

education

Department:
Education
REPUBLIC OF SOUTH AFRICA

GREENBURY SECONDARY SCHOOL

ACCOUNTING

GRADE: 10

FINAL EXAMINATION: 2016

EXAMINER: C. MAHARAJ

DURATION: 3 HOURS

MARKS: 300

This question paper consist of 15 pages

INSTRUCTIONS AND INFROMATION

Read the following instructions carefully and follow them precisely.

- 1. Answer ALL the questions.
- 2. A special ANSWER BOOK is provided in which to answer ALL the questions.
- 3. Show workings in order to achieve part marks.
- 4. You may use a non programme calculator.
- 5. You may use a blue/black ink to answer the questions.
- 6. Where applicable show all calculations to ONE decimal place.
- 7. Write neatly and legibly.
- **8.** Use the information and table below as a guide when answering the questions. Try NOT to deviate from it.

1,4

Question 1 : 50 marks; 30 minutes		
Topic of this question This question integrates:		
Concepts and Accounting equation	Financial Accounting	
	Concepts	
	Accounting equation	

Question 2:85 marks; 51 minutes		
Topic of this question	This question integrates:	
Financial Statements and notes	Financial Accounting	
	Prepare an Income statement andnotes to	
	Financial Statements	
	Managing Resources	
	Internal control	

Question 3 : 45 marks; 27 minutes		
Topic of this question	This question integrates:	
	Financial Accounting	
Concepts and Balance Sheet Prepare a Balance sheet		

Question 4: 40 marks; 24 minutes		
Topic of this question This question integrates:		
	Financial Accounting	
Concepts	Calculations and financial indicators	
Analysis and interpretation	Analysis and interpretation	

Question 5: 50 marks; 30 minutes		
Topic of this question	This question integrates:	
,	Managerial Accounting	
Manufacturing and VAT	Direct materials cost, direct labour and factory overheads	
	Cost calculations	
	. VAT concerts and calculations	
	Managing Resources	
	Internal control	

Question 6: 30 marks; 18 minutes		
Topic of this question	This question integrates:	
Cash budget	Managerial Accounting	
	Cash budget calculations	
	Managing Resources	
	Internal control and internal audit	

QUESTION ONE: CONCEPTS AND ACCOUNTING EQUATION

[50 MARKS; 30 MINUTES]

Required:

1.1 Match the concepts in Column A with the description /explanations in Column B.

Write down only the letter corresponding to the correct concept. E.g. 1.1.7 D (5)

COLUMN A		COLUMN B	
1.1.1. Equity	A.	A recording book where double entry principle is applied, accounts have a debit and credit side	
1.1.2. Ledger	В.	Consist of income statement and balance sheet.	
1.1.3. Subsidiary journal	c.	Documents that the business uses to capture data o transactions and proof that a transaction occurred.	
1.1.4. Financial statements	D.	Referred to the book of first entry where all financial statements are recorded.	
1.1.5. Source documents	E.	Also known as the accounting cycle	
	F.	Consist of Trading account and Profit and Loss account	
en de la companya del companya de la companya del companya de la companya del la companya de la	G.	Assets plus liability	
	Н.	Assets minus liability	

1.2. Accounting Equation

[45]

Analyse the following transactions according to the columns provided on the special answer booklet.

(36)

Assume the Bank balance is favourable.

- **1.2.1.** A debtor who owes R 9 200 was declared insolvent. His estate paid 30 cents in the rand. The balance is to be written off. (2 entries)
- **1.2.2.** Paid Blitz Transport by cheque, R 1 250 for delivery of merchandise.
- 1.2.3. Issued a cheque to SA Suppliers for R 2 280 in full settlement of account R 2 400.
- **1.2.4.** Service fees R 60, cash deposit fees R 50.
- 1.2.5. A debtor's cheque for R3 400 was dishonoured by the bank marked refer to drawer.
- 1.3.1. Refer to transaction 1.2.1.

Name and explain the GAAP principle applied to the transaction.

(3)

1.3.2. Refer to transaction 1.2.3.

Calculate the percentage discount the business received.

(2)

1.3.3. Provide the source document that would be used for transaction:

1.2.4. (2)

• 1.2.5.

1.3.4. List TWO reasons why the bank may dishonour a debtor's cheque. (2)

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QUESTION TWO: INCOME STATEMENT AND NOTESTO FINANCIAL STATEMENTS [85 MARKS;51 MINUTES]

You are provided with information relating SUV Traders a business owned by S. Sun for the year ended 28 February 2016.

