LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NATIONAL
SENIOR CERTIFICATE

GRADE 10

ACCOUNTING

CONTROLLED TEST 2

**SEPTEMBER 2024**

**MARKS: 100**
**DURATION: 1, 5 HOURS**

**This question paper consists of 10 pages a formula sheet and a 5 page answer book**

## INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions
2. A special Answer BOOK is provided in which to answer All the questions
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper. You may use it if necessary
4. Show ALL workings to earn possible part marks
5. You may use a non- programmable calculator
6. You may use a dark pencil or blue /black ink to answer the 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 questions Try NOT to deviate from it.

| QUESTION | TOPIC | MARKS | MINUTES |
|---|---|---|---|
| 1 | Concepts and statement of comprehensive | 40 | 35 |
| 2 | Statement of financial position and notes | 35 | 30 |
| 3 | Interpretation of financial information and internal control | 25 | 25 |
| **TOTAL** | | **100** | **90** |

**QUESTION 1 CONCEPTS AND STATEMENT OF COMPREHENSIVE INCOME**

**(40 Marks 36 Minutes)**

1.1 Match the concept in COLUMN A with an example provided in COLUMN B.
Write only the letters (A–D) next to the numbers (1.1.1- 1.1.4 ) in the ANSWER BOOK, for example 1.1.1 D

| | COLUMN A | COLUMN B |
|---|---|---|
| 1.1.1 | Income Statement | A An individual or group of people who invest money in a business for the purpose of making profit |
| 1.1.2 | Balance Sheet | B The ability of the business to pay long term debts |
| 1.1.3 | Motgage loan | C Statement showing the financial position of a business at a particular point in time |
| 1.1.4 | Investor | D This shows the financial performance of a Business for a financial year |
| 1.1.5 | Solvency | E Money borrowed in order to purchase a property |

(1X5) (5)

1.2 **SEBENZA TRADERS**

The following information was taken from the records of Sebenza Traders on 28 February 2023, the last day of the financial year. The business uses a mark-up of 40% on cost

**REQUIRED**

Prepare the Statement of Comprehensive Income (Income Statement) for the year ended 28 February 2023 (35)

 

**INFORMATION:**

**A An Extract from the Trial Balance for the year ended 28 February 2023**

| **Balance Sheet Accounts** | **Debit** | **Credit** |
|---|---|---|
| Capital (1 March 2022) | | 600 000 |
| Drawings | 34 000 | |
| Vehicles | 280 000 | |
| Accumulated depreciation on vehicles (1 March 2022) | | 56 000 |
| Equipment | 130 000 | |
| Accumulated depreciation on equipment (1 March 2022) | | 44 600 |
| Fixed Deposit: Al Raji Bank @ 9% p.a. | 24 000 | |
| Trading stock | 44 000 | |
| Debtors' control | 42 300 | |
| Bank (favourable) | 4 600 | |
| Mortgage Loan: SAAB Bank | | 103 800 |
| **Nominal Accounts** | | |
| Sales | | 588 000 |
| Cost of sales | 420 000 | |
| Debtors' allowances | 6 800 | |
| Rent income | | 32 240 |
| Commission income | | 10 150 |
| Salaries | 43 500 | |
| Insurance | 12 500 | |
| Bad debts | 4 800 | |
| Stationery | 3 320 | |
| Water and electricity | 19 100 | |
| Bank charges | 4 200 | |
| Packing material | 7 100 | |
| Advertising | 2 300 | |
| Interest on fixed deposit | | 1 620 |

**ADJUSTMENTS AND ADDITIONAL INFORMATION**

(i) The water and electricity account for February 2023 has not yet been paid,R1 830.

(ii) Stock with a selling price of R2 520 was donated to a local orphanage.No entry was made.

(iii) According to a physical stock count on 28 February 2023, the following items were on hand

- Trading stock R 41 000
- Packing material R 1 950

(iv) Insurance includes an annual premium of R3 960 paid for the period 1 September 2022 to 31 August 2023.

(v) The rent for two month has not yet been received. The monthly rent increased by 10 % from the 1 September 2022.

