



Province of the  
**EASTERN CAPE**  
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo  
Provinsie van die Oos Kaap: Departement van Onderwys  
Porafensie Ya Kapa Botjahabela: Lefapha la Thuto

**GRADE 10**

**OCTOBER/NOVEMBER 2025**

**ACCOUNTING P1**

**MARKS: 150**

**TIME: 2 hours**

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This question paper consists of 11 pages,  
a formula sheet and a 9-page answer book.

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## INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely:

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Workings must be shown to achieve part-marks.
4. Non-programmable calculators may be used.
5. You may use dark pencil or blue/black ink to answer the questions.
6. Only use acceptable abbreviations.
7. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME
1	Salaries and Wages journal	25	20
2	Concepts, Analysis of Transactions and Statement of Comprehensive Income	65	50
3	Notes and Statement of Financial Position	35	30
4	Concepts and Interpretation of Financial Statements	25	20
<b>TOTAL</b>		<b>150</b>	<b>120 minutes</b>

**QUESTION 1: Salaries and Wages Journal****(25 marks; 20 minutes)****1.1 HILLTOP PACKAGING**

Hilltop Packaging employs only one employee, Jonas Shibangu, who is paid weekly. The information is extracted from the week ending 22 April 2025.

**REQUIRED:**

Use the information provided below to answer the following questions.

- 1.1.1 Give ONE difference between salaries and wages. (2)
- 1.1.2 To which organization is PAYE paid? Write your answer in full. (1)
- 1.1.3 What is the difference between deductions and contributions? (2)
- 1.1.4 Calculate the total number of overtime hours worked by Jonas for the week. (5)

**INFORMATION:**

A. Jonas's normal time rate is R13,50 per hour and if required to work overtime he earns R20,25 per hour.

B. The following is an extract from his wages earned for the week 18 to 22 April 2025.

Wages	
Normal time	32 hours
Overtime	?
Total wage (normal time and overtime)	R675,00
Deductions Medical aid	R125,00
Pension Fund	(7,5% of basic wages)

**1.2 SALARIES JOURNAL**

The following information is related to Enzokuhle Traders for the month of May 2025.

**Required:**

Complete the Salaries Journal for May 2025.

**(15)**

**N.B:** Some figures have been entered into the Special Answer Booklet provided.

**INFORMATION:**

Employees	Basic salary	Deductions			
		PAYE	Medical Aid	Pension Fund	UIF
R. Khune	R 46 600 p/m	35% of gross	R 5 600	7,5% of basic	R 466
T. Zwane	R 576 000 p/a	38% of gross	R 8 900	7,5% of basic	R 480
R. Khune and T. Zwane will earn bonuses in March which are the same as their monthly salaries. (These bonuses are not included in the figures above.)					

**Additional Information:**

The employer contributes 10,5% of basic salary towards Pension Fund with GEPPF. The employer contribution towards Medical Aid with GEMS is R2 for every R1 deducted from employees, and towards UIF is on rand - for - rand basis.



## QUESTION 2: CONCEPTS, ANALYSIS OF TRANSACTIONS AND STATEMENT OF COMPREHENSIVE INCOME (65 marks; 50 minutes)

### 2.1 GAAP PRINCIPLES

Match the example in column A to the concept in column B. Write only the letter (A-D) next to question number (2.1.1. - 2.1.4) in the ANSWER BOOK.

EXAMPLE		CONCEPT	
2.1.1	A debtor who owes R1 270, was written off as a bad debt as he could not be traced.	A	Materiality
2.1.2	Interest on overdraft is not shown as part of bank charges.	B	Business Entity
2.1.3	An amount of R450, still due for telephone at the end of the financial year, will be added to telephone expense in the income statement for the current year.	C	Matching
2.1.4	The owner pays her personal cell phone account with a business cheque. She does not record the amount as an expense to the business.	D	Prudence

(4)

### 2.2 ANALYSIS OF TRANSACTIONS

The transactions appeared in the books of Bear Stores. The business maintains a gross profit mark-up of 50% on cost.

#### REQUIRED:

Analyse the following transactions according to the headings provided in the ANSWER BOOK.

Assume that Bank balance is **favourable** for all the transactions.

