Province of the

EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY**

 **MARKING GUIDELINES**

|  |  |  |  |  |  |
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| **SUBJECT** | ACCOUNTING | **GRADE** | 10 | **DATE** |  |
| **TOPIC** |  BALANCE SHEET, NOTES & RATIOS | **Term**  | 3 | **Week** |  |
| **TIME ALLOCATION** | 1 Week  |

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| **TIPS TO KEEP HEALTHY** |
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| 1. | **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%. |
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| 2. | **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people. |
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| 3. | **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use. |
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| 4. | **WEAR A MASK AND TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick. |
|  |  |
| 5. | **STAY AT HOME.**  |

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| **INSTRUCTIONS** | See requirements per activity |
| **RESOURCES** | **USE YOUR TEXTBOOK(S) & PREVIOUS ACTIVITIES** |

**QUESTION 1: NOTES TO FINANCIAL STATEMENTS**

**1.1 NOTES TO THE FINANCIAL STATEMENTS**

Tangible assets

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|   | LAND AND BUILDINGS  | VEHICLES  | EQUIPMENT  |
| Cost price  | ✓ 130 000  | 45 000  | 50 000  |
| Accumulated depreciation  |   | (25 260)  | (20 200)  |
| Carrying value (01/03/19)  | 130 000  | ✓ 19 740  | 29 800  |
| Movements  |   |   |   |
| Acquisition  | 20 000  | ✓ 40 000  |   |
| Depreciation  |   | ✓✓ (7 948)  | ✓ (7 500)  |
| Carrying value (28/02/20)  | ✓ 150 000  |  51 792  | ☑ 22 300  |
| Cost price  | 150 000  | ✓ 85 000  | 50 000  |
| Accumulated depreciation  |   | ☑ (33 208)  | (27 700)  |

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Inventory

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| Trading stock  | 31 918  |
| Stationery  | 315  |
|   | 32 233  |
|   |
| **3**  |

✓

✓

✓

Trade and other receivables

|  |  |
| --- | --- |
| Debtors control  | 26 882  |
| Accrued income  | 611  |
|   | 27 493  |
|   |
| **4**  |

✓

✓✓

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Trade and other payables

|  |  |
| --- | --- |
| Creditors control  | 32 860  |
| Accrued expense  | 4 060  |
| Income received in advance  | 7 600  |
|   | 44 520  |
|   |
| **6**  |

✓

✓✓

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**QUESTION 2: BALANCE SHEET**

BALANCE SHEET OF WORLD WIDE TRADERS ON 28 FEBRUARY 2020

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| **ASSETS**  |   |   |
| **Non-current assets**  |   | ☑ 249 092  |
| **Tangible assets**  |   | ☑ 224 092  |
| **Financial assets**  |   |   |
| ✓ Fixed deposit  |   | ✓ 25 000  |
| **Current assets**  |   | 75 626  |
| **Inventory**  |   | ☑ 32 233  |
| ✓ Trade and other receivables  |   | ☑ 27 493  |
| **Cash and cash equivalents**  | 15000✓+600✓+300✓  | ☑ 15 900  |
| **TOTAL ASSETS**  |   | 324 718  |
|   |   |   |
| **EQUITY AND LIABILITIES**  |   |   |
| **Owner’s equity**  |   | ☑ 160 198  |
| **Non-current liabilities**  |   | 100 000  |
| Loan  | 120 000 – 20 000  | ✓✓100 000  |
| **Current liabilities**  |   |  64 520  |
| Trade and other payables  |   | ☑ 44 520  |
| Short term loan  |   | ☑ 20 000  |
| **TOTAL EQUITY AND** **LIABILITIES**  |   | ☑ 324 718  |

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**QUESTION 3: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS [ 22 ]**

All calculations to be rounded off to **ONE DECIMAL PLACE**.

**3.1** Current ratio

|  |  |  |  |  |
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|  46 500 ✓+ 33 000 ✓ + 2 500 ✓ : 26 000 ✓ + 24 000 ✓ 82 000 : 50 000 1,6 : 1 ☑ (one part correct, must be x : 1)  |

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**3.2** Acid test ratio

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|  82 000 – 46 500 ✓ : 50 000 ✓ 35 500 : 50 000 0,7 : 1 ☑ (one part correct, must be x : 1)   |

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**3.3** Compare these results with those of 2017 and comment on the liquidity of the business.

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|  Current ratio decreased from 2 : 1 to 1,6 : 1 ✓ Acid test ratio decreased from 1,5 : 1 to 0,7 : 1 ✓  The liquidity of the business is deteriorating and the business might find it difficult to pay short term liabilities ✓✓  |

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**3.4** Calculate the percentage return on average owner’s equity.

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|  90 000 ✓  | X 100  |
| ½✓ (400 000 ✓+ (400 000 + 90 000 – 70 000) ✓) 90 000 410 000 = 22% ✓☑   | X 100   |

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**3.5** Should the owner be satisfied with this return? Motivate your answer.

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|  Yes ✓  The return is more than what other safe investments yield ✓✓  |

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**QUESTION 4: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS [ 14 ]**

**4.1** Calculate the percentage mark-up for 2018.

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|  210 000 ✓ 600 000 ✓ 35% ☑   | X 100   |

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**4.2** Give TWO reasons for the deviation from the target mark-up of 40%.

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|  Any valid answer ✓✓ ✓✓  Wrong calculation of selling price Sale of old stock Damaged goods  |

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**4.3** The percentage mark-up for 2019 was 50%. What influence did the change in mark-up have on the business? Quote figures to support your answer.

Any valid answer with figures ✓ ✓

* Increase in sales from 645 000 to 810 000
* Increase in net profit from 136 000 to 150 000

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**4.4** LS Computers spent less on national advertising and focused on local advertising. Was this decision to their advantage? Quote figures to support your answer.

Yes ✓, explanation ✓ figures ✓

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| **3**  |

Much cheaper advertising locally (55 000 to 30 000) and sales increased (645 000 to 810 000)

**4.5** What percentage of sales is spent on salaries and wages?

|  |  |  |  |  |  |
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|  64 800 810 000  8% ✓✓  | X 100   |

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| **2**  |

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