(vi) R. Adam, a debtor, who owed R1 200 to Sebenza Traders was declared insolvent. His estate was able to settle half of the amount owing. Write off the outstanding amount

(vii) The loan statement received from SAAB Bank on 28 February 2023 reflected the following :

| | |
|---|---|
| Balance on 1 March 2022 | R 150 000 |
| Repayments during the year (including interest) | R 46 200 |
| Interest on loan (capitalized ) | ? |
| Balance on 28 February 2023 | R117 300 |

(viii) Provide for the outstanding interest on fixed deposit. Interest is not capitalised

(ix) The bank statement for February 2023 reflected the following

- EFT fees R 170
- Credit card levies R 90
- Interest on the current account R220

(x) Depreciation for the current year amounts to R41 275

**40**

**QUESTION 2 STATEMENT OF FINANCIAL POSITION AND NOTES**

**(35 marks 30 minutes**

The following information relates to Bobby Traders their financial year ended on 30 April 2023

2.1 Refer to information **2** ,Calculate the missing amounts in the fixed asset note denoted by (A) to (D) Show all workings (13)

2.2 Prepare the statement of financial position ( Balance sheet) on 30 April 2023 (22)

**INFORMATION:**

**List of balances on 30 April 2023**

| | |
|---|---|
| Capital | 800 000 |
| Drawings | 80 000 |
| Land and Building | 1 200 000 |
| Vehicles | 700 000 |
| Equipment | 430 000 |
| Accumulated depreciation on vehicles (01/05/2022) | 280 000 |
| Accumulated depreciation on equipment (01/05/2022) | 193 500 |
| Fixed deposit: Bobby Bank | ? |
| Trading stock | 270 200 |
| Debtors' control | 162 000 |
| Creditors' control | 86 000 |
| Bank (Favorable balance) | 112 000 |
| Petty cash | 2 200 |
| Loan: CAT Bank (9, 5% p.a.) | ? |
| Accrued income | 3 200 |
| Prepaid expense | 1 200 |
| Income received in advance | 5 800 |
| Accrued expense | 1 800 |

**ADJUSTMENTS AND ADDITIONAL INFORMATION**

1 **Loan BTT Bank**

Interest on loan is capitalised. The loan statement from BTT Bank reflected the following

| | |
|---|---|
| Balance on 1 May 2022 | R423 200 |
| Monthly installments including interest | R103 200 |
| Balance on 30 April 2023 | R350 400 |

The business plans to pay R40 000 during the next financial year.

 

2. **Fixed asset note**

| | **Land and buildings** | **Vehicles** | **Equipment** |
|---|---|---|---|
| Carrying value (1 May 2022) | | **(b)** | 336 500 |
| Cost | **(a)** | 700 000 | 430 000 |
| Accumulated depreciation | | 280 000 | 93 500 |
| Movements | | | |
| Additions | 600 000 | 145 000 | |
| Depreciation | | **(c)** | (64 500) |
| Carrying value (30 April 2023) | 1 200 000 | **(d)** | 272 000 |
| Cost | 1 200 000 | | 430 000 |
| Accumulated depreciation | | | |

Provide for depreciation as follows:

- On vehicles at 20% p.a. on the diminished balance method
- On equipment at 15% p.a. on cost price.

**NOTE:** A new vehicle, costing R145 000, was purchased on 1 August 2022. This has not been recorded

**35**

 

**QUESTION 3 ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS**

**( 25 Marks:20 minutes)**

POOBIE suppliers is a business that provide cleaning supplies to various customers in Limpopo province .The business is owned by Smooky Poobie and their financial year ended 29 February 2024

**REQUIRED**

3.1 Calculate the following financial indicators for the year ended 29 February 2024

3.1.1 % Operating expenses on sales (3)

3.1.2 Return on average owners' equity (4)

3.1.3 Current ratio (3)

3.1.4 Acid test ratio (3)

3.2 Comment on the liquidity of the business ,Quote TWO financial indicators and provide figures to support your answer. (5)

