|  |
| --- |
| **QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME**  |
|  |  |  |  |
| **1.1**  | **CONCEPTS** |  |
|  |  |  |
|  | Choose one concept from the list provided for each explanation below. Write only the concept next to the question number (1.1.1 - 1.1.3) in the answer book.  |  |
|  |

|  |
| --- |
| Matching, materiality, historical cost, going concern, business entity |

 |  |
|  | 1.1.1 | Assets are recorded at the amount that was originally cost price. |  |
|  |  |  |  |
|  | 1.1.2 | The accountant assume that the business will continue for the foreseeable future. |  |
|  |  |  |  |
|  | 1.1.3 | The financial affairs of the owner must be recorded separately from that of the business | (3) |
|  |  |  |  |
| **1.2** | **MICKEY STORES** |  |
|  |  |  |
| The following information relates to Mickey Stores.  |
|  |  |  |  |
| **REQUIRED**: |  |
|  |  |  |  |
| **1.2.1** | Prepare the Statement of Comprehensive Income for the year ended 30 June 2024. Show your workings in brackets to earn part marks.  | (47) |
|  |  |  |  |
|  | **INFORMATION:** |  |
|  |  |  |  |
|  |

|  |  |  |
| --- | --- | --- |
| **Balance sheet account section** | **DEBIT** | **CREDIT** |
| Vehicles |  800 000 |  |
| Equipment |  120 000 |  |
| Accumulated depreciation on vehicles |  |  200 000 |
| Accumulated depreciation on equipment |  |  40 000 |
| Trading inventory |  87 500 |  |
| Debtors control |  70 000 |  |
| Fixed deposit – ABC Bank (9%) |  120 000 |  |
| Loan XYZ Bank  |  | ? |
| Sales |  |  1 200 000 |
| Cost of sales | 800 00 |  |
| Debtors’ allowances |  18 800 |  |
| Rates and taxes |  24 000 |  |
| Commission income |  |  108 000 |
| Rent income |  |  156 000 |
| Insurance |  65 000 |  |
| Bad debts |  9 600 |  |
| Interest on overdraft |  2 800 |  |
| Interest on fixed deposit |  |  8 250 |
| Stationery |  11 400 |  |
| Telephone  |  28 400 |  |
| Bank charges | 6 590 |  |
| Discount allowed | 2 540 |  |
| Water and electricity |  38 740 |  |

**PRE-ADJUSTMENT TRIAL BALANCE ON 30 JUNE 2024** |  |

|  |  |  |
| --- | --- | --- |
|  | **ADJUSTMENTS AND ADDITIONAL INFORMATION:** |  |
|  |  |  |  |
|  | **A.** | Depreciation for the year amounts to R33 700. |  |
|  |  |  |  |
|  | **B.** | Credit sales of R6 000 were not recorded. Cost of sales R4 000 |  |
|  |  |  |  |
|  | **C.** | Commission of R9 500 has not yet been received by the business. |  |
|  |  |  |  |
|  | **D.** | The telephone account for June 2024 was not recorded, R3 460. |  |
|  |  |  |  |
|  | **E.** | A debtor who owed R1 535 was declared insolvent. Write off the account as irrecoverable. |  |
|  |  |  |  |
|  | **F.** | The business donates stock, R1 800 to the local primary school before stock count. No entry was made. |  |
|  |  |  |  |
|  | **G.** | A physical stock count on 30 June 2024 revealed the following on hand:* Trading Stock R79 450
* Stationery R1 460
 |  |
|  |  |  |  |
|  | **H.** | An amount of R3 250 received from B. Billy, a debtor whose debt was written off as irrecoverable the previous year, was credited to the account of B. Billy. Correct the error. |  |
|  |  |  |  |
|  | **I.** | The June 2024 Bank Statement was received after the pre-adjustment trial balance was drawn up. The following must be adjusted: |  |
|  |  | * Interest on favourable bank balance, R185.
 |  |
|  |  | * Bank charges, R450.
 |  |
|  |  |  |  |
|  |  | The insurance amount includes an annual premium of R2 340 paid on 1 February 2024. |  |
|  |  |  |  |
|  | **J.** | The interest on fixed deposit is still owed to the business at the end of the year. There were no changes on the fixed deposit during the financial year. |  |
|  |  |  |  |
|  | **K.** | The rent increased by R1 200 per month from 1 April 2024. The rent for July 2024 was received and deposited. |  |
|  |  |  |  |
|  | **L.** | Interest on the loan from XYZ Bank has not been entered yet. Interest is capitalized. The loan statement received from DEF Bank reflected the following:

|  |  |
| --- | --- |
| Balance on 1 July 2023 | 117 085 |
| Repayments made during the year | 35 000 |
| Interest |  17 915 |
| Balance on 30 June 2024 | 100 000 |

