



# Education

KwaZulu-Natal Department of Education  
REPUBLIC OF SOUTH AFRICA

**ACCOUNTING**

**SEPTEMBER 2016**

**COMMON TEST**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**MARKS: 100**

**TIME : 1 hour**

**N.B. This paper consists of 6 pages and  
an answer booklet of 7 pages.**

GR 10 ACC Q/P

**INSTRUCTIONS AND INFORMATION**

1. You are provided with a question paper and an ANSWER BOOK.
2. This question paper comprises THREE compulsory questions.  
Answer ALL the questions.
3. Use the format provided in the answer book in order to reflect your answers.
4. Where applicable-workings must be shown in order to achieve part-marks.
5. Non-programmable calculators may be used.
6. You may use dark pencil or blue/black ink to answer the questions.
7. Use the information in the table, below, as a guide when answering the question paper. Try NOT to deviate from it.

<b>QUESTION 1</b>		<b>(56 Marks; 34 Minutes)</b>	
<b>Topic of the question</b>		<b>This question integrates:</b>	
<b>Sole Trader Financial Statements</b>		<b>Financial accounting</b> <ul style="list-style-type: none"> <li>○ Balance Sheet</li> </ul> <b>Notes to Balance Sheet</b> <ul style="list-style-type: none"> <li>• Trade and Other Receivables</li> <li>• Trade and Other Payables</li> </ul>	
<b>QUESTION 2</b>		<b>(22 Marks; 13 Minutes)</b>	
<b>Topic of the question</b>		<b>This question integrates:</b>	
<b>Analysis and Interpretation of Financial Statements</b>		<b>Financial accounting</b> <ul style="list-style-type: none"> <li>• Ratio Calculations</li> </ul>	
<b>QUESTION 3</b>		<b>(22 Marks; 13 Minutes)</b>	
<b>Topic of the question</b>		<b>This question integrates:</b>	
<b>Analysis and Interpretation of Financial Statements</b>		<b>Financial accounting</b> <ul style="list-style-type: none"> <li>• Comments</li> </ul>	

**QUESTION 1****(56 Marks; 34 Minutes)****SOLE TRADER: BALANCE SHEET AND NOTES**

You are provided with information relating to Mzala Nxumalo Traders on 29 February 2016. The business is owned by Sthe Mhlanga

**REQUIRED:**

- 1.1. Prepare the Balance Sheet as 29 February 2016. (Show workings in brackets to earn part marks) (37)
- 1.2. Prepare Note for Trade and Other Receivables (13)
- 1.3. Prepare Note for Trade and Other Payables (6)

**INFORMATION:**

**Extract of PRE-ADJUSTMENT TRIAL BALANCE OF MZALA NXUMALO TRADERS ON 29 FEBRUARY 2016.**

<b>BALANCE SHEET ACCOUNTS SECTION</b>	<b>AMOUNT (R)</b>
Capital	735 000
Drawings	32 000
Fixed Assets at Carrying Value ( 1 March 2015)	940 000
Fixed Deposit: Mlomo Bank (8%)	35 000
Loan: Zwide Bank	105 000
Trading stock	97 500
Debtors control	53 200
Creditors control	46 000
Pension Fund	3 500
SARS: (PAYE)	8 800
Bank Overdraft	(Cr)30 095
Cash float	1 500
Petty cash	2 000

**ADJUSTMENTS AND ADDITIONAL INFORMATION ON 29 FEBRUARY 2016:**

1. A fire in the business caused damage to trading stock to the value of R 2 000. The insurance company has agreed to pay out only 80% of the claim. Their EFT will be made on 15 March 2016.
2. Stock on hand as per physical count on 29 February 2016:
  - Trading stock, R 95 000
  - Packing materials, R 1 500
3. No entry has been made of a cheque, R 500, received from the estate of N. Lukhele (debtor). This was for the dividend of 25 cents in a rand paid by the insolvent estate. The balance must be written off. (TWO ENTRIES)