(11)

Example: The owner took goods for personal use, R500.

#### TRANSACTIONS:

2.2.1 Purchased trading stock on credit, R14 000 less 8% trade discount.

2.2.2 A debtor returned goods to the business (Cost price, R900).

## 2.3 SEBENZA TRADERS

The following information was taken from the accounting records of Sebenza Traders for the year ended 31 August 2025. Take the information into account and complete the Income Statement.

(50)

### PRE-ADJUSTMENT TRIAL BALANCE FOR THE YEAR ENDED 31 AUGUST 2025

	DEBIT	CREDIT
<b>BALANCE SHEET SECTION</b>		
Capital		1 910 000
Drawings	131 720	
Land and buildings	1 300 000	
Vehicles	690 000	
Equipment	120 000	
Accumulated depreciation on Vehicles		56 250
Accumulated depreciation on Equipment		17 400
Fixed Deposit: SAAB Bank (8.5% p.a.)	100 000	
Trading inventory	66 640	
Debtors control	47 00	
Bank	15 000	
Creditors control		103 154
Loan: BLUE Bank (14% p.a.)		120 000
<b>NOMINAL ACCOUNT SECTION</b>		
Sales		1 516 825
Cost of sales	1 000 000	
Debtors' allowances	24 870	
Rent income		62 600
Interest on fixed deposit		4 250
Discount received		1 120
Bad debts	2 500	
Salaries	228 000	
Telephone	14 980	
Water and electricity	10 700	
Stationery	6 420	
Advertising	12 692	
Insurance	6 500	
Interest on loan	13 000	
Discount allowed	1 578	

**Adjustments and additional information:**

1. Donated goods, R1 050 (cost price), to the local creche school. No entry for this transaction has been made.
2. On the last day of the financial year, physical stock taking revealed the following:
  - Inventory on hand R63 180
  - Stationery on hand R 780
3. The Fixed deposit was invested on 1 September 2024 at SAAB Bank. The interest on the fixed deposit has been received for six months only.
4. The account of a debtor, DJ. Cleo, amounting to R640 must be written off as irrecoverable since he cannot be traced.
5. The bookkeeper forgot to reduce discount allowed by R55 after a mistake was discovered.
6. Rent has been received for thirteen months. Consider that the rent was increased by R500 per month from 1 July 2025.
7. The telephone account for August 2025 has been received but not yet paid, R810.
8. An annual insurance premium of R2 280 was paid on 31 March 2025.
9. The long-term loan is repaid annually on 1 March with an instalment of R50 000. All the necessary entries regarding this transaction were made during the financial year. Some of the interest at 14% p.a. is still payable.
10. The business policy on depreciation states the following:
  - Depreciation on vehicles is calculated at 15% p.a. on the cost price method. Consider that a new vehicle, with a cost of R240 000, was purchased on 1 May 2025 and entered in the books.
  - Depreciation on equipment must be provided for at 10% p.a. according to the diminishing balance method.



**QUESTION 3: NOTES AND THE STATEMENT OF FINANCIAL POSITION****(35 marks; 30 minutes)****3.1 JOHN STORES**

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

**REQUIRED:**

3.1.1 Prepare the following notes to the Statement of Financial Position on 28 February 2025:

- Cash and cash equivalents (3)
- Trade and other receivables (3)
- Owner's Equity (5)
- Trade and other payables (6)

3.1.2 Prepare the Statement of Financial Position on 28 February 2025. (18)

**INFORMATION:****A. Extract from the books of JOHN STORES ON 28 FEBRUARY 2025**

Balance sheet account section	R
Capital	3 270 000
Drawings	222 200
Fixed assets carrying value	4 610 400
Land and Buildings (1/3/2024)	2 150 000
Vehicles (1/3/2024)	1 320 000
Equipment (1/3/2024)	360 000
Accumulated depreciation on vehicles (1/3/2024)	804 000
Accumulated depreciation on equipment (1/3/2024)	144 000
Loan: Rust Bank	2 400 000
Fixed deposit: Dregan Bank	?
Debtor's control	373 000
Bank	130 400
Cash Float	1 900
Trading stock	435 200
Creditors control	624 400
Accrued expenses	13 800
Prepaid expenses	26 400
Income received in advance	22 600
Accrued income	4 200



