GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

NOVEMBER 2019

GRADE 10

ACCOUNTING
PAPER 1

MARKING GUIDELINES

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 (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
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). Note: if figures are stipulated in memo for 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
9. 'One part correct' means 'operation and one part correct'. Where method marks are awarded for one part correct, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark. If a figure has earned a method-mark, this will be regarded as 'one part correct'.
10. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
11. 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 ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline.
13. Codes: f = foreign item; p = placement/presentation.

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QUESTION 1

1.1 GAAP PRINCIPLES

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

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1.2 ACCOUNTING EQUATION

	GENERAL LEDGER		AMOUNT R	EQUATION		
	Account Debited	**Account Credited**		**A**	**O**	**L**
E.g.	**Drawings**	**Trading stock**	**500**	**–**	**–**	**0**
1.2.1	Creditors' Control✓	Bank✓	**3 000**	- ✓	0	- ✓
1.2.2	Debtors' allowance✓	Debtors' Control✓	1 050✓✓	– ✓	– ✓	0
	Trading Stock✓	Cost of Sales ✓	700✓	+ ✓	+ ✓	0
1.2.3	Trading Stock ✓	Bank ✓	19 995 ✓✓	+✓ -✓	0	0
1.2.4	Debtors' Control ✓	Interest on overdue account ✓ or Interest Income or Interest Received	**25**	0	– ✓	+ ✓

25

TOTAL MARKS
30

QUESTION 2

RAV DISTRIBUTORS

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019

Sales (875 000✓ – 13 000✓) one part correct	862 000☑*
Cost of Sales	(400 000) ✓
Gross profit calculation **5**	462 000☑*
Other operating income calculation	49 280☑
Commission income (8 400✓ + 4 000✓)	12 400☑*
Rent income (37 100 ✓– 3 100✓✓✓)	34 000☑*
Discount received	880✓
Bad debts recovered✓	2 000✓✓
Gross operating income calculation **14**	511 280☑
Operating expenses calculation	(183 223) ☑
Wages	**20 300**
Salaries	**95 250**
Water and electricity	**11 700**
Sundry Expenses	**3 570**
Discount allowed (800✓– 40✓)	760☑*
Insurance (9 800 ✓– 720✓)	9 080☑*
Bank charges (1 210✓ + 183✓)	1 393☑*
Bad Debts (2 300✓ + 720✓)	3 020☑*
Telephone (12 560✓+ 1 450✓)	14 010☑*
Stationery (10 800✓– 460✓)	10 340☑*
Donations	800✓✓
Trading Stock Deficit (16 500✓– 800☑–15 500✓) See donations	200☑*
Depreciation (11 600✓ + 1 200✓) or (5 800 + 7 000)	12 800☑*
Operating profit calculation **29**	328 057☑
Interest income	480✓
Profit before interest expense calculation	328 537☑
Interest expense (235 000 ✓+ 85 000✓ - 270 000✓)	(50 000)☑*
Net profit for the year calculation **7**	278 537☑

☑* calculation one part correct

TOTAL MARKS
55

QUESTION 3

3.1 CONCEPTS: State TRUE or FALSE

3.1.1	3.1.2	3.1.3
True✓	False✓	False ✓

3

3.2 NOTES TO THE BALANCE SHEET:

3.2.1 INVENTORIES

Trading Stock (105 000✓ – 2 000✓)	103 000✓
Consumables Stores on hand	900✓
	103 900

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3.2.2 TRADE AND OTHER RECEIVABLES

Debtors' Control (80 500 ✓+ 500✓)	81 000✓
Prepaid expenses	950✓
Accrued income	8 700✓
	90 650

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3.2.3 OWNER'S EQUITY

Balance at the beginning of the year	1 036 470☑
Net profit for the year	774 300✓
Additions to capital	100 000✓
Drawings (33 870✓ + 2 000✓)	(35 870) ✓
	1 874 900✓

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3.2.4 TRADE AND OTHER PAYABLES

Creditors' Control	55 000✓
Income in advance	20 400✓
Accrued expense	5 500✓
SARS (PAYE)	4 600✓
	85 500☑

5

3.2.5 **BALANCE SHEET ON 30 SEPTEMBER 2019**

ASSETS	**Note**	**R**
NON CURRENT ASSETS		**2 582 350**
Fixed Assets		**1 933 000**
Fixed Deposit		**649 350**
CURRENT ASSETS		208 050☑
Trade and other receivables		90 650☑
Inventories		103 900☑
Cash and Cash equivalents (8 500✓ + 5 000✓)		13 500☑
TOTAL ASSETS		2 790 400☑
EQUITY AND LIABILITY		
OWNER'S EQUITY		1 874 900
Capital		1 874 900☑
NON CURRENT LIABILITY		100 000
Loan (120 000✓ - 20 000✓)		100 000☑
CURRENT LIABILITY		815 500☑
Trade and other payables		85 500☑
Current portion of loan		20 000✓
Bank overdraft		710 000✓
TOTAL EQUITY AND LIABILITY		2 790 400☑

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TOTAL MARKS
40

QUESTION 4

4.1 **Calculate sales if the firm uses a mark-up of 50% on cost.**

$600\,000 \times \frac{100}{150} = 900\,000$✓✓

2

4.2 **Calculate the return on average owner's equity.**

$$\frac{130\,000\ ✓}{½\ ✓\ (271\,430✓ + 180\,000✓)} \times \frac{100}{1}$$

=57.6%✓

Should the owner be satisfied with this return? Give a reason for your answer.

Yes, it is more than any other investment like Fixed Deposit 10%. ✓

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4.3 **Calculate the current ratio for 2019.**

54 070✓ + 34 700✓ + 1650✓ : 26 654✓
90 420 : 26 654
3.4 : 1☑

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4.4 **Calculate the acid-test ratio for 2019.**

(90 420 – 54 070)
34 700✓ + 1 650 ✓ : 26 654✓
36 350 : 26 654
1.4 : 1 ☑

4

4.5 **Calculate the degree of solvency on 30 June 2019.**

222 664✓ + 45 000✓ + 54 070 ✓+ 34 700 ✓+ 1 650✓ : 60 000 ✓ + 26 654✓
358 084 : 86 654
4.1 : 1 ☑

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☑ One part correct

TOTAL MARKS
25

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