4. The business pays the monthly rental in advance for a warehouse. Rent was increased by 10% as from 1 October 2015. A total of R 12 920 was available in the rent expense account for the financial year.
5. The fixed deposit with Mlomo Bank was made on 1 June 2015. Provide for outstanding interest for 3 months. The deposit is made up as follows:
  - R 15 000 ( maturing on 1 June 2016)
  - The rest matures in February 2020.
6. Commission income included an amount of R 1 375 for March 2016
7. Depreciation was calculated as follows:
  - On vehicles, R 24 500.
  - On equipment, R 8 900.
8. The water and electricity account for February 2016, R 800, was still outstanding.
9. According to the loan agreement with Zwide Bank, annual payments of R 20 000 must be made on 30 June each year.
10. The net profit for the year, **AFTER ALL THE ABOVE ADJUSTMENTS WERE TAKEN INTO ACCOUNT**, amounted to R 198 875.

**QUESTION 2****(22 Marks; 13 Minutes)****RATIO CALCULATIONS**

The following information was taken from the records of Junk Traders on 30 September 2016.

**REQUIRED:**

- 2.1. Calculate the following ratios/indicators for 2016.
- 2.1.1. Current ratio (5)
- 2.1.2. Acid test ratio (4)
- 2.1.3. Solvency Ratio (5)
- 2.1.4. Operating Expenses on sales (3)
- 2.1.5. Return on Average owner's equity (5)

**INFORMATION:**

- A. Extract from the Income statement for the year ended 30 September 2016.

Sales / Turn over	930 000
Operating expenses	116 670
Operating profit	264 810
Interest on loan (17%)	27 670
Net profit for the year	244 155

- B. Extract from the Balance sheet on 30 September 2016.

	2016	2015
Owner's equity	319 000	295 000
Non-current assets	388 000	265 000
Inventory	12 000	48 000
Trade and other receivables	26 000	22 000
Cash and cash equivalents	NIL	15 000
Non-current liabilities	60 000	12 000
Trade and other payables	26 000	43 000
Bank overdraft	21 000	NIL

**QUESTION 3****(22 Marks; 13 Minutes)****INTERPRETATION OF FINANCIAL INFORMATION**

You are provided with financial indicators of SUPPORTA Traders on 31 August 2016. The business has a target mark up on cost of 80%  
Use the information to answer the questions that follow:

**1. INFORMATION**

	2016	2015
Gross profit on cost	69%	57%
Gross profit on sales	45%	37%
Operating expenses on sales	34%	16%
Operating profit on sales	11,4%	15%
Return on owner's equity	5,8%	16,5%
Current ratio	0,86:1	1,2:1
Acid test ratio	0,3:1	0,4:1
Solvency ratio	2,3:1	1,5:1
Interest rate on fixed deposit	8%	8%

**REQUIRED:**

- 3.1. The owner of SUPPORTA Traders is concerned about the liquidity position of the business. Quote TWO relevant financial indicators with figures to support his concern. (6)
- 3.2. The manager is satisfied with solvency position of the business, Explain by quoting a relevant financial indicator with figures to support this. (5)
- 3.3. The owner of the business is not satisfied by the operating efficiency of the business. Quote TWO relevant financial indicators with figures to support his opinion (6)
- 3.4. The manager feels that the owner must be satisfied with the returns he is earning in this business. Do you agree with this opinion?
  - o Explain by quoting ONE financial indicator to support your answer. Also quote figures to support your answer. (5)

**TOTAL MARKS: 100**



# Education

KwaZulu-Natal Department of Education  
REPUBLIC OF SOUTH AFRICA

**ACCOUNTING  
ANSWER BOOK  
COMMON TEST  
SEPTEMBER 2016**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

Name: \_\_\_\_\_ Grade: \_\_\_\_\_

Question	Topic	Learners Mark	Moderators Mark
1	Balance Sheet and Notes		
2	Ratio Calculations		
3	Interpretation of Financial Statements		
	<b>TOTAL</b>		

