Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY**

**MARKING GUIDELINES**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUBJECT** | ACCOUNTING | | **GRADE** | | 10 | **DATE** |  | | | |
| **TOPIC** | BALANCE SHEET, NOTES & RATIOS | | | | | | **Term** | 3 | **Week** |  |
| **TIME ALLOCATION** | | 1 Week | | |  |  | | --- | --- | | **TIPS TO KEEP HEALTHY** | | |  |  | | 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%. | |  |  | | 2. | **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people. | |  |  | | 3. | **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use. | |  |  | | 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.** | | | | | | | |
| **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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  | | --- | --- | --- | --- | |  | 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) | | |  | | --- | |  | | 10 | |

Inventory

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

✓

✓

✓

Trade and other receivables

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

✓

✓✓

☑

Trade and other payables

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

✓

✓✓

✓✓

☑

**QUESTION 2: BALANCE SHEET**

BALANCE SHEET OF WORLD WIDE TRADERS ON 28 FEBRUARY 2020

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | | **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 | | |  | | --- | |  | | **17** | |

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

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

**3.1** Current ratio

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

**3.2** Acid test ratio

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| |  | | --- | | 82 000 – 46 500 ✓ : 50 000 ✓  35 500 : 50 000  0,7 : 1 ☑ (one part correct, must be x : 1) | | |  | | --- | |  | | **3** | |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| |  | | --- | | 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 ✓✓ | | |  | | --- | |  | | **4** | |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | 90 000 ✓ | X 100 | | ½✓ (400 000 ✓+ (400 000 + 90 000 – 70 000) ✓)  90 000  410 000  = 22% ✓☑ | X 100 | | |  | | --- | |  | | **6** | |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| |  | | --- | | Yes ✓    The return is more than what other safe investments yield ✓✓ | | |  | | --- | |  | | **3** | |

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

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | 210 000 ✓  600 000 ✓  35% ☑ | X 100 | | |  | | --- | |  | | **3** | |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| |  | | --- | | Any valid answer ✓✓ ✓✓    Wrong calculation of selling price  Sale of old stock  Damaged goods | | |  | | --- | |  | | **4** | |

**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

|  |
| --- |
|  |
| **2** |

**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 ✓

|  |
| --- |
|  |
| **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?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | 64 800  810 000  8% ✓✓ | X 100 | | |  | | --- | |  | | **2** | |