GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

NOVEMBER 2018

GRADE 10

ACCOUNTING
PAPER 1

MARKING GUIDELINES

7 pages

QUESTION 1: ANALYSIS OF TRANSACTIONS

	General Ledger		Amount	Equation		
	A/c Dr	A/c Cr		A	O	L
E.g.	**Stationery**	**Bank**	**R800**	**-**	**-**	**0**
1.1	Trading Stock✓	Creditors' Control✓	✓✓R31 500	+✓	0	+✓
1.2	Bank✓	Sales✓	✓R14 355	+✓	+✓	0
	Cost of Sales✓	Trading Stock✓	✓✓R8 700	-✓	-✓	0
1.3	Debtors' Control✓	Fee Income✓	✓R350	+✓	+✓	0

22
22

QUESTION 2: CONCEPTS AND DEBTORS' LEDGER

2.1 CONCEPTS

2.1.1	C	✓	**2.1.3**	B	✓	
2.1.2	D	✓	**2.1.4**	A	✓	**4**

2.2 DEBTORS' LEDGER

M. Smart **DL 1**

Date	Details	Debit	Credit	Balance
01	**Balance**			✓7 000
05	Invoice No. 101	5 000✓		12 000
10	Receipt No. 4002		✓6 800	5 200
	Receipt No. 4002 (Discount Allowed)		✓200	5 000
15	Credit Note No. 12		✓900	4 100
20	Dishonoured Cheque / Bank debit note	6 800✓		10 900
	Discount cancelled / Journal voucher	200✓		11 100
25	Interest income / Journal voucher	140✓✓		✓☑11 240

11	

15
15

QUESTION 3: INCOME STATEMENT

ROMEO TRADERS		
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2018		
Sales (625 850 – 17 850✓ + 4 500✓ – 15 000✓✓)	5	☑ 597 500
Cost of Sales (309 000 ✓+ 2 250✓✓ – 7 500✓)	5	☑ (303 750)
GROSS PROFIT	1	☑293 750
OPERATING INCOME	1	☑28 660
Discount received		**9 000**
Rent Income (22 200✓ – 3 300 ✓✓)	4	☑18 900
Bad Debts Recovered	1	✓760
GROSS OPERATING INCOME	1	☑322 410
OPERATING EXPENSES	1	☑ (214 090)
Discount Allowed		**1 800**
Salaries and wages		**120 900**
Advertising	2	✓✓ 2 800
Bad Debts	2	✓✓5 935
Bank Charges	2	✓✓2 680
Insurance (16 000✓ – 1 050✓✓)	4	☑14 950
Telephone	1	✓4 425
Stationery (1 800 ✓ + 300✓ – 800✓)	4	☑1 300
Sundry Expenses	1	✓3 400
Water and Electricity	2	✓✓25 300
Trading Stock Deficit (38 000 ✓ – 2 250✓ + 7 500 ✓ – 5 200✓ – 29 000✓)	6	☑ 9 050
Donations	1	✓5 200
Depreciation	1	✓16 350
OPERATING PROFIT	1	☑108 320
Interest Income (5 000✓ + 1 300✓)	3	☑ 6 300
PROFIT BEFORE INTEREST EXPENSE	1	☑ 114 620
Interest Expense	1	✓ (11 000)
NET PROFIT	1	☑ 103 620

52
52

QUESTION 4: CONCEPTS, NOTES AND BALANCE SHEET

4.1 CONCEPTS

4.1.1	False ✓	Accept abbreviations for T or F
4.1.2	True ✓	
4.1.3	True ✓	
4.1.4	False ✓	

4

4.2 NOTES AND BALANCE SHEET

4.2.1

04

(a) **OWNERS' EQUITY**		
Balance @ the beginning of the year	1	☑195 630
Net profit for the year	1	✓397 695
Additional capital contributed	1	✓70 000
Drawings	1	✓ (25 000)
Balance @ the end of the year		**638 325**

(b) **TRADE AND OTHER PAYABLES**		
Trade Creditors (23 400✓ + 900✓)	3	☑ 24 300
Accrued Expenses	1	✓2 300
Income Received in Advance	1	✓4 700
PAYE	1	✓3 500
Pension Fund (1 500✓+ 1 125✓)	4	☑ 2 625
Medical Aid (2 000✓+ 3 000✓✓)	4	☑ 5 000
Unemployment Insurance Fund (150✓ + 150✓)	**3**	☑ 300
Creditors for Salaries	1	✓7 850
	1	☑ 50 575

18

4.2.2

BALANCE SHEET			
BABA DEALERS			
EQUITY AND LIABILITIES SECTION: FEBRUARY 2018			
Owner's Equity	check 4.2.1	1	☑ 638 325
NON-CURRENT LIABILITIES			32 000
Loan : BNB (46 000✓✓ – 14 000✓)		4	☑ 32 000
CURRENT LIABILITIES		1	☑ 93 575
Trade and Other Payables	check 4.2..2	1	☑ 50 575
Bank Overdraft		1	✓29 000
Short Term / Current Portion of Loan	Check non – current liabilities	1	☑14 000
TOTAL EQUITY AND LIABILITIES	**Check operation**	1	☑ 763 900

10

36
36

QUESTION 5: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

5.1 Calculate the Current Ratio for 2018.

35 200✓ + 47 000✓ + 13 000✓ : 21 000✓

95 200* : 21 000

= 4,5 : 1 ☑ *One part must be correct*
*If R95 200, award 3 marks

5

5.2 Calculate the Acid-Test Ratio for 2018.

47 000✓ + 13 000✓ : 21 000✓

60 000* : 21 000

= 2,9 : 1 ☑ *One part must be correct*
*If R60 000, award 2 marks

4

5.3 Comment on whether the business is able to meet its short term debts. Quote figures.

Financial indicator ✓ Trend and figures ✓ (x2)

- The current ratio improved from 2, 9 : 1 in 2017 to 4,5 :1 in 2018.
- The acid-test ratio improved from 1,2 :1 in 2017 to 2,9 : 1 in 2018

Allocate one mark for the response below:

- Liquidity has improved. The business is able to meet its short-term debts.

4

5.4 **Calculate the percentage on operating expenses for 2018. Comment on the control of expenses. Use figures to support your answer.**

$$\frac{146\ 260✓}{760\ 000✓} \times 100$$

= 19,2%☑ *One part must be correct*

Operating expenses on sales improved from 27, 2% in 2017 to 19, 2% in 2018. ✓✓

OR

Although there is an improvement, expenses are still too high at 19.2%

	5

5.5 **Use the figures provided to calculate the return on average Owners Equity for 2018. Should Simona be satisfied with the rate of return?**

$$\frac{61\ 900}{½\ (390\ 000 + 420\ 000)} \times 100$$

$$\frac{61\ 900✓}{405\ 000✓✓} \times 100$$

= 15,3%☑ *One part must be correct*

No.✓ The return has dropped significantly from 25,5% in 2017 to 15,3% in 2018. ✓✓

OR

Yes. ✓ The return is still higher than other investments that earn 9%✓✓

	7

25
25

TOTAL
150
150