Required:

- 2.1.1. Prepare the Income Statement for the year ended 28 February 2016. (50)
- 2.1.2. List two items that will be included in Trade and other Receivables. (2)
- **2.1.3.** Complete the following notes to the financial statements:
 - Trade and other Payables (13)

Information:

Pre -Adjustment Trial Balance on 28 February 2016

Vehicles	180 000
Equipment	58 000
Accumulated depreciation on vehicles	74 000
Accumulated depreciation on equipment	26 800
Loan : Africa Bank	?
Fixed deposit: New Bank (9%)	50 000
Trading stock	330 000
Debtors control	37 000
Bank (debit)	30 200
Creditors control	52 800
Sales	3 800 000
Cost of sales	2 100 000
Debtors allowances	26 100
Salaries and wages	970 000
Rent income	132 750
Insurance	16 200
Packing material	5 800
Pension contributions	5 100
UIF contributions	. 2 710
Bank charges	470
Discount received	230
Interest on fixed deposit	3 000
Telephone	10 500
Bad debts	1 100

Adjustments and Additional Information:

- 1. A debtor returned unsatisfactory goods. The selling price was R6 400 and mark -up 60 % on cost. This was returned to the supplier.
- 2. Telephone still due, R500.
- 3. Write off the account of a debtor as irrecoverable, R 900.
- 4. Insurance includes an annual premium of R2 700 that was paid on 10ctober 2015.
- 5. Rent has been received for 14 months. According to the lease agreement rent was increased by 15% with effect from 1 December 2015.
- 6. Provide for outstanding interest on fixed deposit.
- 7. The bank statement was received after the Trial Balance was drawn up. The following items have not been entered.

Bank charges

R 330

Interest on overdraft R 200

8. The physical stock count at the end of the year revealed the following:

Trading stock

R 331 600

Packing materials

R 1 400

9. The loan statement received from Africa Bank reflected the following:

Balance on 1 March 2015	400 000	
Interest on loan	?	
Repayments during the year	90 000	
Balance on 28 February 2016	340 000	

- Interest is to be capitalised. No entry was made for the interest on loan.
- 10. An employee was left out of the salaries journal for February 2016. The details on his pay slip were as follows:

Gross salary	S.
Deductions:	reduced and a second
PAYE	1 600
UIF	90
Pension Fund	630
Net salary	6 680

The employer contributes:

- 10 % of gross salary to pension fund
- 1% to UIF
- 11. Provide for depreciation as follows:
 - On equipment at 10% p.a. on cost
 - On vehicles at 20 % p.a. using diminishing balances method.

2.2. You are provided with the following information which was extracted from the records of Minka Traders, their accounting period ends on 30 September 2016

Required:

2.2.1. Provide the missing amounts for A/B/C/D/E/F/G/H/I

(14)

2.2.2. List **THREE** control measures to be implemented by the business to properly manage their tangible assets.

(6)

Information:

Tangible asset	Land and buildings	Vehicles	Equipment
Cost	1 050 000	880 000	470 000
Accumulated depreciation		(760 000)	С
Carrying value(beg. of year)	1 050 000	В	346 600
Movements:	Acceptance and participation in the Conference of the Conference o	Anna Anna Anna Anna Anna Anna Anna Anna	Angeles and the comment of the comme
Additions at cost	A	0	86 000
Disposals at carrying value	0	0	0
Depreciation	-	D	G
Carrying value(end of year)	1 300 000	F	ı
Cost	1 300 000	880 000	H
Accumulated depreciation		E	(162 360)

Additional information:

- 1. The following relates to Equipment:
 - Equipment was purchased for cash on 1 April 2016.
 - Equipment is depreciated at 10 % p.a. on diminishing balance method.
- 2. Vehicles are depreciated at 15 % p.a. on cost
- 3. Land and buildings were purchased during the year.

QUESTION THREE: BALANCE SHEET AND NOTES

[45 MARKS; 27 MINUTES]

You are provided with information relating to Pac Man Stores. This is a sole trader business owned by P. Pac. The financial year ends on 30 June 2016

Required:

3.1. Prepare the Balance Sheet on 30 June 2016

(40)

3.2. Complete the note for Owner's Equity

(5)

All other notes must be shown within brackets

Information:

- The business has two Fixed Deposits at Easy Bank, R 480 000:
 R 180 000of the Fixed Deposit matures on 1 December 2016.
- The net profit for the year amounts to **R 225 000** after taking the following into account however these were not processed onto the Balance Sheet:
 - Rent of R 15 000 was received in advance.
 - Packing material on hand, amounts to R 4 000.
 - Water and electricity still due, R 5 500
 - 3. The following relates to the Loan at ABC Bank:

Balance on 1 July 2015	190 000
Interest on loan (capitalised)	20 000
Repayments during the year	30 000

A capital repayment of 20 % of the closing balance is made on 31 December each year.

7. The owner increased his capital by depositing R30 000 into the business current account. No entry was made.

Post Closing Trial Balance on 30 June 2016.

