KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL
SENIOR CERTIFICATE

GRADE 10

ACCOUNTING

MARKING GUIDELINES

COMMON TEST

SEPTEMBER 2023

MARKS: 100

MARKING PRINCIPLES:

1. Unless otherwise stated in the marking guideline, penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no penalty for misplaced item). No double penalty applied.
2. Penalties for placement or poor presentation (e.g. details) are applied only if the candidate is earning marks on the figures for that item.
3. Full marks for correct answer. If answer incorrect, mark the workings provided.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark for the working for that figure (not the method mark for the answer). Note: if figures are stipulated in memo for components of workings, these do not carry the method mark for final answer as well.
5. Unless otherwise indicated, the positive or negative effect of any figure must be considered to award the mark. If no + or – sign or bracket is provided, assume that the figure is positive.
6. Where indicated, part-marks may be awarded to differentiate between differing qualities of answers from candidates.
7. This memorandum is not for public distribution, as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
8. Where penalties are applied, the marks for that section of the question cannot be a final negative.
9. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer and at least one part must be correct before awarding the mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consist of 7 pages.

QUESTION 1

1.1

(i) Calculate the carrying value of Land and Buildings on 1 March 2022.

2 550 000 – 325 000 = 2 225 000 ✓✓
complete workings shown and but no final answer allocate 1 mark only

2

(ii) Calculate the total depreciation on vehicles on 28 February 2023.
Allocate the marks to correct workings even if subtotals not shown.

New:
422 550✓ x 20/100✓ x 6/12✓ = 42 255☑ **one part correct**

Old: one mark
350 000✓ x 20/100✓ = 70 000 ☑ **one part correct**

42 255 + 70 000 = 112 255 ☑ **one part correct**

8

(iii) Calculate the carrying value of Vehicles on 28 February 2023.
Note: Apply Marking Principle12
Mark one line only – choose line to benefit the learner

see (ii) above **one part correct**
135 000 ✓ + 422 550 ✓ – 112 255 ☑ = 445 295 ☑

OR

one mark **one mark** **one method mark** **one method mark**
772 550 – (215 000 + 112 255 **see (ii) above** = 445 295
327 255 **two marks**

4

(iv) Calculate the total carrying value of fixed assets on 28 February 2023.
Note: Apply Marking Principle12

see (iii) above **one part correct**
2 550 000 ✓ + 445 295 ☑ + 50 994 ✓ = 3 046 289☑

4

1.2 STATEMENT OF FINANCIAL POSITION OF OLD TRAFORD TRADERS ON 28 FEBRUARY 2023

	ASSETS		
	NON CURRENT ASSETS	4 075 939	☑
	Fixed assets See (1.1 iv)	3 046 289	☑
5	Fixed Deposit (1 199 650✓ – 170 000✓)	1 029 650	☑
	CURRENT ASSETS	1 148 661	☑
	Inventory	**686 881**	
	Trade and other receivables 67 200 ✓ – 270 ✓✓ + 6 800✓✓ +10 350 ✓✓	84 080	☑*
	Cash and cash equivalents (180 000✓+10 000✓+ 17 700✓+170 000✓)	377 700	☑
15	**TOTAL ASSETS**	5 224 600	☑
	EQUITY AND LIABILITIES		
	OWNER,S EQUITY	4 703 000	☑
5	Capital Account (4 400 000✓+518 000✓- 215 000✓)	4 703 000	☑
	NON-CURRENT LIABILITIES	282 000	☑
5	Loan: Bule Bank ✓☑ ✓ 332 000 – 50 000 (376 000+48 000-92 000)	282 000	☑*
	CURRENT LIABILITIES	239 600	☑*
	# Trade and other payables (184 000✓ + 5 600✓✓)	189 600	☑*
	Current portion of loan	50 000	✓✓
8	**TOTAL EQUITY AND LIABILITIES**	5 224 600	☑*

38

*one part correct

#Trade and other payables can combine the other elements under current liabilities. Allocate the part-marks accordingly.

