



HILLCREST HIGH SCHOOL

Grade 10

ACCOUNTING P1

NOVEMBER 2025

MARKS: 150

TIME: 2 Hours

EXAMINER: Mrs C L Edy

MODERATOR: Mrs J Chabant

This Paper Consists of 9 Pages

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET is provided to you at the end of the question paper.
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
1	GAAP Principles and Accounting equation	30	25
2	Statement of Comprehensive Income and notes to the Statement of Financial Position	60	45
3	Statement of Financial Position	35	30
4	Calculations of financial indicators and the Analysis and Interpretation	25	20
TOTAL		150	120

Please turn over

QUESTION 1: GAAP PRINCIPLES AND ACCOUNTING EQUATION**(30 marks; 25 minutes)****1.1 GAAP PRINCIPLES**

Choose the term from COLUMN B that matches the description in COLUMN A. Write ONLY the letter (A – E) next to the question number (1.1.1 – 1.1.5) in your ANSWER BOOK, for example 1.1.6 G.

COLUMN A		COLUMN B	
1.1.1	Income and expenses must be recorded in the correct accounting period regardless of whether it's been paid or received	A	Going-concern principle
1.1.2	Losses due to theft of stock written off, even though there is a possibility that it may be recovered in the future.	B	Matching principle
1.1.3	Financial statements are drawn up on the assumption that the business will continue to trade in the foreseeable future.	C	Historical cost principle
1.1.4	Fixed assets purchased are recorded in the financial records at its original cost.	D	Business entity rule
1.1.5	Information that is important to the reader of the financial statements, must be shown separately in the statements.	E	Prudence principle
		F	Materiality principle

(5)

1.2 ACCOUNTING EQUATION

Analyse the following transactions according to the table provided in the ANSWER BOOK. (25)

REQUIRED

- 1.2.1 Bought trading stock on credit, R6 000.
- 1.2.2 Sold goods on credit, R12 800. The business maintained a mark-up of 25% on cost.
- 1.2.3 Settlement of a creditors' account with a **balance** of R3 674 and received R154 discount.
- 1.2.4 Cash purchases of equipment, R18 300.
- 1.2.5 Received an EFT payment of R1 425, from a debtor after 5% discount was allowed for early settlement. [Note: discount amounts to R75].
- 1.2.6 Returned stationery of R670 to a creditor.

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QUESTION 2: STATEMENT FINANCIAL POSITION AND NOTES TO THE BALANCE SHEET
(60 marks; 45 minutes)

The information below was taken from the books of ACC Traders. Their financial year ends on 28 February 2025.

REQUIRED:

- 2.1 Prepare the Income Statement of ACC Traders for the year ended 28 February 2025. (48)
- 2.2 Complete the notes to the Financial Statements
- 2.2.1 • Trade and other receivables (7)
- 2.2.2 • Trade and other payables (5)

INFORMATION

Pre-adjustment Trial balance of ACC Traders on 28 February 2025		
Balance sheet account section	Debit	Credit
Capital		831 290
Drawings	58 000	
Loan: DEF Bank (18% p.a.)		100 000
Land and buildings	910 000	
Equipment	14 000	
Accumulated depreciation on equipment		5 200
Trading stock	16 300	
Debtor's control	20 720	
Bank	55 500	
Fixed deposit (10% p.a.)	20 000	
Creditor's control		45 000
Nominal account section		
Sales		875 000
Cost of sales	500 000	
Debtors' allowances	12 600	
Commission income		8 400
Salaries and wages	96 750	
Rent income		37 570
Discount allowed	800	
Discount received		180
Insurance	9 800	
Bank charges	1 210	
Bad debts	5 200	
Telephone	12 560	
Water and electricity	14 200	
Stationery	10 800	
Sundry expenses	5 400	
Interest on loan	13 500	
	1 903 340	1 903 340

Please turn over

Adjustments and additional information

- A. The owner takes R1 500 **each month** for personal use. The bookkeeper has recorded this as salaries. Correct the error.
- B. The business donated trading stock, R2 600 cost price, to a local children's home before the physical stock count was made. No entry has been made.
- C. Commission of R4 000 is still outstanding to the business.
- D. Rent was received and recorded for 13 months.
- E. A debtor who owed R1 200 has been declared insolvent. A dividend of 40 cents in the Rand was received and recorded. Write off the rest of the debt as irrecoverable.
- F. The insurance included an annual premium of R2 160 paid on 1 April 2024.
- G. A physical stock take showed the following stock on hand:
- Trading stock R15 100
 - Stationery R570
- H. An amount of R1 560 was received from a debtor, D Adams, whose debt was written off as irrecoverable the previous year. The amount was incorrectly entered in the Debtors control column in the CRJ and posted as such.
- I. The telephone account for February 2025 has not yet been paid, R450.
- J. The interest on loan was only paid for 9 months. The interest rate remained 18% p.a. throughout the financial year. Provide for the outstanding interest.
- K. Depreciation on equipment must be calculated at 10% p.a. on the cost price.
- L. The February bank statement was received after the pre-adjustment trial balance was drawn up. The following must be considered:
- Interest on favourable balance, R480
 - Services fees, R88
 - Cash handling fees, R95
- M. Provide for outstanding interest on fixed deposit. The fixed deposit was invested on 1 June 2024 at 10% p.a. Interest is capitalised annually.