Capital (1 July 2015)	169 500
Trading stock	80 000
Tangible assets	160 500
Debtors control	61 500
Drawings	20 000
Deposit on electricity	8 000
Bank (cr)	160 000
Creditors control	55 000
Petty cash	1 500
Cash Float	2 000
Accrued Income	8 500
Prepaid expenses	4 000

QUESTION FOUR: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS [40 MARKS; MINUTES]

4.1. Match the concepts to the statements given below. Write only the correct concept

Concepts:

Solvency; Liquidity; Profitability; Return

Statements:

- **4.1.1.** The ability of the business to meet short term debts
- **4.1.2.** The ability of the business to control expenses and determine profits.
- 4.1.3. The ability of the business to meet long term debts
- **4.1.4.** The extent to which the owners have been rewarded for their investment in a business.
- 4.2. You are provided with information relating to FIFA Traders for the year ended 31 December 2016.

Required:

- 4.2.1. Calculate the following for 31 December 2016:
 - a) Mark up
 - Is it acceptable?

(6)

- Provide TWO reasons for your answer
- **b)** Current ratio

(3)

c) Acid test ratio

- d) If the solvency ratio is 2.5 : 1
 Calculate the value of Non Current Liabilities
- e) Return on equity

(0) (E)

(3)

- **4.2.2.** Does the business have a liquidity problem? Quote **THREE** financial indicators, percentages or ratio's to support your answer.
- 4.2.3. Should the owner be satisfied with his return on his investment? Explain briefly.
- (3)

(10)

Information:

A. EXTRACT FROM INCOME STATEMENT:

Sales	980 000
Cost of sales	700 000
Gross profit	\$
Other income	12 000
Operating expenses	72 000

B. EXTRACT OF BALANCE SHEET:

Tangible assets	530 000
Debtors control	50 000
Trading stock	210 000
Cash	10 000
Creditors control	120 000
Non – Current Liabilities	?
Capital (1 January 2016)	400 000
Capital (31 December 2016)	900 000

C. FINANCIAL INDICATORS:

	2016	2015
Mark –up	Accessor of the Control was to the Control Con	45 %
Operating expenses on sales	?	16 %
Current ratio	?	2:1
Acid test ratio	?	0.8:1
Solvency	2.5 : 1	1:1
Return on Equity	?	20 %
Debtors collection period	29 days	36 days
Credits paymen period	52 days	47 days

QUESTION FIVE: MANUFACTURING AND VAT

[50 MARKS; 30 MINUTES]

5.1. State whether the following statements are True or False

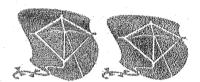
(5)

- **5.1.1.** Advertising will be classified as administration cost.
- **5.1.2.** Prime cost = direct material cost + direct labour cost + factory overhead cost
- **5.1.3.** Unit cost = total cost of finished goods \div no of units produced
- **5.1.4.** Interest on loan can be classified as factory overhead cost.
- 5.1.5. The wages of the factory cleaner will be classified as a factory overhead cost.

5.2.

HI FLY KITH MANUFACTURERS

Hi Fly Kites is a manufacturing business that makes standard kites for children.



Provided below is a summary of all costs for October 2016.

Cost per kite :	
Materials per kite	R 30
Wood per kite	R 5
Line per kite	R 5
Wage per completed kite	R 40
Cost for the month:	
Salary of factory foreman	5 000
Rent – factory occupies 80% of the floor space	11 250
Water and electricity -shared between factory and office in the ratio 2:1	3 450
Indirect materials for factory	450
Selling price per kite	R 146
Number of kites produced	2 160

Required:

5.2.1.	Calculate the Direct Material Cost.		(4)
5.2.2.	Calculate the Prime Cost.		(3)
5.2.3.	Calculate Factory Overhead Cost		(7)
5.2.4.	Calculate the unit cost.		(3)
5.2.5.	Explain the difference between a fixed cost and a variable co	st. Provide an example of each.	(4)
5.2.6.	The owner is considering increasing the wage per completed List TWO consequences of an increase in wages to the busine		(4)

5.3. VAT: [20]

5.3.1. Match the terms in Column A with the descriptions in Column B. Write only the letter corresponding to the correct term.

(7)

	Column A		Column B
i.	Compulsory registration	Α	The normal rate at which VAT when goods are sold or services rendered by a registered VAT vendor.
ii.	Voluntary registration	В	Goods and services on which VAT is charged at 0%.
iii.	Standard rate	С	VAT registration by a business whose annual turnover exceeds R 1 million
iv.	Zero rate	D	The VAT charged to or paid by a vendor in acquiring goods or services from another VAT vendor.
V.	Exempt items	E	The VAT charged by a vendor when it sells goods or renders a service.
vi.	Output tax	F	Goods and services on which no VAT is charged.
vii.	Input tax	G	VAT registration by a business whose annual turnover is less than R 1 million but more than R50 000

5.3.2. Dell Computers is a registered VAT vendor. The business buys computer parts for R 2 280 inclusive of VAT. A computer is assembled from the parts and are sold at R 5 000 excluding VAT.

Determine Input Vat and Output Vat

(6)

Calculate the VAT payable to or refundable by SARS.