**N.B. This answer book consists of 7 pages.**

## QUESTION 1

1.1. MZALA NXUMALO TRADERS  
BALANCE SHEET AS AT 29 FEBRUARY 2016

ASSETS	Note	
<b>Non – Current Assets</b>		
Fixed/Tangible assets		
Financial assets:		
<b>Current Assets</b>		
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Owners' Equity</b>		
Capital		
<b>Non - Current Liabilities</b>		
<b>Current Liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		



**1.2. TRADE AND OTHER RECEIVABLES**

Trade Debtors	

**1.3. TRADE AND OTHER PAYABLES**

Trade Creditors	

**QUESTION 2**

<b>2.1.1. Current Ratio</b>	<b>(5)</b>

<b>2.1.2. Acid Test Ratio</b>	<b>(4)</b>

<b>2.1.3. Solvency Ratio</b>	<b>(5)</b>

<b>2.1.4. Operating Expenses on Sales</b>	<b>(3)</b>

<b>2.1.5. Return on Average Owners' Equity</b>	<b>(5)</b>

**QUESTION 3**

**3.1 The owner of SUPPORTA Traders is concerned about the liquidity position of the business. Quote TWO relevant financial indicators with figures to support his concern. (6)**

Blank area for answer to Question 3.1.

**3.2 The manager is satisfied with solvency position of the business, Explain by quoting a relevant financial indicator with figures to support this. (5)**

Blank area for answer to Question 3.2.

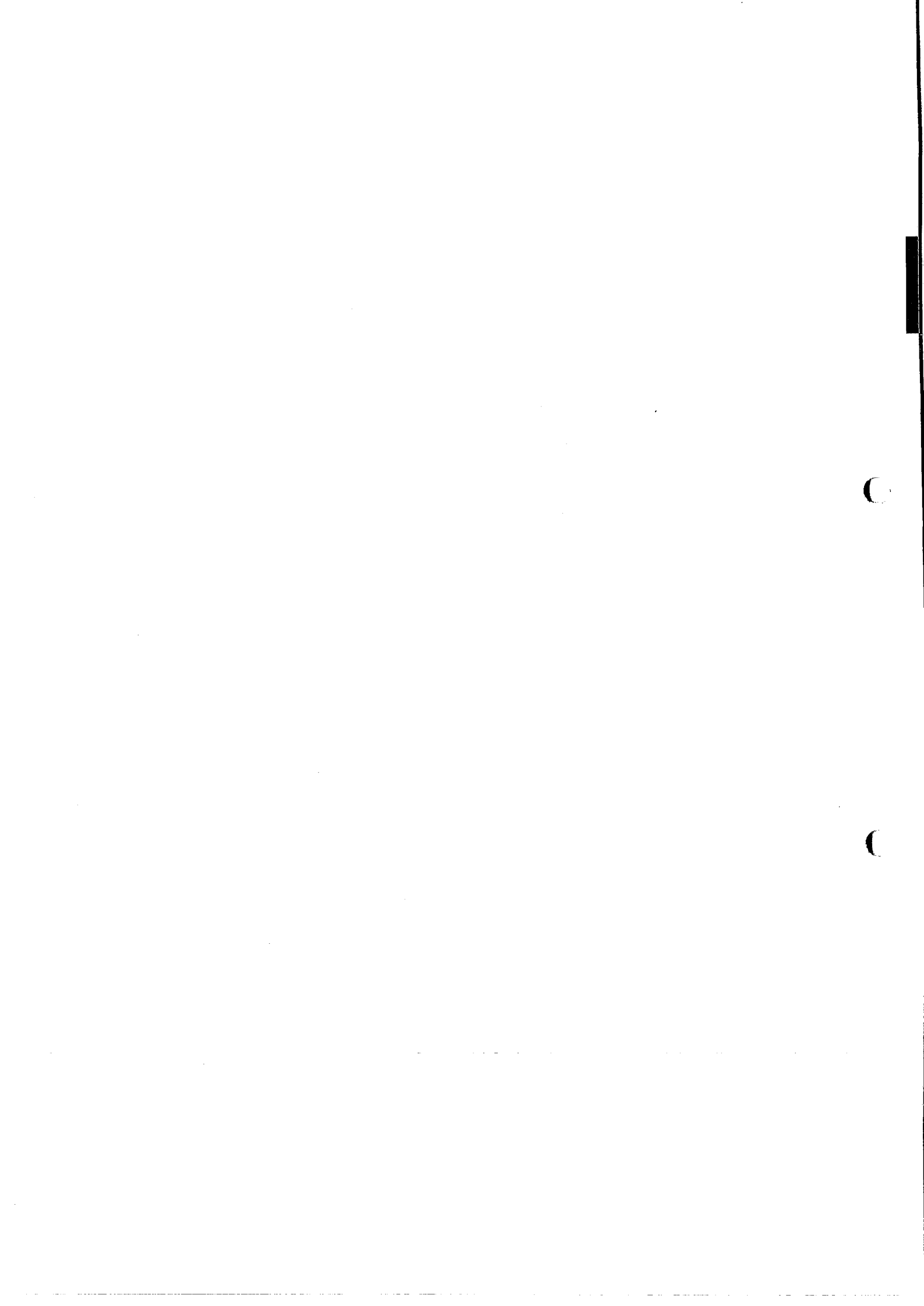
**3.3 The owner of the business is not satisfied by the operating efficiency of the business. Quote TWO relevant financial indicators with figures to support his opinion.**