 |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  | **50** |

|  |
| --- |
| **QUESTION 2: CONCEPTS, STATEMENT OF FINANCIAL POSITION AND NOTES**  |
|  |  |  |  |
| **MARIA Traders** |  |
|  |  |  |
| The information below relates to Maria Traders for the financial year ended 29 February 2024. |  |
|  |  |  |
| **REQUIRED**:  |  |
|  |  |  |
| 2.1 | Prepare the following notes to the balance sheet |  |
|  |  |  |  |
|  | 2.1.1 | Fixed assets | (13) |
|  |  |  |  |
|  | 2.1.2 | Trade and other receivables | (4) |
|  |  |  |  |
|  | 2.1.3 | Cash and cash equivalents | (4) |
|  |  |  |  |
|  | 2.1.4 | Trade and other payables | (6) |
|  |  |  |  |
|  | 2.1.5 | Owner’s Equity | (4) |
|  |  |  |  |
|  2.2 | Prepare the Statement of Financial Position on 29 February 2024. Show ALL workings to earn part marks. | (19) |
|  |  |  |
|  |  |  |
|  | **INFORMATION**  |  |
|  |  |  |
|  | Balances extracted from the accounting records on 29 February 2024 |  |
|  |

|  |  |
| --- | --- |
| Capital ( 1 March 2023) | R1 560 000 |
| Drawings  | 66 000 |
| Fixed Assets at carrying value  | ? |
| Fixed deposit: BOB Bank | ? |
| Mortgage loan: SMART Bank  | 650 000 |
| Trading Stock  | ? |
| Debtors Control  | 458 300 |
| Bank  | 245 500 |
| Petty Cash  | 3 400 |
| Cash Float  | 1 600 |
| Creditors control  | 112 900 |
| Accrued income  | 13 400 |
| Prepaid expenses | 9 500 |
| Income received in advance  | 15 400 |
| Accrued expenses | 8 700 |

 |  |
|  |  |  |

|  |  |
| --- | --- |
| **ADDITIONAL INFORMATION**  |  |
|  |  |  |
| **A** | **EXTRACT FROM THE FIXED ASSETS NOTE:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Land & buildings** | **Vehicles** | **Equipment** |
| **Carrying value at beginning of year** | 1 560 000 | 240 000 | 74 500 |
| Cost  | 1 560 000 | 500 000 | **(D)** |
| Accumulated depreciation  | 0 | (260 000) | (55 500) |
| **MOVEMENTS** |  |  |  |
| Additions at cost | **(A)** | 180 000 |  0 |
| Depreciation | (0) | **(B)** | (13 000) |
| **Carrying value at end of year** | 1 680 000 | **(C)** | 61 500 |
| Cost | 1 680 000 | 680 000 |  |
| Accumulated depreciation  | (0) |  |  |

 |  |
|  |  |  |
| **B** | **ADDITIONAL INFORMATION:** |  |
|  |  |  |
|  | **(i)** | **Fixed Assets** |  |
|  |  |  |  |
|  |  | * The buildings were extended during the year on credit. This transaction was recorded properly.
 |  |
|  |  |  |  |
|  |  | * A new vehicle was purchased for cash on 1 December 2023. Depreciation on vehicles must be calculated at 20% on the diminishing method.
 |  |
|  |  |  |  |
|  | **(ii)** | **Stock** |  |
|  |  |  |  |
|  |  | A physical count of stock on 29 February 2024 revealed the following on hand: * Trading Stock R415 000
* Stationery R11 600
 |  |
|  |  |  |  |
|  | **(iii)** | **Capital** |  |
|  |  |  |  |
|  |  | * The owner increases his capital contribution with R120 000 on 15 December 2023.
 |  |
|  |  |  |  |
|  |  | * The net profit for the year amounted to R420 000.
 |  |
|  |  |  |  |
|  | **(iv)** | **Loan** |  |
|  |  |  |  |
|  |  | * The loan is repaid in monthly equally instalments of R10 000.
 |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  | **50** |

|  |
| --- |
| **QUESTION 3: ANALYSE AND INTERPRETATION AND ACCOUNTING EQUATION****(50 marks; 40 minutes)** |
|  |  |  |  |
| **3.1** | **CONCEPTS** |  |
|  |  |  |  |
|  | Match the correct term in Column A with the description in column B. Write only the correct symbol next to the question number.