(4)

(3)

5.3.3. M. Mo the owner of Mo's Woodworks is a registered VAT vendor. He charges his customers VAT but fails to pay over to SARS. List **THREE** consequences of VAT fraud.

QUESTION SIX: CASH BUDGET

[30 MARKS; 18 MINUTES]

6.1. Sky Traders is a business owned by S. Skye.

The inexperienced bookkeeper presented the following cash budget for the period January and February 2017.

Information:

CASH BUDGET FOR THE PERIOD JANUARY AND FEBRUARY 2017

	January	February
Cash Receipts	ann ann an Aireann an Aireann an an an Aireann an Aireann an Aireann an Aireann an Aireann Aireann Aireann Air	t kapi daga kali daga da kamada nganima tang ada paga ga pada da agambat penter tahun kali na Arang danny
Cash sales	230 000	150 000
Credit sales	180 000	210 000
Rent income	15 000	17 250
Total Receipts	ophysystem, mild to access and injurable and tophololic appropriate and expense copyrights an annual members of	emakara kara da kara negamba da
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Cash Payments		
Cash purchases	90 000	100 000
Salaries	62 000	68 000
Depreciation	1 200	1 400
Vehicle purchased	35 000	10 000
Drawings of stock	900	800
Interest on loans (15%)	400	300
Repayment of loan	15 000	
Advertising	8 000	8 000
Sundry expenses	1 500	1 200
Bad debts	500	700
Total Payments		

Required:

6.1.1.	The purpose of preparing a Cash Budget is to determine future profit or loss.	
	State whether this statement is True or False	(2)

- 6.1.2. Refer to the Cash Budget. Identify the items that have been incorrectly entered in the Cash Budget
- **6.1.3.** Calculate the percentage increase in rent income. (3)
- 6.1.4. On 1 January 2017 the business will purchase a new vehicle. A deposit of R35 000 will be paid in January 2017 and the balance is to be paid in 10 equal monthly instalments of R10 000 commencing on 1 February 2017.

Calculate the total purchase price of the vehicle.

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6.1.5. Provide a reason why the interest on loan has decreased?

(2)

6.1.6. After correcting the errors the following surplus / deficit was identified.

(4)

Calculate the missing amounts:

Surplus / deficit	33 100	(20 250)
Bank opening balance	5 300	В
Bank closing balance	Α	С

6.2. Problem - Solving: Management of stock

(6)

Barney is the owner of two school tuck shops. Betty is the manager of Shop A and Benny is the manager of Shop B.

- Each manager earns R 1 000 per week.
- Each tuck shop sells only chips and juice.
- The chips cost R5 per packet and are sold at a mark up of 50 % on cost.
- The juice is marked up by 25 % and is sold at R 10 each.

Required:

Identify ONE problem in each tuck-shop and provide ONE solution or advice in each case. For each problem, relevant figures must be quoted.

Information:

	SHOP A		SHOP B	
For October 2016	CHIPS	JUICE	CHIPS	JUICE
Opening stock(units)	300	200	150	90
Stock supplied by Barney (units)	400	400	400	400
Closing stock (units)	200	150	330	120
Units sold	420	450	220	370
Cash deposited	3 150	4 500	1 650	3 200

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GREENUBRY SECONDARY SCHOOL

ACCOUNTING: GRADE 10

FINAL EXAMINATION: 2016

ANSWER BOOK

NAME OF LEARNER:	ABADEMINO MATERIAL PROPERTY AND ADMINISTRATION OF COMMUNICATION OF COMMUNI	GRADE:	10	P-0-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-

QUESTION	MAX.	LEARNERS MARK	MODERATORS MARK
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This answer book consists of 13 pages.

For educators use:	
Moderator	
Date	
Checker	

QUESTION ONE:

1.1.

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1.2.

No.	Account debit	Account credit	Amount	Α	0	L
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1.3.1. Refer to transaction 1.2.1.

Name and explain the GAAF	P principle applied to the transaction.	
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1	2	2.	Refer	ta	transaction	1	2	3
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Calculate the percentage discount the business received.

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1.3.3. Provide the source document that would be used for transaction:

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1.3.4. List TWO reasons why the bank may dishonour a debtor's cheque.

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Total Marks
50

QUESTION TWO:

2.1.1. Income Statement for the year ended 28 February 2016

Sales (3 800 000		
Cost of sales(2 100 000		
Gross profit		
Other operating income:		
Rent income(132 750	parallel (Committee of the Committee of	
		e for a
Gross operating income	The desire of the second desired to the second seco	
Operating expenses:		
Bad debts(1 100		
Telephone (10 500		
Insurance (16 200	A CONTRACTOR OF THE CONTRACTOR	
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Operating profit		÷ *
Interest income	WI MARKET PROVINCES AND A LONG BY WALKER THE REPORT OF THE RESIDENCE AND A LONG BY WALKER THE REPORT OF THE RESIDENCE AND A LONG BY WALKER THE RESIDENCE AND	
Profit before interest expense		50
Interest expense		The state of the s
Net profit / loss for the year		
	graph of the contract of the c	
2.1.2. List two items that will be included in Trade and other R	eceivables.	This beautiful for a black of the section of section 1.
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Trade and other Pay	ables:		
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13

2.2.1.

