



## HILLCREST HIGH SCHOOL

**ACCOUNTING EXAM  
PAPER 2  
NOVEMBER 2022  
GRADE 10**

MARKS: **150**

TIME: **2 HOURS**

### INSTRUCTIONS AND INFORMATION:

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions
3. A FORMULA SHEET for financial indicators is attached to this question paper. You may use it if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue/black ink to answer the questions.
7. Where applicable, show ALL calculations to ONE decimal point.
8. Write neatly and legibly
9. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	MINUTES
<b>1</b>	VAT and Ethics	28	15
<b>2</b>	Tangible/Fixed Asset Note	42	45
<b>3</b>	Debtors' reconciliation and Leger account	38	30
<b>3</b>	Inventory [Trading Stock]	18	15
<b>4</b>	Budgeting and Ratio's	24	15
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: VAT; ETHICS****(28 marks; 15 minutes)****1.1 VALUE ADDED TAX**

Choose a word/phrase from the alternatives provided to complete the sentences listed below. Write the word/phrase only, in the ANSWER BOOK.

VAT zero-rated; Input VAT; Output VAT; VAT Exempted;  
Evasion; Avoidance;

1.1.1 ... is VAT paid when goods are purchased by the business.

1.1.2 Tax ... is illegal and punishable by law.

1.1.3 ... is VAT collected from customers.

1.1.4 School fees is ... (8)

1.2 What is the difference between "Zero-rated VAT" and "VAT exempt"? (4)

1.3 Calculate the missing amounts on the table.

	<b>Cost price</b>	<b>% Mark-up</b>	<b>Selling price (excluding VAT)</b>	<b>Selling price (including VAT)</b>	<b>VAT</b>
(i)	R4 800	50%	R7 200	<b>(a)</b>	<b>(b)</b>
(ii)	<b>(c)</b>	60%	<b>(d)</b>	R10 350	R1 350
(iii)			<b>(e)</b>	<b>(f)</b>	R2 700

(12)

1.4 Punchie Stores has ordered goods with a marked price of R25 000 from Kick Supplies. The sales director of Kick Supplies, Supota Mbhele, has offered to sell these goods to Puchie Stores for R10 000, provided that they do have to issue an invoice.

1.4.1 Comment on the offer made by Supota Mbhele. State **TWO** points. (4)

28
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**QUESTION 2: TANGIBLE / FIXED ASSET NOTE****(42 marks; 45 minutes)****2.1 JIMMY STORES**

You are provided with information from the records of Jimmy Stores for the financial year ended 28 February 2022.

**REQUIRED:**

- 2.1.1 Calculate the depreciation on 28 February 2022:
- Vehicles (8)
  - Equipment (4)
- 2.1.2 Prepare the following ledger account on 28 February 2022:
- Accumulated depreciation on equipment (6)
- 2.2 Prepare the Tangible/Fixed Asset note on 28 February 2022 (20)
- 2.3 It was discovered after preparing the financial statements that the fuel expenses have increased by 80% from last year. The driver who does deliveries takes the vehicle home every day. State **TWO** internal control measures that the owner can put in place to reduce the misuse of the delivery vehicle by the driver. (4)

**INFORMATION:****Extract of balances on 1 March 2021**

	<b>R</b>
Land and building (1/3/21)	976 000
Vehicles (1/3/21)	500 000
Equipment (1/3/21)	125 000
Accumulated depreciation on vehicles (1/3/21)	312 000
Accumulated depreciation on equipment (1/3/21)	60 000

**Additional information:**

- (i) **Land and building**  
A new storeroom was built during the year for R150 000.
- (ii) **Vehicle**  
A new vehicle was purchased cash on 1 September 2021 for R240 000. Vehicles are depreciated at 20% p.a. on the diminishing balance method. The transaction was properly entered.
- (iii) **Equipment**  
Provide for depreciation on all equipment at 10% on the cost price.