3.3 Should the owner be satisfied with return on equity? Give a reasons for your answer (3)

3.4 Poobie Suppliers operates in Limpopo province only, the owner is concerned about the increasing price of fuel and he believes that if it continues to rise he will close down the business. Provide TWO alternatives that the owner can consider instead of closing down the business (4)

**INFORMATION**

**A EXTRACT FROM STATEMENT OF COMPREHENSIVE INCOME**

| | |
|---|---|
| Sales | 1 334 000 |
| Cost of sales | 804 000 |
| Operating expenses | 295 000 |
| Net profit | 230 000 |

 

**B EXTRACT FROM STATEMENT OF FINANCIAL POSITION**

| | |
|---|---|
| Fixed assets | 600 000 |
| Fixed Deposit | 180 000 |
| Inventory | 120 000 |
| Trade and other receivables | 215 000 |
| Cash and cash equivalents | 53 000 |
| Current liabilities | 150 000 |
| Long term loan | 160 000 |
| Owner's equity (28/02/2023) | 538 000 |
| Owner's equity (29/02/2024) | 622 000 |

**C FINANCIAL INDICATORS**

| | 2024 | 2023 |
|---|---|---|
| % Operating expenses | 14,2 % | 9 % |
| Current ratio | ? | 2.8 :1 |
| Acid test ratio | ? | 1.5 :1 |
| % return on average equity | ? | 25,.8 % |
| Interest on loan | 9 % | 9 % |
| Interest on fixed deposit | 8 % | 8 % |

**25**

**TOTAL :100**

 

| GRADE 10 ACCOUNTING FINANCIAL INDICATORS 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 | | |
| $\frac{\text{Net profit}}{\text{Owner's equity}} \times \frac{100}{1}$ | Total assets : Total liabilities | |
| Non-current liabilities : Owner's equity | | |

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ACCOUNTING

CONTROLLED TEST 2

SEPTEMBER 2024

# ANSWER BOOK

**CANDIDATES NAME & SURNAME** ……………………………………………………

**NAME OF SCHOOL** ………………………………………………………………………..

| QUESTION | MAXIMUM MARKS | MARKS OBTAINED | SCHOOL MODERATOR | DISTRICT MODERATOR | PROVINCIAL MODERATOR |
|---|---|---|---|---|---|
| 1 | 40 | | | | |
| 2 | 35 | | | | |
| 3 | 25 | | | | |
| TOTAL | 100 | | | | |

**This answer book consists of 05 pages**

 

**QUESTION 1**

1.1

| | |
|---|---|
| **1.1.1** | |
| **1.1.2** | |
| **1.1.3** | |
| **1.1.4** | |
| **1.1.5** | |
| | |

| |
|---|
| |
| **5** |

1.2 **STATEMEMT OF COMPREHENSIVE INCOME OF SEBENZA TRADERS FOR THE YEAR ENDED 28 FEBRUARY 2023**

| | |
|---|---|
| Sales | |
| **Cost of sales** | **(420 000 )** |
| **Gross profit** | |
| **Other operating income** | |
| **Commission income** | **10 150** |
| **Rent income (32 240** | |
| **Gross operating income** | |
| **Other operating expenses** | |
| **Salaries** | **43 500** |
| **Stationery** | **3 320** |
| **Advertising** | **2 300** |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Depreciation** | **41 275** |
| **Operating profit** | |
| **Interest income (1 620** | |
| | |
| | |
| | |

| |
|---|
| |
| **35** |

| TOTAL MARKS |
|---|
| |
| **40** |

**QUESTION 2**

2.1 **Refer to information 2 ,Calculate the missing amounts in the fixed asset note denoted by (A) to (D) Show all workings**

| NO | WORKINGS | ANSWER |
|---|---|---|
| A | | |
| B | | |
| C | | |
| D | | |

13

2.2 **STATEMENT OF FINANCIAL POSITION OF BOBBY TRADERS FOR THE YEAR ENDED 30 APRIL 2023**

| | |
|---|---|
| **ASSETS** | |
| **NON CURRENT ASSETS** | |
| | |
| | |
| **CURRENT ASSETS** | |
| **Inventories** | **270 200** |
| | |
| | |
| **TOTAL ASSETS** | |
| **EQUITY AND LIABILITIES** | |
| **Owners Equity** | **2 125 600** |
| **NON CURRENT LIABILITIES** | |
| | |
| **CURRENT LIABILITIES** | |
| | |
| | |
| | |
| **TOTAL EQUITY AND LIABILITIES** | **2 600 000** |