QUESTION 3: STATEMENT FINANCIAL POSITION**(35 marks; 30 minutes)****3.1 CONCEPTS**

Choose the correct term to complete each of the following statements. Write only the term next to the question number (3.1.1–3.1.5) in the ANSWER BOOK.

financial asset; non-current asset; current liability; non-current liability; operating income; operating expense; current asset

- 3.1.1 Fixed deposit invested at 5% interest p.a. for a 4-year period.
- 3.1.2 A loan taken out to purchase a delivery vehicle is a/an
- 3.1.3 Unused Stationery at the end of a financial year
- 3.1.4 Bank overdraft is a/an ...
- 3.1.5 Consumables used for the accounting period forms part of... (5 x 1) (5)

3.2 TWALA TRADERS

You are provided with information from Twala Stores. The financial year ended on 30 June.

REQUIRED:

- 3.2.1 Prepare the following notes for the financial year ended 30 June 2025:
- Owners' equity (4)
 - Cash and cash equivalents (4)
- 3.2.2 Prepare the Statement of Financial Position of Twala Stores on 30 June 2025. (22)
- Show all workings to earn part marks.

INFORMATION:**A. Extract from the General Ledger of Twala Stores on 30 June 2025:**

	R
Capital	1 470 460
Drawings	200 000
Fixed assets (at carrying value)	1 066 600
Fixed deposit: RE Bank	700 250
Trading Stock	350 000
Consumables on hand	6 200
Debtors control	?
Bank (Cr)	64 280
Cash float	31 000
Savings account	42 820
Loan: CC Bank	714 780
Creditors control	?

Please turn over

B. Loan:

- The balance of the loan on 1 July 2024 was R791 340.
- The annual loan repayments amounted to R76 560, including interest.
- Interest in loans is **capitalised**. According to the loan statement received from CC Bank the interest for the year amounted to R34 560.
- The capital portion repayment is fixed throughout the loan term.

C. Fixed deposit:

20% of the fixed deposit will **mature** on 31 October 2025.

D. The net profit for the year amounted to R590 000.

E. The owner increased his capital contribution by R80 000 during the year. This **was properly** recorded at the time.

F. The Current ratio was calculated as 2,9 : 1 on 30 June 2025.

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QUESTION 4: ANALYSIS AND INTERPRETATION**(25 marks; 17 minutes)****NONO TRADERS**

Nono Traders is a business that supplies stationery to schools and offices. The owner is Nomsa Norman. The financial year ends on 28 February 2025.

REQUIRED:

- 4.1 Nono Traders uses a mark-up of 100% on cost. According to the financial indicators calculated, the business has achieved a profit mark-up of 67%.
Give TWO possible reasons why the gross profit mark-up was not achieved. (4)
- 4.2 Nono Traders operates its business only in Pretoria. Nomsa is concerned about the rising operating expenses.
- 4.2.1 Calculate the **operating expenses as a percentage of sales**. (3)
- 4.2.2 Calculate the **net profit as a percentage of sales**. (3)
- 4.3 Nomsa is concerned about the **liquidity** position of the business:
- 4.3.1 Calculate the **acid-test ratio** (4)
- 4.3.2 Comment on the liquidity of the business. Quote and explain TWO financial indicators with figures. (4)
- 4.4 Nomsa is unsure whether she should be satisfied with performance of the business:
- 4.4.1 Calculate the **% return on average owner's equity**. (4)
- 4.4.2 Explain to Nomsa if she should be satisfied with the growth of her business and capital invested? Provide figures to motivate your answer. (3)

Please turn over

INFORMATION:**A. Extract from the Post-adjustment Trial Balance on 28 February 2025**

	R
Fixed assets	750 000
Fixed deposit	200 000
Inventory	100 000
Trade and other receivables	180 000
Cash and cash equivalents	70 000
Current liabilities	290 000
Loan: ZZ Bank	250 000
Owners' equity (28/02/2024)	720 000
Owners' equity (28/02/2025)	600 000
Sales	1 500 000
Cost of sales	900 000
Operating expenses	360 000
Net profit	110 200

B. Financial indicators and data:

	2025	2024
Profit mark-up percentage	67%	100%
% operating expenses on sales	?	17%
Current ratio	1,8 : 1	2,4 : 1
Acid-test ratio	?	2:1
% return on owner's equity	?	27%
<i>Interest on fixed deposit</i>	7%	7%
Interest on loan	19%	17%

GRADE 10 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Current assets : Current liabilities		(Current assets – Inventories) : Current liabilities
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Net profit}}{\text{Average Owner's equity}} \times \frac{100}{1}$	Total assets : Total liabilities	

