

GAUTENG EAST DISTRICT

NOVEMBER 2025

EXAMINATION

GRADE 10

ACCOUNTING

PAPER 1

QUESTION PAPER

TIME: 2 hours

MARKS: 150

This question paper consists of 11 pages

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 questions.
3. Show ALL workings to earn part-marks.
4. You may use a non-programmable calculator.
5. You may use a dark pencil or blue/black ink to answer questions.
6. Where applicable, show ALL calculations to ONE decimal point.
7. If you choose to do so, you may use the Financial Indicator Formula Sheet attached at the end of this question paper.
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	Concepts and Analysis of transactions	35	28
2	Statement of Comprehensive Income (Income Statement)	45	36
3	Notes and Statement of Financial Position (Balance sheet)	40	32
4	Concepts and Analysis and Interpretation	30	24
TOTAL		150	120

QUESTION 1:**CONCEPTS AND ANALYSIS OF
TRANSACTIONS****(35 MARKS; 28 MINUTES)****1.1 GAAP PRINCIPLES**

Choose a term from **COLUMN B** that matches the description in **COLUMN A**. (5)
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	Financial statements are drawn up on the assumption that the business will continue to trade in the foreseeable future.	A	Historical cost principle
1.1.2	Income and the expenses must be recorded in the correct accounting period regardless of whether it's been paid or received.	B	Business entity rule
1.1.3	Information that is important and that will influence the decision-making process, must be shown separately in the financial statements.	C	Prudence principle
1.1.4	Fixed assets purchased are recorded in the financial statements at its original cost.	D	Materiality principle
1.1.5	Money lost due to theft of stock is written off, even though there is a possibility that it may be recovered in future.	E	Matching principle
		F	Going-concern principle

1.2 ANALYSIS OF TRANSACTIONS

Analyse the following transactions according to the headings provided in the ANSWER BOOK. (30)

Assume the bank balance is **unfavourable** for all the transactions.

Example: Bought equipment on credit, R 6 000.

No.	Source document	Account debited	Account credited	A	O	L
e.g.	Original invoice	Equipment	Creditors' Control	+ 6 000	0	+ 6 000

INFORMATION:

- 1.2.1 The owner made an electronic transfer of R180 000 to the business current account to increase his capital contribution.
- 1.2.2 Purchase a computer from Zweni Technology. Issued an EFT to the value of R3 800.
- 1.2.3 Sold goods on account to Nobandla Mofokeng for R2 800. Mark-up of 25% on cost price is applied.
- 1.2.4 Purchase goods on account from Morake Traders for R6 000 less 15% trade discount.
- 1.2.5 Received payment from Nobandla Mofokeng (see no. 1.2.3) after deducting a 5% discount. The bank has an unfavourable balance.

QUESTION 2: STATEMENT OF COMPREHENSIVE INCOME

(45 MARKS ; 36 MINUTES)

2.1 MASEKELA KITCHEN APPLIANCES

Kennth Masekela, is the owner of Masekela Kitchen Appliances. The business buys and sell kitchen appliances and service fridges and microwave ovens at a fixed fee. The financial year of the business ends on 30 June each year. The business uses a mark-up of 80% on cost of sales.

REQUIRED:

Complete the Income Statement (Statement of Comprehensive Income) for the year ended 30 June 2025. **(45)**

INFORMATION:

A. EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE: 30 JUNE 2025

	Debit	Credit
Land and buildings	2 260 000	
Vehicles	1 400 000	
Equipment	450 000	
Accumulated Depreciation on Vehicle (1 July 2024)		240 000
Accumulated Depreciation on Equipment (1 July 2024)		135 000
Trading stock	272 000	
Debtor's control	57 800	
Loan: AA Bank		?
Fixed Deposit: Trust Bank (6.5% p.a.)	240 000	
Sales		5 040 000
Cost of sales	2 800 000	
Debtors allowances	140 000	
Rent income		145 000
Services rendered		208 000
Salaries and wages	454 000	
Stationery	14 800	
Water and electricity	48 200	
Insurance	52 600	
Discount allowed	2 300	
Discount received		2850
Bad debts	13 300	
Interest on fixed deposit		3 900
Bank charges	7 800	

B. ADDITIONAL INFORMATION AND ADJUSTMENTS:

1. The owner took trading stock on 30 June 2025 at a selling price of R9 000 for personal use. This transaction was not recorded.
2. According to a physical stock taking on 30 June 2025, the following stock was on hand:
 - Trading stock: R264 500
 - Stationery: R3 200
3. The fixed deposit at Trust Bank was invested on 30 September 2024. Provide for outstanding interest. Interest is not capitalized.
4. The water and electricity account for June 2025 was received but not paid, R3 800.
5. Received R2 400 (30 cents for each rand) from an insolvent estate from a debtor M. Abrahams who was declared insolvent, this transaction was properly recorded. Write the remaining debt off as irrecoverable.
6. Rent has been received for 14 months. According to the lease agreement, the rent will increase annually on 1 April with 10%.
7. Paid Tin Limited R4 200 through EFT in settlement of our account of R4 300. The transaction was recorded, however, the bookkeeper forgot to post the discount to the General Ledger.
8. The insurance included the annual premium of R18 000 for the period 1 November 2024 to 31 October 2025.
9. The following entries appeared in the bank statement for June 2025, were not recorded in the books of the business:
 - Cash handling fees, R280
 - Credit card fees, R120
10. The loan statement from AA Bank on 30 June 2025 reflects the following:

Balance on 1 July 2024	620 000
Total repayment during the year (including interest)	72 000
Balance on 30 June 2025	580 000

- The interest for the year is capitalised.
11. Depreciation for the year is amounted to R 181 500.