TOTAL MARKS
56

QUESTION 2

2.1 MADRID TRADERS

Calculate the following financial indicators for 2023:

2.1.1

% Gross profit on cost of sales

$$\frac{7\,925\,000\ ✓}{(20\,605\,000✓ - 7\,925\,000✓)} \times 100$$

$$\frac{7\,925\,000}{12\,680\,000} \times 100$$ **(2 marks)**

62,5% ☑

one part correct Do not accept 63% or 62% % sign not necessary

4

2.1.2

% Operating expenses on sales

$$\frac{2\,408\,000\ ✓}{20\,605\,000✓} \times 100$$

11,7% ☑

one part correct Accept 11,6%Do not accept 11% or12% % sign not necessary

3

2.1.3

Current ratio

3 045 000✓ : 1 980 000✓

1,5: 1☑

one part correct must in x:1

3

2.1.4

Acid test ratio

(3 045 000✓ – 1 250 000✓) : 1 980 000✓

2 marks **1 mark**
1 795 000 : 1 980 000

0,9 : 1☑

one part correct must in x:1 do not accept 1:1

4

2.1.5

% Return on average owners equity

$$\frac{5\ 209\ 000 ✓}{(9\ 900\ 700✓ + 7\ 152\ 500✓)/2 ✓} \times 100$$

1 mark

$$\frac{5\ 209\ 000}{8\ 526\ 600} \times 100$$ **(3 marks)**

61,1% ☑

one part correct accept 61% % sign not necessary

5

TOTAL MARKS
19

QUESTION 3

3.1 HLOPHE Stores

3.1.1

Comment on whether the business was able to manage its expenses efficiently, thus making more profit. Quote and explain TWO relevant financial indicators

Relevant Financial Indicators with trends ✓ ✓ figures ✓ ✓

Operating expenses on sales decreased from 30% to 25% / by 5%
And
Operating profit on sales increased from 17,5% to 19,3% / by 1,8%
Or
Net profit on sales increased from 10,5% to 11,7%/ by 1,2%

General Comment ✓✓ (may be included in financial indicators comment)

Business managed to minimise expenses/ show good control over expenses which increased profit.

6

3.1.2

Comment on the liquidity position of the business by quoting TWO relevant financial indicators

Relevant Financial Indicators with trends ✓ ✓ figures ✓ ✓

Current ratio decreased from 1,2:1 to 0,9:1
Acid test ratio decreased from 0,8:1 to 0,6:1

General Comment ✓✓(may be included in financial indicators comment)

The business is currently facing liquidity problems/ unable to pay its short term debts/ liquidity position is bad.

6

3.2 AMABHELE Traders

3.2.1

The business has a target mark-up percentage of 80% on cost. Quote ONE financial indicator to explain whether the business achieved its target mark-up

Explain ONE reason that may cause the business not to achieved its targeted mark-up

Relevant Financial Indicator with trends ✓ figures ✓
Comparison with target mark-up ✓

Gross profit on cost of sales increased from 60,7% to 75% / by 14,3%
The business did not achieve target mark-up of 80%

One Reason ✓✓

Selling on discounted or reduced prices / errors in calculating selling prices.

5

3.2.2

Comment on the degree of solvency of the business. Quote ONE relevant financial indicator.

Relevant Financial Indicator with trends ✓ figures ✓ explanation ✓

Solvency ratio increased from 2,3:1 to 2,8:1
The business is solvent/ solvency is good/ able to pay its total debts

3

3.2.3

Explain on whether the owner should be satisfied with the return on owner's equity. Quote and explain One relevant financial indicator to support your opinion.

Relevant Financial Indicator with trends ✓ figures ✓
Comparison with interest rate on fixed deposit ✓✓

Not satisfied ✓

Return on equity decreased from 13% to 10% / by 3%

The return is below 12% interest rate on fixed deposits.

5

TOTAL MARKS
25

TOTAL MARKS: 100