22

 

## QUESTION 3

| | |
|---|---|
| 3.1.1 | **% Operating expenses on sales** |
| | |

3

| | |
|---|---|
| 3.1.2 | **Return on average owners equity** |
| | |

4

| | |
|---|---|
| **3.1.3** | **Current ratio** |
| | |

3

| | |
|---|---|
| **3.1.4** | **Acid test ratio** |
| | |

3

| | |
|---|---|
| **3.2** | **Comment on the liquidity of the business ,Quote TWO financial indicators and provide figures to support your answer** |
| | |

5

| | |
|---|---|
| **3.3** | **Should the owner be satisfied with return on equity. Give a reasons for your answer** |
| | |

| |
|---|
| |
| **3** |

| | |
|---|---|
| **3.4** | **Poobie Suppliers operates in Limpopo province only, the owner Is concerned about the increasing price of fuel and he believes that if it continue to rise he will close down the business Provide TWO alternatives that the owner can consider instead of closing down the business** |
| | |

| |
|---|
| |
| **4** |

| **TOTAL MARKS** |
|---|
| |
| **25** |

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GRADE 10

MARKING GUIDELINE

ACCOUNTING

CONTROLLED TEST 2

SEPTEMBER 2024

Marks :100

The marking guideline consists of 05 pages

**QUESTION 1**

1.1

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

5

1.2 **STATEMEMT OF COMPREHENSIVE INCOME OF SEBENZA TRADERS FOR THE YEAR ENDED 28 FEBRUARY 2023**

| | |
|---|---|
| **Sales** (588 000 – 6 800) | 581 200 ✓✓ |
| **Cost of Sales** | **(420 000)** |
| **Gross profit** 3 | 161 200 ☑ |
| **Other operating income** | 49 210 ☑ |
| **Commission income** | **10 150** |
| Rent income (**32 240** + 6820 ✓✓) | 39 060 ☑* |
| **Gross operating income** 5 | 210 410 ☑ |
| **Other operating expenses** | (139 855) ☑ |
| **Salaries** | **43 500** |
| **Stationery** | **3 320** |
| **Advertising** | **2 300** |
| Water and electricity (19 100 + 1 830) | 20 930✓✓ |
| Insurance (12 500 – 1 980✓✓) | 10 520☑* |
| Packing materials (7 100 – 1 950) | 5 150✓✓ |
| Bad debts (4 800 + 600) | 5 400✓☑* |
| Donations | 1 800✓✓ |
| Bank charges ( 4 200 + 260) | 4 460✓✓ |
| Trading stock deficit (44 000✓ – 1 800 ✓- 41 000✓) | 1 200 ☑* |
| **Depreciation** | **41 275** |
| **Operating profit** 19 | 70 555☑ |
| Interest income (**1 620** + 540 ✓✓ + 220✓) | 2 380☑ |
| Profit before interest expense | 72 935 ☑ |
| Interest expense (117 300 +46 200 – 150 000) | (13 500) ✓☑ |
| Net profit for the year 8 | 59 435 ☑ |

*Operation and one part correct
-1 foreign items (max -2),
Misplaced items award marks for workings only

35

| **TOTAL MARKS** | **40** |
|---|---|

**QUESTION 2**

2.1 **Refer to information 2 , Calculate the missing amounts in the fixed asset note denoted by (A) to (D) Show all workings**

| No | Workings | Answer | |
|---|---|---|---|
| A | 1 200 000 – 600 000 | 600 000 ✓☑ | (2) |
| B | 700 000 – 280 000 | 420 000 ✓☑ | (2) |
| C | 420 000 ☑ X 20/100 = 84 000 ☑ (Old)<br>145 000 X 20/100 X9/12= 21750 ✓☑ (New)<br>84 000 + 21 750 | 105 750 ☑ | (5) |
| D | 420 000 ☑ + 145 000 ☑ - 105 750 ☑<br>845 000 + 145 000 – 105 750 | 459 250 ☑ | (4) |