**B. EXTRACT FROM THE FIXED ASSETS NOTE**

	Land & buildings	Vehicles	Equipment
Carrying value beginning of year	2 150 000	516 000	216 000
Cost	2 150 000	1 320 000	360 000
Accumulated depreciation	(0)	(804 000)	(144 000)
<b>Movements:</b>			
Additions at cost	830 000	1 080 000	
Depreciation	(0)		
Carrying value end of year			
Cost		2 400 000	
Accumulated depreciation	(0)		

**Additional information:**

- (i) During the year the owner increased his capital contribution with an additional amount of R450 000. This was recorded.
- (ii) The owner withdrew R20 000 of stock on 27 February 2025. No entry was made.
- (iii) The net profit for the year after additional information was considered amounted to R753 100.
- (iv) During the year a new storeroom for R830 000 was built. This transaction was recorded properly.
- (v) A new vehicle was bought on 1 October 2024 for R1 080 000. 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 2025 for R48 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) R150 000 of the fixed deposit matures on 1 December 2025.

## QUESTION 4: CONCEPTS AND INTERPRETATION OF FINANCIAL STATEMENTS (25 marks; 20 minutes)

### 4.1 CONCEPTS

Indicate whether the following statements are TRUE or FALSE. Write only 'True' or 'False' next to the numbers (4.1.1 to 4.1.2) in the ANSWER BOOK.

4.1.1 Fixed deposit maturing in the next financial year is recorded under non-current liabilities.

4.1.2 The financial institution will be interested in the financial statements of a business if they apply for a loan.

(2)

### 4.2 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

Milan Dealers is owned by James Milan. He sells ladies bags locally. The financial year ends on 28 February 2025.

4.2.1 Calculate the following financial indicators on 28 February 2025:

- Mark-up percentage (3)
- Net profit on sales (3)
- Current ratio (3)
- Acid test ratio (4)
- Return on owner's equity (5)

4.2.2 James Milan is not happy with the control of expenses in the business. Quote ONE financial indicator with figures to support his concern. (1)

4.2.3 Comment on the liquidity of the business. Quote TWO financial indicators and provide figures to support your answer (4)

<b>A. EXTRACT FROM STATEMENT OF COMPREHENSIVE INCOME</b>		
	<b>2025</b>	<b>2024</b>
Sales	338 000	300 000
Cost of sales	260 000	240 000
Gross profit	78 000	60 000
Operating expenses	37 440	27 000
Net profit	40 560	33 000

<b>B. EXTRACT FROM STATEMENT OF FINANCIAL POSITION</b>		
	<b>2025</b>	<b>2024</b>
Owner's equity	275 000	250 000
Non-current assets	340 000	220 000
Current assets	247 500	285 000
Non-current liabilities	310 000	420 000
Current liabilities	110 100	100 100
Inventories	100 000	130 500
Cash and cash equivalents	85 000	62 000
Trade and other receivables	62 500	92 500

<b>FINANCIAL INDICATORS</b>	<b>2025</b>	<b>2024</b>
% Mark up on cost	?	25%
% Operating expenses on sales	14,2%	9%
% Net profit on sales	?	11%
% Current ratio	?	2,8:1
Acid test ratio	?	1,5:1
% Return on average equity	?	12,8%
% Interest rate on fixed deposit	9%	9%
Interest rates on loan	18%	18%

**TOTAL: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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Name:

School:

## ANSWER BOOK

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GRADE 10

OCT/NOV 2025

ACCOUNTING P1

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QUESTION	MAX. MARKS	MARKS OBTAINED	MODERATED MARKS	
			MOD 1	MOD 2
1	25			
2	65			
3	35			
4	25			
	150			

This answer book consists of 9 pages.

## QUESTION 1

1.1.1 Give ONE difference between salaries and wages.

SALARIES	WAGES

1.1.2 To which organisation is PAYE paid? Write your answer in full.

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1.1.3 What is the difference between deductions and contributions?

