



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

NOVEMBER 2023

GRADE 10

MARKING GUIDELINES

ACCOUNTING (PAPER 1)

6 pages

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 penalty for misplaced items). No double-penalty is applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If the answer is incorrect, mark the workings provided.
4. 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).
5. 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.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷ as per candidate's calculation (if valid) or per memo.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
10. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
11. Be aware of candidates who provide valid alternatives beyond the marking guidelines.
12. Codes: F = foreign item; P = placement/presentation.

QUESTION 1: GAAP CONCEPTS AND TRANSACTION ANALYSIS

1.1 GAAP CONCEPTS

1.1.1	D ✓
1.1.2	C ✓
1.1.3	A ✓
1.1.4	B ✓

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1.2 ANALYSIS OF TRANSACTIONS

	GENERAL LEDGER		AMOUNT R	EQUATION		
	Account debited	Account credited		A	O	L
E.g.	Stationery	Bank	2 000	-	-	0
1.2.1	Equipment	Creditors' control ✓	✓ 10 000	+✓	0	+✓
1.2.2	Bank ✓	Debtors' Control	✓ 4 750	+✓ -✓	0	0
	Discount allowed ✓	Debtors' Control ✓	✓ 250	-✓	+✓	0
1.2.3	Bank	Sales ✓	✓✓ 4 500	+✓	+✓	0
	Cost of sales	Trading stock ✓	3 000	-✓	-✓	0
1.2.4	Drawings ✓	Trading stock	850	-✓	-✓	0
1.2.5	Creditors' Control ✓	Trading Stock	✓✓ 1 710	-✓	0	-✓

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TOTAL

33

QUESTION 2: STATEMENT OF COMPREHENSIVE INCOME

2.1 STATEMENT OF COMPREHENSIVE INCOME OF SEBENZA TRADERS FOR THE YEAR ENDED 28 FEBRUARY 2023

Sales (588 000 – 6 800)	✓✓	581 200
Cost of Sales	✓	(420 000)
Gross profit 4	☑	161 200
Other operating income	☑	49 750
Commission income		10 150
Rent income (36 200 ✓ + 3 400 ✓✓)	☑	39 600
Gross operating income 6	☑	210 950
Other operating expenses	☑	(139 855)
Salaries		43 500
Stationery		3 320
Advertising		2 300
Water and electricity (19 100 + 1 830)	✓✓	20 930
Insurance (12 500 – 1 980 ✓✓)	☑	10 520
Packing materials (7 100 – 1 950)	✓✓	5 150
Bad debts (4 800 + 600)	☑✓	5 400
Donations	✓✓	1 800
Bank charges (4 200 + 260)	☑✓	4 460
Trading stock deficit (44 000✓ – 1 800 ✓ - 41 000✓)	☑	1 200
Depreciation (28 000 ✓ + 12 810 ✓✓ + 465 ✓✓)	☑	41 275
Operating profit 25	☑	71 095
Interest income (1 620✓ + 540 ✓✓ + 220✓)	☑	2 380
Profit before interest expense	☑	73 475
Interest expense (117 300 + 46 200 - 150 000)	✓✓	(13 500)
Net profit for the year 9	☑	59 975

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TOTAL
44

QUESTION 3: NOTES AND STATEMENT OF FINANCIAL POSITION

3.1 3.1.1

OWNER'S EQUITY	AMOUNT
Capital balance on 01 June 2022	✓ 3 000 000
Additional capital contributed	✓ 100 000
Net profit	✓ 170 000
Drawings (200 000 + 40 000)	✓✓ (240 000)
Capital balance on 31 July 2023 Operation	☑ 3 030 000

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3.1.2

TRADE AND OTHER PAYABLES	AMOUNT
Trade creditors (530 000 ✓ – 112 500 ✓✓ + 3 000 ✓)	☑ 420 500
Pension Fund (19 000 + 1 500 ✓ + 3 000 ✓✓)	☑ 23 500
Medical Aid (17 000 ✓ + 1 300 ✓ + 1 300 ✓)	☑ 19 600
Accrued expenses	✓ 6 000
Income received in advance	✓ 12 000
SARS - PAYE (51 000 + 2 100)	☑✓ 53 100
Creditors for salaries	☑#✓ 10 100
Operation	☑ 544 800

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☑# Amount must not exceed R15 000.