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()2.2.2. List three control measures to be implemented by the business to properly manage their tangible assets.

- 1
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Total Marks

85

## **QUESTION THREE: BALANCE SHEET AND NOTES**

ASSETS			
NON – CURRENT ASSETS		:	
Tangible Assets			
Financial assets		, at the second	
CURRENT ASSETS			
Inventories			
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EQUITY AND LIABILITIES			
OWNER'S EQUITY		:	
NON- CURRENT LIABILITIES	and the programmer of the prog		
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CURRENT LIABILITIES	· · · · · · · · · · · · · · · · · · ·		
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TOTAL EQUITY AND LIABILITIES			

45

OWNER'S EQUITY:	nd Language of the Anna Anna Anna Anna Anna Anna Anna Ann
Balance beginning of year	The second secon
Add : Net profit	
Additional capital contributed	
Less : Drawings	
Balance end of year	- Annual Company of the Company of t

5

Total Marks
50

## **QUESTION FOUR:**

4.1.

4.1.1.	ория (жылында остай інкерічек калент при 445) ў у рездіноста вория закімання 1442 остабля год подположення ін	TO THE PARTY OF THE STATE OF TH	ggaden het gebeg for zij zen ber umspacerjonseren ser het zopilegelen beer diet Lessebunderstille	kazaran ( asaranya katakaya ( karakan da na da na taka taka taka da da da da kata kata da kata da kata da kata		
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4.1.4.		The state of the s			· · · · · · ·	-

4.2.1. Calculate the following for 31 December 2016

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	•		
Is it acceptable?	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
Provide <b>TWO</b> reaso	ns for your answ	er	
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Return on equity		
		OCCUPANTAL CONTRACTOR AND CONTRACTOR CONTRAC
L Does the business have a lie	quidity problem? Quote TH	IREE financial indicators,
percentages or ratio's to su		·
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Calculate the	unit cost.		l a variable co	st. Provide ar	1

**5.2.6.** The owner is considering increasing the wage per completed kite to R44. List **TWO** consequences of an increase in wages to the business.

	- Andread Street Squares and Asses	
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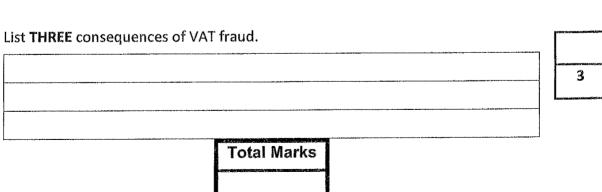
5.3.

NA MINE WATER PROPERTY.	l
i.	
II.	
iii.	
iv.	
V.	
vi.	-
vii.	and the second s

5.3.2.

<ul> <li>Determine Input Vat and Output</li> </ul>	utput Vat	
Input Vat	Output Vat	6
<ul> <li>Calculate the VAT payable to</li> </ul>	o or refundable by SARS.	
		3

5.3.



Total Warks

## **QUESTION SIX:**

A the state of the	
PROPERTY AND THE PROPERTY WAS TRANSPORTED TO	
Refer to the ( the Cash Bud	Cash Budget. Identify the items that have been incorrectly entered in get
Mayorand significant and agreement significantly	
Calculate the	percentage increase in rent income.
CALCATA C. CITC	percentage increase in rein income.
,	
	2017 the business will purchase a new vehicle. A deposit of R35 000 n January 2017 and the balance is to be paid in 10 equal monthly
will be paid ir instalments c	2017 the business will purchase a new vehicle. A deposit of R35 000 n January 2017 and the balance is to be paid in 10 equal monthly of R10 000 commencing on 1 February 2017.  total purchase price of the vehicle.
will be paid ir instalments c	n January 2017 and the balance is to be paid in 10 equal monthly of R10 000 commencing on 1 February 2017.
will be paid ir instalments c	n January 2017 and the balance is to be paid in 10 equal monthly of R10 000 commencing on 1 February 2017.
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will be paid ir instalments c Calculate the	n January 2017 and the balance is to be paid in 10 equal monthly of R10 000 commencing on 1 February 2017.  total purchase price of the vehicle.

6.2.1. Identify ONE problem in each tuck-shop and provide ONE solution or advice in each case. For each problem, relevant figures must be quoted.

PROBLEM WITH FIGURES	SOLUTION/ ADVICE
	PROBLEM WITH FIGURES

6

	Total Marks	
Ļ	40	•
	- *	

GRADE: 10



## education

Department:
Education
REPUBLIC OF SOUTH AFRICA

## **GREENUBRY SECONDARY SCHOOL**

**ACCOUNTING: GRADE 10** 

**FINAL EXAMINATION: 2016** 

# ANSWER BOOK

MEMO

QUESTION	MAX.	LEARNERS MARK	MODERATORS MARK
1			
2			
3	74.0		
4			
5			
6			

This answer book consists of (1) pages.

