



**GAUTENG PROVINCE**

EDUCATION  
REPUBLIC OF SOUTH AFRICA



**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
NOVEMBER 2016  
GRADE 10**

**ACCOUNTING  
ANSWER BOOK**

NAME: \_\_\_\_\_

GRADE 10: \_\_\_\_\_

QUESTION	MAX MARKS	LEARNER'S MARKS	INITIAL
1	60		
2	30		
3	30		
4	110		
5	40		
6	30		
<b>TOTAL</b>	<b>300</b>		

**MARKS: 300**

**TIME: 3 hours**

15 pages



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P.T.O.

**GAUTENG DEPARTMENT OF EDUCATION  
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**ACCOUNTING  
ANSWER BOOK**

**MARKS: 300  
TIME: 3 hours**

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**QUESTION 1 Journal Entries and Control Accounts (60 marks; 35 minutes)**

<b>1.1</b>	<b>Explain ONE advantage of the Perpetual Inventory System.</b>

<b>2</b>

<b>1.2</b>	<b>How can the business verify that the Trading Stock account accurately reflects trading stock on hand?</b>

<b>2</b>





**QUESTION 2: Debtors' Ledger and Internal Control**

**(30 marks; 17 minutes)**

<b>2.1 Debtors' Ledger of Kalahari Traders</b>						
<b>J. Monty</b>						
<b>Date</b>		<b>Details</b>	<b>Fol</b>	<b>Dr</b>	<b>Cr</b>	<b>Balance</b>
<b>June</b>	<b>1</b>	<b>Balance</b>	<b>b/d</b>			<b>12 520</b>

<b>18</b>

<b>2.2</b>	<b>Explain why the total of the Debtors' List must be equal to the balance on the Debtors' Control account?</b>

<b>3</b>

<b>2.3</b>	<b>Is Kalahari Traders managing its credit term policy effectively? State TWO points. Quote figures to support your answer.</b>

5

<b>2.4</b>	<b>Provide TWO points of advice to Kalahari Traders with regard to J. Monty's account.</b>

4

30

**QUESTION 3 Analysis of Transactions**

**(30 marks; 18 minutes)**

Complete the table below (Assume that the bank balance is **overdrawn** at all times)

No.	Source Document	Sub. Book	Account in General Ledger		Accounting Equation		
			Debit	Credit	Asset	OE	Liability
1		CRJ		Debtors' control	-96		
			Bad debts		-224		
2	C / N					-180	
			Trading stock		+120		
3		GJ		Interest on fixed deposit (capitalized)		+900	
4		CJ	Trading stock		+1 440		
5		CPJ	Creditors' control				-1053
				Discount received			-27
6			Bank Charges			-270	
7	Duplicate D/N			Stationery			-171
8				Profit and loss (Gross profit)			0

**QUESTION 4.1 Financial Statements and Notes**      (70 marks; 40 minutes)

<b>4.1.1 Income Statement for the year ended 29 February 2016</b>	
Sales	
Cost of sales	
<b>Gross profit</b>	
<b>Other Operating Incomes</b>	
Rent income	
Trading stock surplus	
Discount received	
<b>Gross Operating income</b>	
<b>Operating Expenses</b>	
Utilities (35 020	
Discount allowed (5 200	
Advertising (11 700	
Insurance	
Stationery	
Packing Material (7 620	
Bad debts (510	
Salaries and wages (57 830	
Bank charges (2 340	
Depreciation	
<b>Operating Profit for the year</b>	
Interest income	
Profit before interest expense	
Interest expense	
<b>Net Income for the year</b>	

50

<b>4.1.2 (a) Fixed assets note</b>	<b>Land and buildings</b>	<b>Vehicles</b>	<b>Equipment</b>
<b>Carrying value at the beginning of the year</b>	<b>240 000</b>	<b>24 000</b>	
<b>Cost price</b>	<b>240 000</b>	<b>40 000</b>	
<b>Accumulated depreciation</b>			<b>(3 200)</b>
<b>Movements</b>			
<b>Carrying value at the end of the year</b>			
Cost price			
Accumulated depreciation			