|  |  |
| --- | --- |
| **COLUMN A** | **COLUMN B** |
| 3.1.1 | Depreciation | A | Borrowed capital |
| 3.1.2 | Fixed asset;  | B | An example of a non-cash expense |
| 3.1.3 | Non-current liability | C | Possession of a business that would last more than 12 months |
| 3.1.4 | Current asset | D | Consumable stores on hand |

 | (4) |
|  |  |  |  |
| **3.2** | **STRYDER TRADERS** |  |
|  |  |  |  |
|  | Use the information below in the books of Stryder Traders. Show all working details and give your answers to first decimal place only. The business obtains a profit mark-up of 75%. |  |
|  |  |  |
|  | **REQUIRED:** |  |
|  |  |  |
|  | 3.2.1 | Calculate the following for the year ended 30 June 2024. |  |
|  |  | * Gross profit as a percentage on cost of sales.
 | (3) |
|  |  | * Current ratio.
 | (3) |
|  |  | * Acid test ratio
 | (4) |
|  |  | * Return on average owner’s equity
 | (6) |

|  |  |  |  |
| --- | --- | --- | --- |
|  | 3.2.2 | Stryder Traders is satisfied with the liquidity of the business. Comment and quote figures to support your answer. | (4) |
|  |  |  |  |
|  | 3.2.3 | Why should Stryder Traders not be satisfied with the gross profit % on cost of sales? Comment and quote figures to support your answer. | (2) |
|  |  |  |
|  | **INFORMATION** |  |
|  |  |  |
|  |

|  |
| --- |
| **EXTRACT FROM THE INCOME STATEMENT FOR THE YEAR ENDED - JUNE:** |
|  | **2024** | **2023** |
| Sales  |  900 000 | 700 000 |
| Cost of Sales | (600 000) | (400 000) |
| **Gross Profit** | 300 000 | 300 000 |
| Other operating income | 150 000 | 150 000 |
| Operating expenses | (290 000) | (270 000) |
| Operating profit | 160 000 | 180 000 |
| Interest Expense | (68 000) | (48 000) |
| Net Profit | 92 000 | 132 000 |

 |  |
|  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |

|  |
| --- |
| **EXTRACT FROM THE BALANCE SHEET ON 28 FEBRUARY:** |
|  | **2024** | **2023** |
| Fixed Assets | **?** | **?** |
| Fixed Deposits (10%) | 110 000 | 120 000 |
| **Current Assets** | **?** | **150 000** |
| Trading Stock | 60 000 | 50 000 |
| Trade and Other Receivables | 85 000 | 85 000 |
| Cash and Cash Equivalents | 5 000 | 15 000 |
|  | **?** | **?** |
| **Owner’s Equity** | **820 000** | **780 000** |
| **Non- Current Liabilities** | **100 000** | **80 000** |
| **Current Liabilities** | **60 000** | **50 000** |
|  | **?** | **?** |

 |  |
|  |  |  |
|  | **Financial indicators** |  |
|  |

|  |  |  |
| --- | --- | --- |
|  | **2024** | **2023** |
| Current ratio | ? | 3,0 : 1 |
| Acid test ratio | ? | 2,0 : 1 |
| Return on average owner’s equity | ? | 19% |

 |  |

|  |  |  |
| --- | --- | --- |
| **3.3** | **ANALYSIS OF TRANSACTIONS**  |  |
|  |  |  |  |
|  | These transactions appeared in the books of Temba Traders. The business maintains a gross profit mark-up of 50% on cost. The financial year ended 31 June 2020. |  |
|  |  |  |  |
|  | **REQUIRED:** |  |
|  |  |  |  |
|  | Analyse the following transactions according to the headings provided in the ANSWER BOOK. Assume that Bank balance is **favourable** for all the transactions. |  |
|  |  |  |  |
|  | **Example:** The business pays the telephone account per cheque, R500. |  |
|  |  |  |  |
|  | **TRANSACTIONS:** |  |
|  |  |  |  |
|  | 3.3.1 | Purchased trading stock on credit for R4 450.  |  |
|  |  |  |  |
|  | 3.3.2 | Send stock of R200 back to the creditor. |  |
|  |  |  |  |
|  | 3.3.3 | Cash sales for the day amounts to R9 900. |  |
|  |  |  |  |
|  | 3.3.4 | Write a debtor, D Danie account of R550 off as bad debts. |  |
|  |  |  |  |
|  | 3.3.5 | Receive R1 800 from a debtor, M. Malini as partly payment of her account. | (24) |
|  |  |  |  |
|  |  |  | **50** |

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | **TOTAL MARKS : 150** |
|  |  |  |
|  |  |  |

|  |
| --- |
| **GRADE 10 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET** |
| Gross profit X 100 Sales 1 |  Gross profit X 100Cost of sales 1 | Net profit before tax X 100 Sales 1 |
| Operating expenses X 100 Sales 1 | Operating profit X 100 Sales 1 |
| Current assets : Current liabilities | (Current assets – Inventories) : Current liabilities |
| (Trade sand other receivables + Cash and cash equivalents) : Current liabilities |
|  \_ \_\_Nett profit \_\_ . X 100Average Owner’s equity 1 | Total assets : Total liabilities |