For educators use:

NAME OF LEARNER:

Moderator	
Date	
Checker	

300

**GREENBURY SECONDARY SCHOOL** 

**GRADE 10** 

PLEASE TURN OVER

5

#### **QUESTION ONE:**

#### 1.1.

1.1.1.	H	<b>.</b> /	
1.1.2.	A	V	
1.1.3.	0	V	
1.1.4.	В	<i>V.</i>	
1.1.5.	С	J	

1.2.

No.	Account	debit	Accou	ınt credit	Amount	А	0	L
1.2.1.a	BANIC	<u></u>	DEBTORS	Courroi /	2760 //	± 36-	, 0	0
1.2.1.b	BAD DEBT	V 2)	DEBTORS	Courror 1	64401	- yo	/	0
1.2.2.	TRADING	Stoucs	BANK	J	1850.	± 36	1 0	O
1.2.3.a	CREDITORS (	CONTROW	BANK	J	a 400V		0	7
1.2.3.b	CREVITORS	Courrow	DISCOUNT	ROCEIVED	120 /	0	+1	/
1.2.4.	BANK CH	ARGESY	BANK	J	110 1	/	1	0
1.2.5,	deriors lo	urrol	BANK	7	8 400	+ 30	0	0

36

### 1.3.1. Refer to transaction 1.2.1.

Name and explain the GAAP principle applied to the transaction.

RECORDING	21	bone	CONSERVATIVELY	- TAKES THE
extected	220J	IN TO	ALLOWUS MOT	THE BOPECTED
GAINS .				

3

### 1.3.2. Refer to transaction 1.2.3.

Calculate the percentage discount the business received.

120
1
2400 × 100
w 100
= 5 % √∫

2

**1.3.3.** Provide the source document that would be used for transaction:

•	1.2.4.	BANK	STATE	MENT	J	
•	1.2.5.	BANK	DEBIT	Note	J	<i>f</i>

2

**1.3.4.** List TWO reasons why the bank may dishonour a debtor's cheque.

0	CHEQUE	LS	Sta	LE		✓	1
ь	CHEQUE	2)	1209	DATED		V	1
0	CHEQUE	21	DAM	AGED		~	1
b	THE	AMOUNT	. IN	words	4	FAGURES	DIFFOR ,

2

Any two

Total Marks
50

## **QUESTION TWO:**

2.1.1. Income Statement for the year ended 28 February 2016

medice statement for the year ended 28 February 2016		
Sales (3 800 000 - 6400 - 26100)	3 767 SOO J	
Cost of sales(2 100 000 - 4000)	(2 096 000)	
Gross profit	1 671 500	
Other operating income:	113 880	
Rent income (132 750 - 20 700)	112. 050/	
TRADINA STOCK SURPLUS (331 600 + 4000 - 4000 - 830 000)	1600 11	
DISCOUNT RECEIVED	830 /	
Gross operating income	1 785 390 (1)	
Operating expenses:	(1050 425)	(
Bad debts(1 100 + 900)	3 000 V	•
Telephone (10 500 + 500)	11 000	
Insurance (16 200 ~ 1575)	1 4 625	
BANK CHARGES (470 + 330)	800	
PACKING MATERIALS (5800 - 1400)	7 2001	
SALARIES - WAGES (970 000 +9000),	9 79 000	
PEUSION CONTRIBUTIONS (5/80 /900)	6 000	
UIF CONTRIBUTIONS (2710 + 99)	2 800	
DEPRECIATION (5800 + 21 000)	87 oco	
Operating profit	784 955(0)	
Interest income (3000 + 1500)	1, 500	
Profit before interest expense	739 450	50
Interest expense ( $\infty$ 0 + 30 $\infty$ 0)	(30 300)	'
Net profit / loss for the year	709 255/)	
	101 035	

2.1.2. List two items that will be included in Trade and other Receivables.

60		pen st	Bal	PROPAID	b	Courso	Debiors	•
2	ICITY	ELECK	ЮN	DEPOSIT	o	THOME	Aceros	•
<u></u>	70		An				, , , , , , , , , , , , , , , , , , , ,	
	70	ny ti	Hn					

2.1.3.

Trade and other Payables:	
TRADE CREDITORS (52 800 - 4000)	48 800 V
ALERANDE DISPENSES (500)	500 /
DEPERRED THROOMS	20 700 ()
CLEDITORS FOR SALARIES /	6 680 .~
PENSION FUND ( 630 +900)	1 530 1
ULP ( 90 4 90)	180 /
	pr.
	78 390

13

2.2.1.