DEDUCTIONS	CONTRIBUTIONS

1.1.4 Calculate the total number of overtime hours worked by Jonas for the week.

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## 1.2 SALARIES JOURNAL OF SIYAZENZELA TRADERS ON 31 MARCH 2025

Employee	Gross salary			P.A.Y.E	Deductions				Net salary	Employers' contributions			
	Basic	Bonus	Total		Medical aid fund	Pension fund	U.I.F.	Total		Medical aid fund	Pension fund	U.I.F.	Total
R. Khune	46 600				5 600		466					466	
T. Zwane					8 900		480					480	

## QUESTION 2

### 2.1 GAAP PRINCIPLES

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

### 2.2 ACCOUNTING EQUATION

	GENERAL LEDGER		AMOUNT	EFFECT ON:		
	ACCOUNT DEBITED	ACCOUNT CREDITED	R	A	O	L
E. g	Drawings	Trading stock	500	-	-	0
2.2.1	Trading stock					
2.2.2		Debtors control				
		Cost of sales	900			

11



**2.2 UNICORN TRADERS****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2025**

Sales		
Cost of Sales		
Gross Profit		
Operating Income		
Rent Income		
Discount Received		
Gross operating income		
Operating expenses		
Bad debts		
Salaries		
Telephone		
Water and electricity		
Stationery		
Advertisements		
Insurance		
Discount Allowed		
Operating profit		
Interest Income		
Profit before interest expense		
Interest expense		
Net profit for the year		

50

TOTAL Q2

65

### QUESTION 3

#### 3.1.1 Notes to the Statement of Financial Position on 28 February 2025

##### • CASH AND CASH EQUIVALENTS

Bank	130 400	
		3

##### • TRADE AND OTHER RECEIVABLES

Trade debtors	373 000	
		3

##### • OWNER'S EQUITY

Balance at the beginning		
Balance at the end of the year	3 270 000	5

##### • TRADE AND OTHER PAYABLES

Trade creditors	624 400	
		6

### 3.1.2 JOHN STORES

STATEMENT OF FINANCIAL POSITION ON 29 FEBRUARY 2025		
<b>ASSETS</b>		
Non-current assets		
Fixed Assets		4 610 400
Current assets		
Inventory		
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		3 270 000
Owner's Equity		3 270 000
Non-current liability		
Current liabilities		
Trade and other payables		
<b>TOTAL EQUITY AND LIABILITIES</b>		

18

TOTAL Q3

35

## Question 4

## 4.1 CONCEPTS

4.1.1	
4.1.2	

2

## 4.2.1 Calculate the financial indicators as at 28 February 2025:

• Calculate the mark-up percentage.

3

• Calculate the net profit on sales.

3

• Calculate the current ratio.

3

• Calculate the acid-test ratio.

4



<ul style="list-style-type: none"> <li>Calculate the return on owner's equity.</li> </ul>	
	5

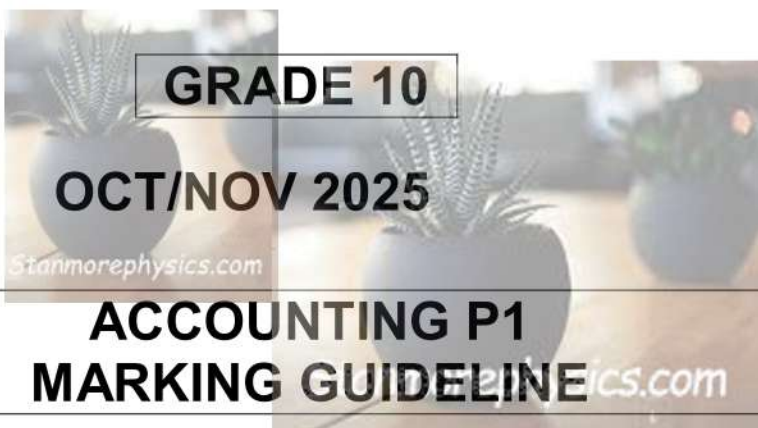
3.2.2	James Milan is not happy with the control of expenses in the business. Quote ONE financial indicator with figures to support his concern.	
		1

3.2.3	Comment on liquidity of the business. Quote TWO financial indicators and provide figures to support your answer.	
		4

TOTAL Q4
25



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GRADE 10

OCT/NOV 2025

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## ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

### MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, 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 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 incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). **Note:** if figures are stipulated in marking guideline components of workings, these do not carry the method mark for final answer as well.
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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, marker must inspect the reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. **Note:** check operation must be +, -, x, ÷, as per candidate's calculation (if valid) or per marking guideline.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consists of 10 pages.