**42**

**QUESTION 3: ACCOUNTING CONCEPTS, DEBTORS, INTERNAL CONTROL AND ANALYSIS OF TRANSACTIONS** **(38 marks; 30 minutes)**

3.1. Choose a source document in COLUMN B that matches the transaction in COLUMN A. Write only the letter (A–D) next to the question numbers (3.1.1 – 3.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Credit sales to a debtor	A	Credit note
3.1.2	Goods returned from a debtor	B	Receipt
3.1.3	Document issued when a debtor settles his debt cash.	C	Debit note
3.1.4	Return damaged stock to the supplier.	D	Invoice

(8)

3.2. The following information appear in the books of Anne Traders for October 2022.

**REQUIRED:**

3.2.1 Complete the account of D. de Wet in the Debtors Ledger of Anne Traders (Refer to the information provided below) (22)

3.2.2 List **TWO** types of information that Anne Traders should obtain before giving credit to D. de Wet? (4)

3.2.3 List **TWO** methods the business can apply to improve the outstanding amounts that debtors owe. (4)

**INFORMATION:**

A Balance due by D. de Wet on 1 October 2022, R5 890

B Transactions for October 2022

03	Sold clothing to D. de Wet for R1 512 on credit, cost price R1 008
07	Part of the clothing was not according to the order and was returned, R622
13	Received payment in settlement of account as at 1 October 2022. Allowed 5% discount for early payment.
17	Sold clothing for R 300 on credit, cost price R200
19	Sold a cap and gown for Speech Night for R1 200, D. de Wet paid R580 cash and the balance was invoiced.
28	Received payment settling half the amount outstanding by D. de Wet

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**QUESTION 4: INVENTORY (TRADING STOCK ACCOUNT)****(18 marks; 15 minutes)****4.1 DANIEL TRADERS**

The information below relates to Daniel Traders for November 2022. They use the perpetual inventory system to record trading stock.

**REQUIRED:**

- 4.1.1 In which account section will the account below appear? (2)
- 4.1.2 State the missing ledger account indicated (A) – (C) in the ledger account. (6)
- 4.1.3 State the missing journals indicated (i to ii) in the ledger below. (4)
- 4.1.4 Calculate the percentage that cash purchases is more than credit purchases. (4)
- 4.1.5 Explain the entry of R10 000 on the credit side. (2)

**GENERAL LEDGER OF DANIEL STORES  
TRADING STOCK**

Dr					B					Cr				
2022					2022									
Nov	1	Balance	b/d	56 500	Nov	30	<b>(C)</b>	CRJ		62 800				
	30	<b>(A)</b>	CPJ	120 000			Cost of sales	DJ		28 400				
		Cost of sales	<b>(i)</b>	4 500			Creditors' control	CAJ		3 000				
		<b>(B)</b>	CJ	80 000			Drawings	<b>(ii)</b>		10 000				
							Balance	c/d		97 500				
				261 000						261 000				
Dec	1	Balance	b/d	97 500										

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**QUESTION 5: CASH BUDGET AND RATIOS****(24 marks; 15 minutes)****5.1 STONE STORES**

The business sells school clothes to the public.

**REQUIRED:**

5.1.1 Why is it important to prepare a budget. Provide ONE reason. (2)

5.1.2 Calculate the following on 31 November 2022:

- Total receipts (4)
- Total payments (5)
- Surplus/Deficit (4)

**INFORMATION**

A.

	<b>R</b>
Bank debit balance (1/10/2022)	2 650
Cash sales	150 000
Cash purchases	100 000
Rent income	8 500
Wages	15 200
Sundry expenses	26 300

**5.2 JIMMY TRADERS**

You are provided with the following information relating to Jimmy Traders for the year ending 31 July 2022.

**REQUIRED:**

5.2.1 Calculate the financial indicators for 2022 to the first decimal:

- % Gross profit on sales (3)
- % Operating income on sales (3)
- % Net profit on sales (3)

## INFORMATION

A

	2022
Sales	900 000
Cost of sales	600 000
Gross profit	?
Operating income	100 000
Operating expenses	220 000
Net profit	?

24

**TOTAL: 150 MARKS**

### GRADE 10 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	