**(6)**

**3.4 The manager feels that the owner must be satisfied with the returns he is earning in this business. Do you agree with this opinion?**

- Explain by quoting ONE financial indicator to support your answer. Also quote figures to support your answer.**

**(5)**



# Education

KwaZulu-Natal Department of Education  
REPUBLIC OF SOUTH AFRICA



ACCOUNTING  
MEMORANDUM  
COMMON TEST  
SEPTEMBER 2016

NATIONAL  
SENIOR CERTIFICATE

GRADE 10

MARKS: 100

**MARKING PRINCIPLES:**

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no foreign item penalty for misplaced item). No double penalty applied.
2. Full marks for correct answer. If the answer is incorrect, mark the workings provided.
3. 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).
4. 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.
5. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
6. Where penalties are applied, the marks for that section of the question cannot be a final negative.
7. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer before awarding the mark.
8. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
9. Codes: f = foreign item, p = placement/presentation.

**N.B. This memorandum consists of 7 pages.**

**QUESTION 1**

1.1. MZALA NXUMALO TRADERS  
BALANCE SHEET AS AT 29 FEBRUARY 2016

ASSETS	Note	
<b>Non - Current Assets</b>		<input checked="" type="checkbox"/> 926 600
Fixed/Tradeable assets (940 000 ✓ - 24 500 ✓ - 8 900 ✓)		<input checked="" type="checkbox"/> 906 600
Financial assets:		
Fixed deposit (35 000 ✓ - 15 000 ✓)	8	✓ 20 000
<b>Current Assets</b>		<input checked="" type="checkbox"/> 170 345
Inventory (97 500 ✓ - 2 000 ✓ - 500 ✓ + 1 500 ✓) or (95 000 ✓ ✓ + 1 500 ✓)		<input checked="" type="checkbox"/> 96 500
Trade and other receivables		<input checked="" type="checkbox"/> 55 345
Cash and cash equivalents (1 500 ✓ + 2 000 ✓ + 15 000 ✓)		<input checked="" type="checkbox"/> 18 500
<b>TOTAL ASSETS</b>	12	<input checked="" type="checkbox"/> 1 096 945
<b>EQUITY AND LIABILITIES</b>		
<b>Owners' Equity</b>		<input checked="" type="checkbox"/> 901 875
Capital (735 000 ✓ + 198 875 ✓ - 32 000 ✓)		✓ 901 875
<b>Non - Current Liabilities</b>		<input checked="" type="checkbox"/> 85 000
Loan (105 000 ✓ - 20 000 ✓)	5	✓ 85 000
<b>Current Liabilities</b>	4	<input checked="" type="checkbox"/> 110 070
Trade and other payables		<input checked="" type="checkbox"/> 60 475
Current portion of loan		✓ 20 000
Bank overdraft (30 095 ✓ - 500 ✓)		✓ 29 595
<b>TOTAL EQUITY AND LIABILITIES</b>	8	<input checked="" type="checkbox"/> 1 096 945

