

GAUTENG PROVINCE

Department: Education

REPUBLIC OF SOUTH AFRICA

ACCOUNTING

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SCHOOL-BASED ASSESSMENT

GRADE 10

2020 Stanmorephysics.com

	TERM 1 - 2020
	PRESENTATION
	Total Marks: 50
Time Allocated: 1 hour	

QUESTION 1

INDIGENOUS BOOK-KEEPING

Granny Sithole bakes rusks from her home and sell them to the local community. The name of her business is Yummy Rusks. She does not have a bank account and she keeps all cash in a petty cash box. She has a book where she records all receipts and payments and all the source documents are kept in a file.

Granny Sithole's granddaughter who completed a degree in Commerce in December 2018 received a scholarship to study further overseas, before she left she showed Granny how to record transactions in a receipts and payments book but not to calculate the profit.

The demand for rusks is growing and Granny has been approached by the potential (possible) partner Lerato Moeketsi who wants to contribute capital and labour towards the business. Granny Sithole requested you to assist her in preparing the records for January, she wants to present the information to Lerato Moeketsi.

Cash on hand on 1 January 2020 amounted to R2 480.

REQUIRED

Use the given information to complete the following in the books Yummy Rusks for January 2020:

- 1.1 Granny Sithole bought baking ingredients for R1 200, the baked rusks were sold for R1 800. Calculate the profit mark-up. (4)
- 1.2 Record the transactions for January 2020 in the Receipts and Payments Book. Balance the book on 31 January 2020. (16)

TRANSACTIONS FOR JANUARY 2020:

- 02 Granny Sithole has a prepaid box for electricity, she paid R850 to upload electricity.
- 05 Bought airtime from Shidi Stores for R180.
- 08 Bought ingredients from SM Wholesalers for R4 800 less 10% trade discount and paid cash.
- 10 Sold rusks to the community and received R5 600 cash.
- 13 Paid R480 to Pronto Newspaper for placing an advertisement for four weeks.
- 17 On the 17th Granny Sithole was approached by pastor at church and she was told that on 24 January 2020 the church was going to have a function and the motivational speaker (Mark Molefe) would visit the church. Granny was requested to provide rusks at an increased profit mark-up of 75%.The church did not pay any deposit.
- 18 Granny bought ingredients for the function from SM Wholesalers for R10 400. SM Wholesalers charged Granny only 85% of the amount for ingredients.
- 19 Paid Solly Transporters R600 cash for transporting the ingredients to her house.
- 23 Granny Sithole had to employ two ladies to help her with baking. She paid R250 for wages to each employee.
- 24 Granny Sithole received the full amount from the church for baking the rusks.
- 26 Granny donated R1 000 cash to the church.
- 31 Balance the Receipts and Payments Book properly.

MARKS
20

QUESTION 2

COMPARISON BETWEEN INFORMAL AND FORMAL BUSINESS

The information provided below relates to Yummy Rusks

The motivational speaker (Mark Molefe) was impressed with the delicious rusks baked by Granny Sithole. He asked to be introduced to the person who baked the rusks to propose business.

The first meeting between Granny and the Mark Molefe took place on the 28th of January at one of the stores owned by Mark. He owns 20 chain stores in Gauteng, Mark wanted Granny to supply rusks to his stores. Mark also offered to loan Granny R100 000 on condition that she submitted the business plan.

Granny Sithole was worried that she could not bake rusks at such a big scale and had to change from an informal business to a formal business.

Granny Sithole requested you to prepare a presentation that explains how the informal business differ to a formal business.

REQUIRED

Use the headings provided on the ANSWER BOOK to explain the difference between the informal and formal business.

MARKS
20

QUESTION 3

GAAP PRINCIPLES AND INTERNAL CONTROL

INFORMATION

Granny Sithole heard about the GAAP principles and internal control measures that she needs to apply when starting a formal business.

REQUIRED

Prepare a short presentation that will explain the concepts and address issues raised below.

- 3.1 Write the abbreviation for “GAAP” in full and explain it shortly. (2)
- 3.2 Granny Sithole wants to insure the equipment at her house and at the new business premises. The insurance company gave a quote for equipment on both premises for R1 400. Granny Sithole wants to record the amount of R1 400 as a business expense. Provide and explain the GAAP principle applicable to the information presented above. (2)
- 3.3 Provide a brief description of internal control in a business. (2)
- 3.4 Granny is concerned about the increase in the volume of stock that she should handle. Explain **TWO** internal control measures that she can put in place to safeguard her stock. (4)

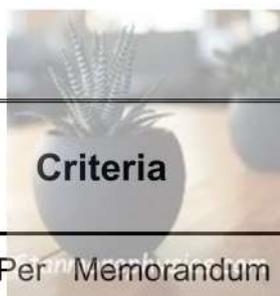
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MARKS
10



**2020 - TERM 1
GRADE 10
PRESENTATION
ANSWER SHEET**

NAME		DATE	
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Question	Criteria	Maximum marks	Marks Obtained
One	As Per Memorandum	20	
Two	As Per Memorandum	20	
Three	As Per Memorandum	10	
	TOTAL	50	