	WORKINGS	ANSWER
А	1300 000 - 1050 000	250 000
В	880 000 - 760 000	120 000
С	470 000 - 346 600	123 400
D	880 000 r 15/100	1192 900
E		879 999
F	4300 4 34 660	1 (2)
G	86000 x 10/100 x 6/12 + 346 600 x 10/100	38 9601
Н	470 000 + 86 000	556 000V
	556 000 - 162 360 .	393 640/

14

2.2.2. List three control measures to be implemented by the business to properly manage their tangible assets.

	PIXED	A22019	TO B			AGAIN		dud L	occr
	DOTALL	s of	600019	Islati	to be	M	enntained .		<b>√</b>
•	100S 6	7 <u>8</u> 90	OLEN	Assots	Must	Вб	REPORTED	a	1
0	PROPER	Aut	idorusatio	u for	Acqui	SITIO	I C .		J

6

Total Marks 85

## QUESTION THREE: BALANCE SHEET AND NOTES

ASSETS	
NON – CURRENT ASSETS	460 S00(P)
Tangible Assets	460 S00(V) 160 S00√
Financial assets	120 SOD V
/ FIYED DEPOSIT (1480 000 - 180 000)	300 00 √
CURRENT ASSETS	3 49 5,00 (2)
Inventories (80 000 + 4 000)	84 000 ✓
1TRADE - OTHER REC (61 500 + 8000 + 8 500 + 4000)	82 000 (7)
(CASH -1 CASH EQUIVALENTS (1500 + 2000 + 180 600)	183 500(1)
TOTAL ASSETS	810 000 C)~
EQUITY AND LIABILITIES	
OWNER'S EQUITY	42p 5000
NON- CURRENT LIABILITIES	144 000
MEAN: ABC BANK (190 000 + 20 000 - 30 000 - 36 000)	144 000
CURRENT LIABILITIES	241 5000)
Trade and other payables (55 000 + 15 000 + 5500 + 36 600)	111 500 1
BANK OVERDRAFT (160 000 - 30 000 9/	130 000P)
TOTAL EQUITY AND LIABILITIES	810 000 (1)

₽<u>\$</u> 45

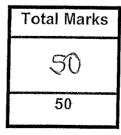
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м	LL	$\omega$	u	v	ΙIV	UТ

Page **7** of **13** 

FINAL EXAMINATION: 2016

OWNER'S EQUITY:	
BALANCE	189 500 V
ADD: NET PROFIT	825 000V
ADDITOUAL CAPITAL CONTRIBUTED	30 ∞0 √
less: Drawings	( 20 000 )/
BALANCE END OF YEAR	
	424 SOO /

<u>5</u>



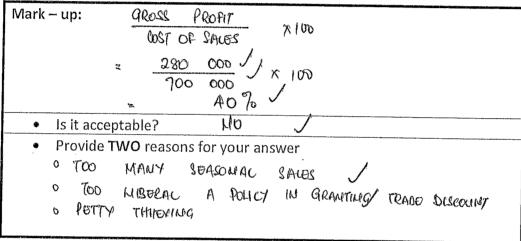
#### **QUESTION FOUR:**

4.1.

4.1.1.	LIQUIDITY		
4.1.2.	PROFITABILITY	J	
4.1.3.	SOLVENCY	J	
4.1.4.	RETURN		

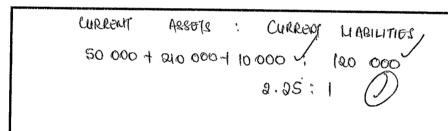
4.

## 4.2.1. Calculate the following for 31 December 2016:



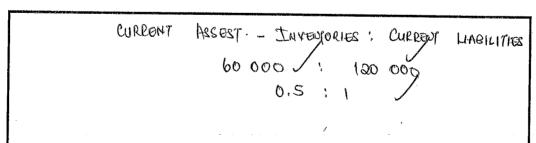


**Current ratio** 



3 3

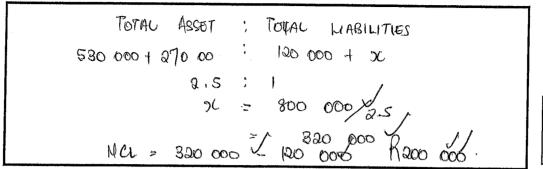
Acid test ratio



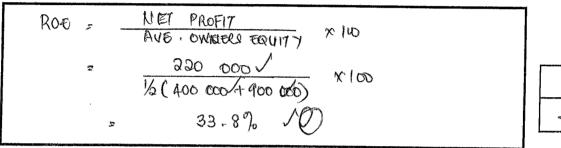
3

If the solvency ratio is 2.5:1

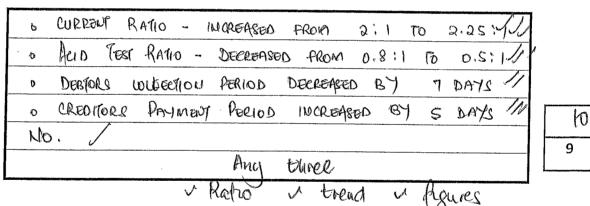
Calculate the value of Non - Current Liabilities



Return on equity



4.2.2. Does the business have a liquidity problem? Quote THREE financial indicators, percentages or ratio's to support your answer.