**13**

2.2 **STATEMENT OF FINANCIAL POSITION OF BOBBY TRADERS FOR THE YEAR ENDED 30 APRIL 2023**

| | |
|---|---|
| **ASSETS** | |
| **NON CURRENT ASSETS** | 2 049 200 ☑ |
| Fixed (tangible ) asset | 1 931 250 ☑ |
| Financial assets/ Fixed deposit balancing figure 3 | 117 950 ☑ |
| **CURRENT ASSETS** operation one part correct | 550 800 ☑ |
| Inventories | **270 200** |
| TAOR(162 000 ✓+ 3 200 ✓+1 200✓) operation one part correct | 166 400 ☑ |
| CACE(112 000 ✓+ 2 200 ✓) operation one part correct | 114 200 ☑ |
| **TOTAL ASSETS** 9 | 2 600 000 ☑ |
| **EQUITY AND LIABILITIES** | |
| Owners equity | **2 125 600** |
| **NON CURRENT LIABILITIES** | 340 800 |
| Loan<br>( 350 400 ✓+ 30 400 ✓- 40 000✓) operation one part correct 4 | 340 800 ☑ |
| **CURRENT LIABILITIES** | 133 600☑ |
| TAOP (86 000 ✓+ 5 800 ✓+ 1 800✓) operation one part correct | 93 600 ☑ |
| Short term loan 6 | 40 000 ☑ |
| **TOTAL EQUITY AND LIABILITIES** | **2 600 000** |

**22**

| **TOTAL MARKS** | **35** |
|---|---|

## QUESTION 3

| 3.1.1 | % Operating expenses on sales | |
|---|---|---|
| | 295 000 ✓ X 100<br>1334 000 ✓<br>= 22,1 % ☑ one part correct | 3 |

| 3.1.2 | Return on average owners equity | |
|---|---|---|
| | 230 000 ✓ X 100<br>½ ( 538 000 ✓+ 622 000 ✓)<br>230 000<br>580 000<br>=39,7 % ☑ one part correct | 4 |

| 3.1.3 | Current ratio | |
|---|---|---|
| | 120 000 + 215 000 + 53 000 ✓: 150 000 ✓<br>388 000 :150 000<br>2,6 :1 ☑ one part correct | 3 |

| 3.1.4 | Acid test ratio | |
|---|---|---|
| | 215 000 + 53 000 ✓ : 150 000 ✓<br>268 000 : 150 000<br>1.8 :1 ☑ one part correct | 3 |

| 3.2 | Comment on the liquidity of the business ,Quote TWO financial indicators and provide figures to support your answer. | |
|---|---|---|
| | Financial indicator ✓ ✓ Trend ✓ ✓ | |
| | Current ratio ✓decreased from 2,8 :1 to 2,6:1 ✓ see 3.1.3<br>Acid test ratio ✓increased from 1,5 :1 to 1,8 :1 ✓ see 3.1.4<br>**Comment**<br>The business is able to pay its short term debts ✓ | 5 |

| | | |
|---|---|---|
| **3.3** | **Should the owner be satisfied with return on equity. Give a reasons for your answer** | |
| | Return on equity increased from 25,8 % to 39,7 % ✓ and is more than the interest rate on fixed deposit of 8 % ✓<br><br>The owner should be satisfied because he earned more than alternative investments ✓ | 3 |

| | | |
|---|---|---|
| **3.4** | **Poobie Suppliers operates in Limpopo province only, the owner Is concerned about the increasing price of fuel and he believes that if it continue to rise he will close down the business Provide TWO alternatives that the owner can consider instead of closing down the business** | |
| | **Explanations** ✓✓ ✓✓ | |
| | • Reduce costs and prioritise what to pay<br>• Engage creditors on longer credit terms<br>• Effective advertising through online platforms | 4 |

| | |
|---|---|
| **TOTAL MARKS** | **25** |