3.2 STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

EQUITY AND LIABILITIES	
EQUITY	3 030 000
Owner's equity see 3.1.1	☑ 3 030 000
NON-CURRENT LIABILITIES	180 000
Loan: SWYS Bank (240 000 ✓ – 60 000 ✓)	☑ 180 000
CURRENT LIABILITIES	☑ 606 800
Trade and other payables	☑ 544 800
Short-term loan	☑ 60 000
Bank Overdraft (105 000 ✓ – 100 000 ✓ – 3 000 ✓)	☑ 2 000
TOTAL EQUITY AND LIABILITIES OE + NCL + CL	☑ 3 816 800

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TOTAL

38

QUESTION 4: CONCEPTS AND INTERPRETATION OF FINANCIAL STATEMENTS

4.1 CONCEPTS

4.1.1	False	✓
4.1.2	True	✓
4.1.3	True	✓

3

4.2 Calculate the financial indicators as at 28 February 2023:

4.2.1 Calculate the mark-up percentage.

$$\frac{156\ 000}{520\ 000} \times \frac{100}{1}$$

30% ☒ One part correct

3

4.2.2 Calculate the net profit on sales.

$$\frac{81\ 000}{676\ 000} \times \frac{100}{1}$$

12% ☒ One part correct

3

4.2.3 Calculate the current ratio.

$$490\ 000 : 220\ 200$$

2,2:1 ☒ One part correct

3

4.2.4 Calculate the acid-test ratio.

$$490\ 000 - 200\ 000 : 220\ 200$$

OR

$$165\ 000 + 125\ 000 : 220\ 200$$

290 000 two marks

1,3: 1 ☒ One part correct

4

4.2.5 Calculate the return on owner's equity.

$$\frac{81\ 120}{\frac{1}{2} (550\ 000 + 500\ 000)} \times \frac{100}{1}$$

1 050 000 2 marks

525 000 3 marks

= 15,5% or 15,45% or 15% ☒ One part correct (Do not accept 16%)

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4.2.6

James Milan is not happy with the control of expenses in the business. Quote ONE financial indicator with figures to support his concern.

Financial indicator and comment ✓✓ trend and figures ✓

Operating expenses are poorly controlled and have increased from 9% to 14,2% or by 5,2 basis points or by 57,8% (Accept 58% and 57,77%)

3

4.2.7

Comment on liquidity of the business. Quote TWO financial indicators and provide figures to support your answer.

Quote indicators ✓✓ trend and figures ✓✓

- The current ratio has slightly dropped from 2,8:1 to 2,2:1.

Check 4.2.3

- Acid test ratio has dropped from 1,5:1 to 1,3:1. **Check 4.2.4**

4

4.2.8

Millan Dealers has a mark-up policy of 40% on all merchandise. The owner is concerned that the business is not achieving the mark-up. Provide TWO reasons why the business is not achieving its intended mark-up.

Two valid reasons ✓✓

- Too much discount was allowed to customers.
- The incorrect mark-up was applied.
- The business was forced to sell goods at a reduced price to remain competitive.
- There was a lower demand for goods sold by a business.

2

4.2.9

State whether Milan Dealers will be happy with the % return on equity. Explain TWO reasons for your answer. Quote the financial indicators and relevant figures.

Answer:

Yes ✓

Reasons or financial indicators ✓✓ trend and figures ✓✓

- % return on average equity increased from 12,8% to 15,5%.
- % return on average equity is higher than interest rate on fixed deposit of 9%.

Check 4.2.5

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TOTAL

35

TOTAL: 150