50

QUESTION 2

Comparison between formal and informal

Informal	Formal
Capital	
Fixed Assets	
Trading Stock	
Bookkeeping	
Bank Account	
Bank Charges	
Selling Price	
Cost of Sales	
Labour Costs	
Rent for Premises	

Total Marks
20

QUESTION 3:

3.1 Write the abbreviation for "GAAP" in full and explain it shortly. (2)



	2
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3.2 Provide and explain the GAAP principle applicable to the information presented. (2)
(Refer to the question for details)



	2
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3.3 Provide a brief description of internal control in a business (2)

	2
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3.4 Granny is concerned about the increase in the volume of stock that she should handle. Explain **TWO** internal control measures that she can put in place to safeguard her stock. (4)

	4
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Total Marks
10



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MARKING GUIDELINES

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2020 - TERM 1
GRADE 10
PRESENTATION
MARKING GUIDELINES



Question	Criteria	Maximum marks	Marks Obtained
One	As Per Memorandum	20	
Two	As Per Memorandum	20	
Three	As Per Memorandum	10	
	 TOTAL	50	

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50

QUESTION 1

1.1 Granny Sithole bought baking ingredients for R1 200, the baked rusks were sold for R1 800. Calculate the profit mark-up.

$(600 \checkmark + 1\ 200 \checkmark) \times 100 \checkmark = 50\% \checkmark$ one part must be correct

	4
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1.2 RECEIPTS AND PAYMENTS BOOK

RECEIPTS				PAYMENTS			
Month	Day	Details	Amount	Month	Day	Details	Amount
Jan	1	Balance	✓ 2 480	Jan	2	Electricity	✓ 850
	10	Sales	✓ 5 600		5	Telephone	✓ 180
	24	Sales	✓✓ 15 470*		8	Ingredients	✓✓ 4 320
					13	Advertising	✓ 480
					18	Ingredients	✓✓ 8 840
					19	Transport	✓ 600
					23	Wages	✓✓ 500
					26	Donations	✓ 1 000
						Balance	6 780
			23 550				23 550
Feb	1	Balance	6 780 ✓				

NOTE: Check details when allocating marks to amounts

*Accept 16 520 (8 840 + 600) x 1.75

	16
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Total Marks
20

Comparison between formal and informal business.

Note: Allocate one mark for each statement.

Informal	Formal
Capital	
Granny Sithole contributed her own funds ✓	Mark offered to provide a loan of R100 000 to Granny Sithole to extend her business ✓
Fixed Assets	
Has a stove and equipment to bake rusks ✓	Have several fixed assets such as stoves, equipment to bake rusks, cash register and shelves to sell rusks. Must keep an asset register for each asset. ✓
Trading Stock	
Purchase trading stock as required. ✓	Must have a storeroom to keep stock. Purchase trading stock in bulk. ✓
Bookkeeping	
Record transactions in a Receipts and Payments Book. ✓	Record transactions in CRJ and CPJ Posting to General Ledger and Prepare a Trial Balance every month. ✓
Bank Account	
No bank account, money kept in a petty cash box. ✓	Need to open a current bank account. ✓
Bank Charges	
No bank charges as she does not have a bank account. ✓	Needs to pay bank charges. ✓
Selling Price	
Granny Sithole can charge mark-up price as she wishes. For example, mark-up was change from 50% to 75% when baking for the church. ✓	Price determined on a cost plus gross percentage basis Cannot be change quickly. ✓
Cost of Sales	
All items bought cash; keeps minimum trading stock kept ✓	Items are bought for cash and on credit. Certain levels of trading stock should be kept in reserve. Stock taking should be done regularly. ✓
Labour Costs	
Workers employed when needed Granny Sithole can determine wages ✓	Employees needs to be registered formally Pay minimum wages as prescribed by Labour law ✓
Rent for Premises	
Does not have to pay rent, work from her home ✓	Has to find premises, enter a contractual agreement and pay monthly rent. ✓

Total Marks
20

QUESTION 3:

3.1 Write the abbreviation for “GAAP” in full and explain it shortly. (2)

- Abbreviation-Generally Accepted Accounting Practice✓
- Commonly accepted guidelines that are followed when financial records are prepared.✓

	2
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3.2 Provide and explain the GAAP principle applicable to the information presented. (Refer to the question for details) (2)

Business Entity Rule✓

The business is a separate entity from the owner and financial transactions of the business are kept separately from the personal transactions.✓

	2
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3.3 Provide a brief description of internal control in a business (2)

Any acceptable answer ✓✓

Internal control sets out the procedures that employees should follow when doing a specific task.

	2
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3.4 Granny is concerned about the increase in the volume of stock that she should handle. Explain TWO internal control measures that she can put in place to safeguard her stock. (4)

Any acceptable answer ✓✓ ✓✓

- Division of duties.
(The person who receive the stock should not be the person who prepares the records)
- Stock received must be checked against invoices
- Regular stock counts.

	4
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Total Marks
10