## QUESTION 1

<b>1.1.1 Give ONE difference between salaries and wages.</b>	
Accept any valid answers (one mark for each) ✓ ✓	
<b>SALARIES</b>	<b>WAGES</b>
Paid monthly	Paid weekly
Earned at a fixed amount per month	Earned at an hourly rate/units produced
Normally no overtime, sometimes receive bonuses, incentives and commission	Earns a basic and overtime

(2)

<b>1.1.2</b>	<b>To which organisation is PAYE paid? Write your answer in full.</b>
	South African Revenue Services ✓

(1)

<b>1.1.3 What is the difference between deductions and contributions?</b>	
Accept any valid answers (one mark for each) ✓ ✓	
<b>DEDUCTIONS</b>	<b>CONTRIBUTIONS</b>
Amounts subtracted/deducted from a person's gross wages/ salaries and paid over to the relevant institutions	Additional amounts paid on behalf of employees by the employer.

(2)

<b>1.1.4</b>	<b>Calculate the total number of overtime hours worked by Jonas for the week.</b>
$32 \text{ hours} \times 13,50 = R432 \checkmark$ $\frac{R675 \checkmark - R432 \checkmark}{20,25 \checkmark} = 12 \text{ hours} \checkmark \text{ (One part correct)}$	

(5)

1.2 SALARIES JOURNAL OF SIYAZENZELA TRADERS ON 31 MARCH 2025

Employee	Gross salary			Deductions					Net salary	Employers contributions			
	Basic	Bonus	Total	P.A.Y.E	Medical aid fund	Pension fund	U.I.F	Total		Medical aid fund	Pension fund	U.I.F	Total
R. Khune	46 600	46 600✓	93 200✓	32 620✓	5 600	3 495✓	466	42 181✓	51 019✓	11 200	4 893✓	466	
T. Zwane	48 000✓	48 000✓	96 000✓	36 480✓	8 900	3 600✓	480	49 460✓	46 540✓	17 800	5 040✓	480	

(15)



## QUESTION 2

### 2.1 GAAP PRINCIPLES

2.1.1	D✓
2.1.2	A✓
2.1.3	C✓
2.1.4	B✓

(4)

### 2.2 ACCOUNTING EQUATION

	GENERAL LEDGER		AMOUNT	EFFECT ON:		
	ACCOUNT DEBITED	ACCOUNT CREDITED		A	O	L
E. g	Drawings	Trading stock	500	-	-	0
2.2.1	Trading stock	Creditors control✓	12 880✓	+✓	0	+✓
2.2.2	Debtors allowances✓	Debtors control	1 350✓	-✓	-✓	0
	Trading stock✓	Cost of sales	900	+✓	+✓	0

(11)

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## 2.3 UNICORN TRADERS

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2025

Sales (1 516 825✓ - 24 870✓)		1 491 955✓
Cost of Sales		(1 000 000)✓
Gross Profit		491 955✓
Operating Income		58 520✓
Rent Income (62 600 ✓ – 5 200 ✓✓)		57 400✓
Discount Received		1 120✓
Gross operating income		550 475✓
Operating expenses		(375 875)✓
Bad debts (2 500✓ + 640✓)		3 140✓
Salaries		228 000✓
Telephone (14 980✓ + 810✓)		15 790✓
Water and electricity		10 700✓
Stationery (6 420✓ - 780✓)		5 640✓
Advertisements		12 692✓
Insurance (6 500✓ - 1 330✓)		5 170✓
Discount Allowed (1 578✓ – 55✓)		1 523✓
Donation		1 050✓
Trading stock deficit (66 640✓ - 1 050✓ - 63 180✓)		2 410✓
Depreciation (67 500✓ + 12 000✓ + 10 260✓)		89 760✓
Operating profit		174 600✓
Interest Income (4 250✓ + 4 250✓)		8 500✓
Profit before interest expense		183 100✓
Interest expense (13 000✓ + 7 300✓)		(20 300)✓
Net profit for the year		162 800✓

