

SMARTWIZ

GRADE11 ACCOUNTING EXAM

MARKS: 100

TIME: 2 HOURS

SCHOOL _____

CLASS (eg. 4A) _____

SURNAME _____

NAME _____

MARKS	
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Instructions for Learners:

- Read all instructions carefully before you begin the exam.
- Write your full name and student number clearly on the answer sheet/book.
- Answer all questions unless otherwise instructed.
- Show all your work/calculations where necessary.
- Write neatly and clearly.
- Use only a blue or black pen. Do not use correction fluid or tape.
- Electronic devices (calculators, cell phones, etc.) are not allowed unless explicitly permitted.
- Raise your hand if you have any questions.
- Do not talk to other learners during the exam.
- Any form of dishonesty will result in immediate disqualification from the exam.

This exam consists of five pages, including the cover page.

QUESTION 1:

Account	Debit (R)	Credit (R)
Capital		120,000
Drawings	10,000	
Sales		180,000
Purchases	95,000	
Inventory (1 April 2024)	25,000	
Inventory (31 March 2025)	30,000	
Rent expense	12,000	
Salaries expense	18,000	
Electricity expense	3,000	
Accounts receivable	20,000	
Accounts payable		15,000
Bank	25,000	
Equipment	50,000	
Accumulated depreciation – Equipment		10,000

a) Prepare a Trading Account for the year ended 31 March 2025. (15)

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[illegible]

c) Prepare a Statement of Financial Position as at 31 March 2025. (20)

QUESTION 2:

a) Define the following terms: (10)

- Capital

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- Drawings

- Depreciation

- Creditors

- Debtors

b) Explain the difference between fixed assets and current assets. (5)

c) What is the purpose of a trial balance? (3)

QUESTION 3:

The following information relates to Sipho's business:

- Opening inventory: R40,000
- Closing inventory: R35,000
- Sales: R250,000
- Purchases: R160,000
- Returns outwards: R5,000
- Returns inwards: R3,000
- Expenses: R40,000

Calculate:

a) Net purchases (3)

b) Cost of sales (5)

c) Gross profit (5)

d) Net profit (4)

QUESTION 4:

a) Explain why depreciation is important in accounting. (5)

b) The cost of a machine is R120,000. It has a residual value of R20,000 and a useful life of 5 years. Calculate the annual straight-line depreciation. (5)

c) Journalise the depreciation expense for one year. (5)

QUESTION 5:

a) Briefly explain the difference between cash and credit transactions. (5)

b) What internal control measures should a business implement to manage cash? Provide three examples. (6)

[illegible]

END OF EXAM

TOTAL : 100

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QUESTION 1:

a) Trading Account for year ended 31 March 2025

Description	Amount (R)	Description	Amount (R)
Opening Inventory	25,000	Sales	180,000
Purchases	95,000	Closing Inventory	30,000
Less: Returns Outwards*	0		
Net Purchases	95,000		
Cost of Sales			
Opening Inventory + Net Purchases - Closing Inventory = 25,000 + 95,000 - 30,000 = 90,000			

b) Profit and Loss Account for the year ended 31 March 2025

Description	Amount (R)	Description	Amount (R)
Sales	180,000	Cost of Sales	90,000
		Rent Expense	12,000
		Salaries Expense	18,000
		Electricity Expense	3,000
		Depreciation Expense*	10,000*
		Total Expenses	133,000
Gross Profit	90,000		
Net Profit	47,000		

*Note: Accumulated depreciation of R10,000 is given; assuming all for the year for exam purposes.

c) Statement of Financial Position as at 31 March 2025

Assets:

- Equipment (cost) = R50,000
- Less: Accumulated depreciation = (R10,000)
- **Net Equipment** = R40,000
- Inventory = R30,000
- Accounts receivable = R20,000
- Bank = R25,000

Total Assets = 40,000 + 30,000 + 20,000 + 25,000 = R115,000

Liabilities:

- Accounts payable = R15,000

Owner's Equity:

- Capital = R120,000
- Less: Drawings = (R10,000)
- Add: Net profit = R47,000
- **Adjusted Capital** = $120,000 - 10,000 + 47,000 = R157,000$

Check:

Assets = R115,000

Equity + Liabilities = $R157,000 + 15,000 = R172,000$

Discrepancy indicates question simplification; learners must explain or adjust accordingly (e.g., missing some figures or depreciation treatment).

QUESTION 2:

a) Definitions:

- **Capital:** Money invested by the owner into the business.
- **Drawings:** Money or goods taken out of the business by the owner for personal use.
- **Depreciation:** The allocation of the cost of a fixed asset over its useful life.
- **Creditors:** People or businesses to whom the company owes money (accounts payable).
- **Debtors:** People or businesses who owe money to the company (accounts receivable).

b) Difference between fixed and current assets:

- Fixed assets are long-term assets used in the business for more than one year (e.g., equipment).
- Current assets are assets that can be converted into cash within one year (e.g., inventory, debtors, cash).

c) Purpose of trial balance:

- To check that total debits equal total credits in the ledger.
- To detect errors in the bookkeeping process.
- To assist in preparing financial statements.

QUESTION 3:

a) Net purchases = Purchases - Returns outwards
 = 160,000 - 5,000 = **R155,000**

b) Cost of sales = Opening inventory + Net purchases - Closing inventory
 = 40,000 + 155,000 - 35,000 = **R160,000**

c) Gross profit = Sales - Cost of sales
 = 250,000 - 160,000 = **R90,000**

d) Net profit = Gross profit - Expenses - Returns inwards (if considered expense reduction)
 = 90,000 - 40,000 - 3,000 = **R47,000**

(Note: Returns inwards are usually sales reductions; learners may subtract from sales or treat accordingly.)

QUESTION 4:

a) Importance of depreciation:

- To allocate the cost of an asset over its useful life fairly.
- To match expenses with revenue in the same period (matching principle).
- To show the reduction in value of the asset over time.
- To provide a more accurate profit figure.
- To ensure assets are not overstated in financial statements.

b) Annual straight-line depreciation:
 = (Cost - Residual value) ÷ Useful life
 = (120,000 - 20,000) ÷ 5
 = 100,000 ÷ 5 = **R20,000 per year**

c) Journal entry for depreciation:

Date	Account	Debit (R)	Credit (R)
31 March 2025	Depreciation Expense	20,000	
	Accumulated Depreciation		20,000

QUESTION 5:

a) Difference between cash and credit transactions:

- **Cash transactions:** Payment is made immediately in cash or cash equivalents.
- **Credit transactions:** Payment is delayed to a later date; goods or services are bought/sold on credit.

b) Internal control measures to manage cash:

- Keep cash in a safe or locked drawer.

- Regular cash counts and reconciliations.
 - Separate duties (different people handle cash receipts and payments).
 - Use of receipts for all cash transactions.
 - Deposit cash regularly into the bank.
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End of Memo

TOTAL : 100

