300	✓*
Bad Debts (9 800✓ + 780✓)		10 580	✓*
Bank Charges (14 900✓ + 1 235✓)		16 135	✓*
Salaries and Wages (275 200✓ + 12 200✓)		287 400	✓*
Employers Contributions (36 898✓ + 1 082✓)		37 980	✓*
Insurance (51 600✓ – 1 980✓✓)		49 620	✓*
Trading stock deficit (251 300✓ – 248 400✓)		2 900	✓*
Depreciation		96 500	✓
<b>Operating profit</b>	operation 26	478 800	✓
Interest income (19 250✓ + 1 750✓)		21 000	✓*
<b>Profit before interest expense</b>	operation	499 800	✓
<b>Interest expense</b>		(24 000)	
<b>Net profit for the year</b>	operation 5	475 800	✓

Foreign items -2 max

✓\* operation one part correct.

45

TOTAL MARKS

50



## QUESTION 2

## JOEL STORES

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1.1

<b>FIXED ASSETS</b>	<b>Land &amp; buildings</b>	<b>Vehicles</b>	<b>Equipment</b>
Carrying value beginning of year	1 075 000	258 000	108 000
Cost	1 075 000	660 000	180 000
Accumulated depreciation	(0)	(402 000)	(72 000)
<b>Movements</b>			
Additions at cost	415 000	540 000	24 000 ✓
Depreciation $540\,000 \times 20/100 \times 5/12$ $51\,600 \checkmark + 45\,000 \checkmark \checkmark$ $18\,000 \checkmark + 200 \checkmark \checkmark$ $24\,000 \times 10/100 \times 1/12$	(0)	(96 600) ✓*	(18 200) ✓*
Carrying value end of year	1 490 000 ✓	701 400 ✓*	113 800 ✓*
Cost	1 490 000	1 200 000	204 000 ✓
Accumulated depreciation	(0)	(498 600) ✓*	(90 200) ✓*

\*✓ one part correct    ✓ operation

15

**CASH AND CASH EQUIVALENTS**

<b>Bank</b>	<b>65 200</b>
Cash Float	950 ✓
Fixed deposit	75 000 ✓
one part correct	141 150 ✓*

3

**TRADE AND OTHER RECEIVABLES**

<b>Trade debtors</b>	<b>186 500</b>
Prepaid expenses	13 200 ✓
Accrued Income	2 100 ✓
one part correct	201 800 ✓*

3

**OWNER'S EQUITY**

Balance at the beginning	balancing figure	1 154 550 ✓
Additional capital		225 000 ✓
Drawings (111 100 + 10 000)		(121 100) ✓✓*
Net income		376 550 ✓
<b>Balance at the end of the year</b>		<b>1 635 000</b>

5

**TRADE AND OTHER PAYABLES**

Trade creditors (312 200✓ + 24 000✓)	336 200	✓*
Accrued expenses	6 900	✓
Income received in advance	11 300	✓
one part correct	354 400	✓*

6

2.1.2

**JOEL STORES****STATEMENT OF FINANCIAL POSITION ON 29 FEBRUARY 2024****ASSETS**

<b>Non-current assets</b>	<b>TA - CA</b>	2 638 850	✓
<b>Fixed Assets</b>	see 2.1.1	2 305 200	✓
Fixed deposit: Dregan Bank	balancing figure 3	333 650	✓
<b>Current assets</b>		550 550	✓ *
<b>Inventory</b> (217 600✓ – 10 000✓)		207 600	✓ *
Trade and other receivables	see 2.1.1	201 800	✓
Cash and cash equivalents	see 2.1.1	141 150	✓
<b>TOTAL ASSETS</b>	<b>7</b>	3 189 400	✓

**EQUITY AND LIABILITIES**

<b>Owner's Equity</b>		1 635 000	
<b>Non-current liability</b>		900 000	
Loan: Rust Bank (1 200 000✓ – 300 000✓✓)	4	900 000	✓ *
<b>Current liabilities</b>	operation	654 400	✓
<b>Trade and other payables</b>	see 2.1.1	354 400	✓
Short term loan	see loan	300 000	✓
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4</b>	3 189 400	✓

18

**TOTAL MARKS**

50

## QUESTION 3

## 3.1 ACCOUNTING EQUATION

No.	Account debited	Account credited	Assets	Owner's equity	Liabilities
<i>E.g.</i>	<i>Wages</i>	<i>Bank</i>	<i>- 1 600</i>	<i>- 1 600</i>	<i>0</i>
3.1.1	Bank	Debtors Control	± 1 800 ✓✓	0	0
	Discount allowed ✓	Debtors Control ✓	- 150 ✓	- 150 ✓	0
3.1.2	Trading stock ✓	Creditors Control ✓	+ 3 500 ✓	0	+ 3 500 ✓
3.1.3	Debtors control ✓	Sales	+ 6 000 ✓	+ 6 000 ✓	0
	Cost of sales ✓	Trading stock ✓	- 4 000 ✓	- 4 000 ✓	0
3.1.4	Insurance ✓	Accrued expense ✓	0	- 900 ✓	+ 900 ✓
3.1.5	Drawings ✓	Petty Cash ✓	- 350 ✓	- 350 ✓	0

25

## 3.2.1 Calculate the following for June 2024:

Mark-up percentage:

WORKINGS	ANSWER
$\frac{1\,000\,000}{2\,000\,000} \times 100$ ✓	50% <input checked="" type="checkbox"/> operation one part correct x 100

3

Percentage operating expenses on sales:

WORKINGS	ANSWER
$\frac{700\,000}{3\,000\,000} \times 100$ ✓	23,3% <input checked="" type="checkbox"/> operation one part correct x 100

3

Percentage net profit on sales:

WORKINGS	ANSWER
$\frac{450\,000}{3\,000\,000} \times 100$ ✓	15% <input checked="" type="checkbox"/> operation one part correct x 100

3



Current ratio:	
WORKINGS	ANSWER
420 000 ✓ : 350 000 ✓	1,2:1 <input checked="" type="checkbox"/> operation one part correct

3

Acid test ratio:	
WORKINGS	ANSWER
$\frac{420\,000 \text{ one mark} - 245\,000 \text{ one mark}}{125\,000 + 50\,000}$ $175\,000 \checkmark\checkmark : 350\,000 \checkmark$	0,5:1 <input checked="" type="checkbox"/> operation one part correct

4

Solvency:	
WORKINGS	ANSWER
$\frac{3\,500\,000 \checkmark + 750\,000 \text{ one mark}}{1\,100\,000 \checkmark} = 3,2$	3,2 : 1 <input checked="" type="checkbox"/> Accept 3,18:1 operation one part correct

4

### 3.2.2 Comment on the liquidity. Quote two financial indicators and figures.

Financial indicator and trend ✓ ✓ Figures ✓ ✓

Current ratio decreased from 2:1 to 1,2:1 / **OR** by 0,8:1 see 3.2.1

Acid test ratio decreased from 1:1 to 0,5:1 **OR** by 0,5:1 see 3.2.1

**Comment** ✓

The liquidity is not good. Decrease from the previous year. The business can struggle to pay off his short-term debts / Suffer cash flow pressure.

5

TOTAL MARKS
50

TOTAL: 150