(50)

### QUESTION 3

#### 3.1.1

#### • CASH AND CASH EQUIVALENTS

Bank	130 400
Cash float	1 900✓
Fixed deposit	150 000✓
	282 300☑

(3)

#### • TRADE AND OTHER RECEIVABLES

Trade debtors	373 000
Prepaid expense	26 400✓
Accrued income	4 200✓
	403 600☑

(3)

#### • OWNER'S EQUITY

Balance at the beginning	2 309 100☑
Additional capital	450 000✓
Drawings (222 200 + 20 000)	(242 200) ✓☑
Net income	753 100✓
<b>Balance at the end of the year</b>	<b>3 270 000</b>

(5)

#### • TRADE AND OTHER PAYABLES

Trade creditors	624 400✓
Accrued Expense	13 800✓
Income received in advance	22 600✓
Equipment ✓	48 000✓
	708 800☑

(6)

### 3.1.2 JOHN STORES

#### STATEMENT OF FINANCIAL POSITION ON 29 FEBRUARY 2025

<b>ASSETS</b>		
<b>Non-current assets</b>		5 277 700☑
<b>Fixed Assets</b>		<b>4 610 400</b>
Fixed deposit: Dregan Bank		667 300☑
<b>Current assets</b>		1 101 100☑
<b>Inventory</b> (435 200✓ – 20 000✓)		415 200☑
Trade and other receivables (see 3.1.1)		403 600☑
Cash and cash equivalents (see 3.1.1)		282 300☑
<b>TOTAL ASSETS</b>		<b>6 378 800☑</b>
<b>EQUITY AND LIABILITIES</b>		<b>3 270 000</b>
<b>Owner's Equity</b>		<b>3 270 000</b>
<b>Non-current liability</b>		1 800 000☑
Loan: Rust Bank (2 400 000✓ – 600 000✓✓)		1 800 000☑
<b>Current liabilities</b>		1308 800☑
<b>Trade and other payables</b> (see 3.1.1)		708 800☑
Short term loan		600 000☑
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 378 800☑</b>

(18)



Question 4: CONCEPTS AND INTERPRETATION OF FINANCIAL STATEMENTS

3.1 CONCEPTS

4.1.1	False✓
4.1.2	True✓

(2)

4.2.1 Calculate the financial indicators as at 28 February 2025:

•	Calculate the mark-up percentage.
	$\frac{78\,000 \checkmark}{260\,000 \checkmark} \times 100$
	30%✓

(3)

•	Calculate the net profit on sales.
	$\frac{81\,120 \checkmark}{338\,000 \checkmark} \times 100$
	12%✓

(3)

•	Calculate the current ratio.
	$247\,500 \checkmark : 110\,100 \checkmark$
	2,2:1✓

(3)

•	Calculate the acid-test ratio.
	$247\,500 \checkmark - 100\,000 \checkmark : 110\,100 \checkmark$
	OR
	$85\,200 + 62\,500 : 110\,100$
	1,3:1✓

(4)

•	Calculate the return on owner's equity.
	$\frac{40\,560 \checkmark}{\frac{1}{2} \checkmark (275\,000 \checkmark + 250\,000 \checkmark)} \times 100$
	15,5%✓

(5)

<b>4.2.2</b>	<b>James Milan is not happy with the control of expenses in the business. Quote ONE financial indicator with figures to support his concern.</b>
	Financial indicator, comment trend and figures ✓ Operating expenses on sales are poorly controlled and have increased from 9% to 14,2% or by 5,2 basis points or by 57,8%

(1)

<b>4.2.3</b>	<b>Comment on liquidity of the business. Quote TWO financial indicators and provide figures to support your answer.</b>
	Quote indicators ✓ ✓ trend and figures ✓ ✓ <ul style="list-style-type: none"> <li>• The current ratio has slightly dropped from 2,8:1 to 2,2:1. Check 4.2.1</li> <li>• Acid test ratio has dropped from 1,5:1 to 1,3:1. Check 4.2.1</li> </ul>

(4)