<b>13</b>

<b>4.1.2 (b) Trade and other Receivables</b>	
<b>Trade debtors</b>	
<b>(3 180)</b>	
<b>Total</b>	

<b>7</b>

**QUESTION 4.2 Concepts, Notes and Balance Sheet (40 marks; 25 minutes)**

<b>4.2.1</b>	<b>Provide the correct description.</b>
A	
B	
C	
D	
E	

<b>5</b>

**4.2.2 Owners' Equity**

<b>Capital balance at the beginning of year</b>	
<b>Capital balance at end of the year</b>	

<b>5</b>

4.2.3 Balance Sheet of Tex Stores as at 29 February 2016

<b>Assets</b>	
<b>Non-Current Assets</b>	
<b>Tangible Assets</b>	
<b>Financial Assets</b>	
<b>Current Assets</b>	
<b>TOTAL ASSETS</b>	
<b>Equity and liabilities</b>	
<b>Owners' Equity</b>	
<b>Capital</b>	
<b>Non-Current Liabilities</b>	
<b>Mortgage Loan</b>	
<b>Current Liabilities</b>	
<b>Trade and other Payables</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	

30

4.1.1	4.1.2	4.2	Total
50	20	40	110

**QUESTION 5   Ratio, Analysis and Interpretation**

**(40 marks; 25 minutes)**

<b>5.1</b>	<b>Calculate the percentage mark-up obtained by the business.</b>

<b>4</b>

<b>5.2</b>	<b>Provide TWO reasons for the difference in the mark-up percentages. See Information C.</b>

<b>4</b>

<b>5.3</b>	<b>Calculate the percentage gross profit on sales.</b>

<b>4</b>

<b>5.4</b>	<b>Calculate the percentage net profit on sales.</b>

<b>4</b>

<b>5.5</b>	<b>List ONE reason for the decrease in percentage in your calculations in Questions 5.3 and 5.4</b>

<b>2</b>

<b>5.6</b>	<b>Calculate the return on average owners' equity.</b>

<b>5</b>

5.7	Should the owner be satisfied with his percentage return? Explain quoting financial indicators to support your answer.

4

5.8	Calculate the current ratio for 2016

5

5.9	Calculate the acid test ratio for 2016.

4

5.10	Explain why trading stock is excluded in the calculation for the acid test ratio.

4

40

**QUESTION 6: VAT, Cost and Budgets**

**(30 marks; 20 minutes)**

**6.1 VAT**

Match the items in Column A with the descriptions in Column B.

**Write only the letter indicating the correct answer.**

6.1.1		
6.1.2		
6.1.3		
6.1.4		
6.1.5		

10

**6.2 Cost**

6.2.1 In each of the following statements choose the **correct word or phrase** provided in brackets. **Do not re-write the sentence.**

A		
B		
C		
D		
E		

6.2.2 Indicate whether each of the costs listed below is **FIXED** or **VARIABLE**.  
Place a tick ( ✓ ) in the correct column.

	<b>Manufacturing cost</b>	<b>Fixed</b>	<b>Variable</b>
A	Direct material cost		
B	Direct labour cost		
C	Factory overhead cost		
D	Primary cost		
E	Rent paid for the factory		

10

**6.3    Cash Budgets**

<b>6.3.1</b>	<b>State the type of budget that is being described in each of the following statements.</b>
(a)	
(b)	

<b>2</b>

<b>6.3.2</b>	<b>Name TWO users of budgets.</b>

<b>2</b>

<b>6.3.3</b>	<b>List TWO purposes for preparing a cash budget.</b>

<b>2</b>

<b>6.3.4</b>	<b>The owner of a business has included an amount of R30 000 as sundry expenses in the December 2016 cash budget. He plans to take his family for a holiday to Cape Town during December 2016. Comment on his actions.</b>

<b>4</b>

<b>30</b>

<b>300</b>

**END**