4.2.3. Should the owner be satisfied with his return on his investment? Explain briefly.

33:8% Tt	HS 19	HIGHER	THAN	ALTERNATIV	<b>O</b>
INVESTMENTS	OPFELING	500	·	10.11/	

Total Marks

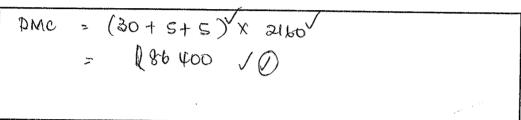
40

#### **QUESTION FIVE:**

5.1.

5.1.1.	PALSE	./	
5.1.2.	PALSE	J	
5.1.3.	TRUO	J _.	
5.1.4.	FALSE		
5.1.5.	TRUE	J	·

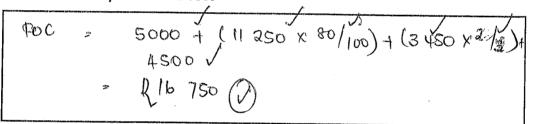
5.2.1. Calculate the Direct Material Cost.



5,2,2. Calculate the Prime Cost.

PRIME	ME COST = DMC + DLC	DMC + DLC	
		tran, em	86 400 + (40 × 2160) V
		2	R172 800 /

5.2.3. Calculate Factory Overhead Cost



5.2.4. Calculate the unit cost.

5.2.5. Explain the difference between a fixed cost and a variable cost. Provide an example of each.

fixed (	OST	REMAIUS	COMSTA	aut 14e	respectio	o of Tho	,
NUMBER	OF	27IND	PRODUCT	s teg	Rom	DEPRECIATION	J
VARIABU	e co	ost citm	ICES IN	DIRECT	P ROPORT	iou to tho	
NUMBER	of	UNIT	PRODUCED	Y 53	RAW	MATERIALS	

4

**5.2.6.** The owner is considering increasing the wage per completed kite to R44. List **TWO** consequences of an increase in wages to the business.

•	The	PROF	action	cost	wa	ILA INO	ROASO	1.1	
•	PROFIT	w	оиФ	DECREA	SE				4
υ	Busin	TOSS.	will	HAUÐ	70	INCREAS	E SELLIR	19 PRIOR VI	- L.
							Any-two	QX.2	

5.3.

i.	C	<b>✓</b>	
ii.	G	<b>✓</b>	P
111.	A	<b>V</b>	
īv.	В	V	
٧.	f	J	
vi.	E	√,	
vii.	D		

7

**5.3.2.** • Determine Input Vat and Output Vat

Input Vat	Output Vat
= 280 × 14/11+	5000 X 14/100 / = 700 /

Calculate the VAT payable to or refundable by SARS.

UAT	PAY ABLE	-	700	**	980		praed Corr	Ryao	/	0	
						-					1

3

**5.3.** List **THREE** consequences of VAT fraud.

6	PINE /	tuterost	CAN	BE	CHARGED		1
6	Business	hana	CAN (	3£	REVOKED		✓ ,
0	CRIMINAL	CHARGE	CAN	Bo	MSTITUTED	Jeumdo	Business

Total Marks かり 40

2

3

#### **QUESTION SIX:**

The purpose of preparing a Cash Budget is to determine future profit or loss. State whether this statement is True or False

FALSO .

**6.1.2.** Refer to the Cash Budget. Identify the items that have been incorrectly entered in the Cash Budget

CREDIT	SAUES			
DEPRECIA	lion	7		
DRAWINGS	OP	Stock		
BAD BER	(2			
	***************************************			

**6.1.3.** Calculate the percentage increase in rent income.

2250	Ì	
15000 × 100		
		3
z 15%		

6.1.4. On 1 January 2017 the business will purchase a new vehicle. A deposit of R35 000 will be paid in January 2017 and the balance is to be paid in 10 equal monthly instalments of R10 000 commencing on 1 February 2017.

Calculate the total purchase price of the vehicle.

**6.1.5.** Provide a reason why the interest on loan has decreased?

	.,		Trout has decreased:		
ROPAYMOUT	OF	WAW			2
				Į	

6.1.6.

Α	33100 + 5300	= P38 400	
В	R 38 400		
С	38400 - 20250	= R 18 150	

6.2.1. Identify ONE problem in each tuck-shop and provide ONE solution or advice in each case. For each problem, relevant figures must be quoted.

	PROBLEM WITH FIGURES	SOLUTION/ ADVICE
Shop A	PHOFT OF 80 UNITS OF CHIPS	IMPRONE SECURITY.
SHOP В	THEFT OF CASH, R 500 (3700 - 3200) FOR JUICE	1 WESTICATE WHY CASH 18 SHORT.

b	emoke
6	

Total Marks
40
40