Foreign entries: 1, 2, 5, 8, 12. Balance sheet items are not foreign.  
No penalties for placements but mark the workings correct; mark final figure wrong.

GREENBULLY

1.2. TRADE AND OTHER RECEIVABLES

Trade Debtors (53 200✓ + 1 600✓✓ - 2 000✓✓✓)	✓752 800
Prepaid expense (1 045✓ + 800✓)	✓1 845
Accrued Income	✓✓700
Operation:one:part:correct ✓✓	✓755 345

1.3. TRADE AND OTHER PAYABLES

Trade Creditors	✓46 000
Deferred Income	✓1 375
Accrued expense	✓800
SARS. PAYE	✓8 800
Pension Fund	✓3 500
Operation:one:part:correct ✓✓	✓60 475

2.1.1. Current Ratio

( 12 000 + 26 000 ) : ( 26 000 + 21 000 )	
✓✓ 38 000 : 47 000	
0,8 : 1 ✓	accept 0,81: 1
Operation:one:part:correct ✓✓	

2.1.2. Acid Test Ratio

( 38 000 - 12 000 ) : 47 000	
✓✓ 26 000 : 47 000	
0,6:1 ✓	accept 0,55:1
Operation:one:part:correct ✓✓	

2.1.3. Solvency Ratio

( 388 000 + 38 000 ) : ( 60 000 + 47 000 )	
✓✓ 426 000 : 107 000	
4:1 ✓	accept 3,98:1
Operation:one:part:correct ✓✓	

56
56



**2.1.4. Operating Expenses on Sales** (3)

116 670 ✓ x 100  
930 000 ✓

12,5%  accept 12,54%

Operation: one part correct must be %

**2.1.5. Return on Average Owners' Equity** (5)

$\frac{244\ 155 \checkmark}{(319\ 000 \checkmark + 295\ 000 \checkmark) / 2} \times 100$

$\frac{244\ 155 \checkmark \times 100}{307\ 000}$

79,5%  accept 79,52%

Operation: one part correct must be %

22
22

**QUESTION 3**

**3.1** The owner of SUPPORTA Traders is concerned about the liquidity position of the business. Quote TWO relevant financial indicators with figures to support his concern. (6)

Relevant indicator ✓ ✓ figures with trends ✓ ✓ ✓ ✓

Current ratio decreased from 1,2:1 to 0,86:1

Acid test ratio decreased from 0,4:1 to 0,3:1

**3.2** The manager is satisfied with solvency position of the business, Explain by quoting a relevant financial indicator with figures to support this. (5)

Relevant indicator ✓ ✓ figures with trends ✓ ✓ explanation beyond trends ✓ ✓

Solvency ratio increased from 1,5:1 to 2,3:1

The business total assets exceeds total liabilities, the business is solvent.

3.3 The owner of the business is not satisfied by the operating efficiency of the business. Quote TWO relevant financial indicators with figures to support his opinion. (6)

Relevant indicator ✓ ✓ figures with trends ✓✓ ✓✓

Operating expenses on sales increased from 16% to 34%

Operating profit on sales decreased from 15% to 11,4%

3.4 The manager feels that the owner must be satisfied with the returns he is earning in this business. Do you agree with this opinion?  
○ Explain by quoting ONE financial indicator to support your answer. Also quote figures to support your answer. (5)

Relevant indicator ✓ figures with trends ✓ explanation beyond trends ✓✓

No ✓

Return on owners equity decreased from 16,5% to 5,8%

The return is below returns on alternative investments such as interest rate on fixed deposit.

22
22