QUESTION 3: CONCEPTS, NOTES AND STATEMENT OF FINANCIAL POSITION (40 MARKS; 32 MINUTES)

3.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (4.1.1 – 4.1.4) in the ANSWER BOOK

- 3.1.1 Accrued expenses are expenses incurred by the business and they have been paid by the end of the financial year. (1)
- 3.1.2 The loan payable within the next 12 months will be classified as current liabilities on the Balance Sheet. (1)
- 3.1.3 The payment received from a debtor who was previously written off as bad debt, the adjustment is referred to as income. (1)
- 3.1.4 The credit balance of the Bank Account is reduced when payment is made to creditors. (1)

3.2 DINOTO DEALERS

The following information relates to Dinoto Dealers. The financial year ended 28 February 2025.

REQUIRED:

- 3.2.1 Complete the Owners' Equity note to the Balance Sheet. (6)
- 3.2.3 Prepare the Balance Sheet on 28 February 2025. (30)

INFORMATION:

A. Extract from Post-adjustment Trial Balance on 28 February 2025

Balance Sheet Accounts Section	Debit	Credit
Capital		280 000
Drawings	154 030	
Fixed Assets	?	
Trading stock	129 630	
Debtors' control	3 180	
Bank		5 720
Cash float	1 500	
Petty cash	1 000	
Fixed deposits: Cadbury Bank [12% p.a.]	10 320	
Creditors' control		18 040
Loan: Rolo Bank [15% p.a.]		156 190
Consumable stores on hand	3 420	
Accrued income	2 190	
Prepaid expenses	3 000	
Accrued expenses		4 960
Income received in advance		12 000
Profit and loss (Net profit for the year)		217 860

B ADDITIONAL INFORMATION:

- i. One of the fixed deposits will mature in the next financial year, R5 000.
- ii. In the next financial year, R30,000 will be settled against the loan's capital amount
- iii. The owner reduced his capital by R20 000 during the year. The entry was properly recorded.

QUESTION 4: CONCEPTS AND ANALYSIS AND INTERPRETATION (30 MARKS; 24 MINUTES)

4.1 CONCEPTS

Choose the correct word from the list below for each statements below:

Liquidity; solvency; profitability; return on investment

- 4.1.1 How efficient a business is? (1)
- 4.1.2 Whether the Owner's Equity would be better rewarded elsewhere. (1)
- 4.1.3 How stable a business is to survive in the long run? (1)
- 4.1.4 Whether a business can pay off its short-term debts (1)

4.2 ANALYSIS AND INTERPRETATION

FOURIE TRADERS

The following information relates to Fourie Traders on 28 February 2025.

The comparative figures for the previous year are given.

REQUIRED:

NB: ROUND OFF TO ONE DECIMAL PLACE

Calculate the following indicators for 2024 and comment as indicated.

- 4.2.1 Percentage mark-up achieved (3)
- 4.2.2 Current ratio (6)
- 4.2.3 Acid-test ratio (4)
- 4.2.4 Compare results with those of 2024 and comment on the liquidity of the business. (6)
- 4.2.5 Calculate the percentage return on average owner's equity. Explain why the owners Marie Fourie should be happy with her return? (7)

INFORMATION:**A. List of balances**

	2025	2024
Capital	420 000	400 000
Trading stock	46 500	
Creditors	26 000	
Drawings	70 000	
Debtors	33 000	
Bank overdraft	24 000	
Cash float	2 500	
Cost of sales	281 250	
Gross profit for the year	168 750	
Net profit for the year	90 000	

B. Financial indicators

	2025	2024
Percentage Mark-up Achieved	?	55%
Current ratio	?	2:1
Acid-test ratio	?	1,5:1

TOTAL: 150

GRADE 10: ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$\frac{\text{Grossprofit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Grossprofit}}{\text{CostofSales}} \times \frac{100}{1}$	$\frac{\text{Netprofit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{OperatingExpenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{OperatingProfit}}{\text{Sales}} \times \frac{100}{1}$	
Current Assets: Current Liabilities	(Current Assets – Inventories: Current Liabilities)	
(Trade and other receivables + Cash and cash equivalents): Current liabilities		
$\frac{\text{NetProfit}}{\text{Average Owners'Equity}} \times \frac{100}{1}$	Total assets : Total liabilities	