



ACCOUNTING

REVISION BOOKLET 2025 TERMS 3 & 4

Grade 10

SOLUTIONS

This revision program is designed to assist you in revising the critical content and skills that you have covered during the 3rd and 4th term. The purpose is to prepare you to understand the key concepts and to provide you with an opportunity to establish the required standard and the application of the knowledge necessary to succeed in the examination.

ACTIVITY 1

1.1.1	Materiality ✓
1.1.2	Business entity ✓
1.1.3	Prudence ✓
1.1.4	Historical cost ✓

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1.2 KAYCEE TRADERS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2022

Sales (1 300 000 – 13 700✓)	1 286 300	✓
Cost of sales	(940 000)	✓
Gross profit [4]	346 300	✓
Other operating income	34 390	✓
Rent income (28 000 ✓ + 2 900✓)	30 900	✓
Discount received	1 990	✓
Bad debts recovered (800 + 700✓)	1 500	✓
Gross operating income [8]	380 690	✓
Operating expenses	(277 635)	✓
Water and electricity (25 680 + 3 200✓)	28 880	✓
Telephone (18 920 + 2 570✓)	21 490	✓
Salaries and wages	173 000	✓
Bad debts (2 100 + 350✓)	2 450	✓
Discount allowed	2 550	✓
Bank charges	2 440	✓
Stationery	4 100	✓
Insurance (7 650 – 2 800✓)	4 850	✓
Trading stock deficit (43 400✓ – 2 500✓ – 1 840 ✓ – 35 800✓)	3 260	✓
Donations	2 500	✓
Depreciation (1 375 ✓ + 7 700✓ + 23 040✓)	32 115	✓
Operating profit [25]	103 055	✓
Interest income	220	✓
Profit before interest expense	103 275	✓
Interest Expense	(47 670)	✓
Net profit for the year [4]	55 605	✓

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CALCULATIONS:

Depreciation: Equipment: New: $55\,000 \times 10 \div 100 \times 3 \div 12 = R1\,375$ Old: $132\,000 - 55\,000 = 77\,000 \times 10 \div 100 = R7\,700$	Vehicles: $190\,000 - 36\,400 = 153\,600 \times 15 \div 100$ $= R23\,040$
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Rent income:

$$650 \times 5 = 3\,250 \text{ (total increase)}$$

$$28\,000 - 3\,250 = 24\,750 \div 11 = R2\,250 \text{ before increase}$$

$$2\,250 + 650 = R2\,900$$

Interest Expense

Interest on loan ((29 000 ✓ + 17 500 ✓)	46 500	<input checked="" type="checkbox"/>	
Interest on bank overdraft	1 170	✓	<input type="text"/>
	47 670		<input type="text"/>
			4

1.3

Will the Bank account balance be a current asset of a current liability on 28 February 2022? Give a reason for your answer.

Current liability ✓

Reason:

Bank a/c has a credit balance ✓

<input type="text"/>
2

ACTIVITY 2**2.1 NOTES TO THE FINANCIAL STATEMENTS****2.1.1 FIXED / TANGIBLE ASSETS**

	Vehicles	Equipment	
Cost	1 200 000	✓ 480 000	
Accumulated depreciation	✓ (1 080 000)	(283 400)	
Carrying value at beginning of year	120 000	196 600	
Movements			
Additions at cost	0	✓✓ 170 000	
Depreciation	✓✓ (119 999)	✓✓ (47 820)	
Carrying value at end of year	✓ 1	☑ 318 780	
Cost	1 200 000	650 000	
Accumulated depreciation	☑ (1 199 999)	☑ (331 220)	12

Calculations:	
Vehicles:	Equipment:
1 200 00 x 15% = R180 000 but book value is only R120 000; can write off 120 000 – 1 = R119 999	Old: 196 600 x 20% = R39 320
	New Equipment: 170 000 x 20% x 3/12 = 8 500

2.1.2 TRADE AND OTHER RECEIVABLES

Debtors control (216 500 ✓ + 24 500 ✓ – 7 200 ✓)	233 800	☑	
Income receivable / Accrued income (Interest on fixed deposit) (16 100 x 2/7)	4 600	✓✓	
Prepaid expenses (Insurance) (9 600 x 6/12)	4 800	✓✓	
	<u>243 200</u>	☑	9

2.1.3 TRADE AND OTHER PAYABLES

Creditors control	199 000	✓	
Expenses payable / Accrued expenses (Telephone)	1 300	✓	
Deferred income / Income received in advance (Rent income) (212 800 x 3/15)	42 560	✓✓	
	<u>242 860</u>	☑	5

2.1.4 OWNER'S EQUITY

Capital	240 000	✓	
Net profit	78 000	✓	
Drawings	(56 000)	✓	
	<u>262 000</u>	✓	4

2.2 STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2022

ASSETS			
NON-CURRENT ASSETS	(776 860 – 391 290)	385 570	<input checked="" type="checkbox"/>
Fixed Assets (1 + 318 780)		318 781	<input checked="" type="checkbox"/>
Financial assets (Fixed deposit)		66 789	<input checked="" type="checkbox"/>
CURRENT ASSETS	(260 860 x 1.5)	391 290	<input checked="" type="checkbox"/>
Inventories (133 600 ✓ – (24 500 x 100/140)✓)		116 100	<input checked="" type="checkbox"/>
Trade and other receivables		243 200	<input checked="" type="checkbox"/>
Cash and cash equivalents		31 990	<input checked="" type="checkbox"/>
TOTAL ASSETS	[12]	776 860	<input checked="" type="checkbox"/>
EQUITY AND LIABILITIES			
OWNER'S EQUITY		262 000	<input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES		254 000	
Loan: Jo Bank (290 000 ✓ – 40 000 ✓ + 22 000 ✓ - 18 000 ✓)		254 000	<input checked="" type="checkbox"/>
CURRENT LIABILITIES		260 860	
Trade and other payables		242 860	<input checked="" type="checkbox"/>
Current portion of loan		18 000	
TOTAL EQUITY AND LIABILITIES	[8]	776 860	<input checked="" type="checkbox"/>

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ACTIVITY 3

	Equipment	Vehicles
Carrying value at beginning of year	✓275 000	140 000
Cost	380 000	560 000
Accumulated depreciation	(105 000)	✓(420 000)
Movements		
Additions at cost	110 000	
Depreciation	✓(42 625)	✓✓(112 000)
Carrying value at end of year	☑342 375	✓28 000
Cost	490 000	✓560 000
Accumulated depreciation	☑(147 625)	☑(532 000)

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INVENTORY

Trading stock (153 000 - 9 000✓ + 3 800 ✓)	147 800	☑
Consumable stores on hand	2 700	✓

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TRADE AND OTHER RECEIVABLES

Debtors control (76 000 - 1 155 ☑ - 5 985*☑)	68 860	☑
Prepaid expenses (Insurance)	10 290	☑

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$$*3\ 800 \times 175/100 \checkmark - 6\ 650 \checkmark \times 90\% \checkmark = 5\ 985$$

LUZUKO STORES

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 30 JUNE 2022

EQUITY AND LIABILITIES		
Owner's Equity (1 500 000✓ - 570 000 ✓ - 135 365✓)	794 635	☑
Non-current liabilities	570 000	
Loan JZ Bank (620 000✓ - 50 000✓)	570 000	✓
Current liabilities	135 365	
Trade and other payables (54 000 +780 ✓ + 7 200 ✓✓ + 6 500 *☑ + 65☑)	68 545	☑
Bank overdraft (15 500 + 530✓ + 790 ✓)	16 820	☑
Current portion of loan	50 000	☑
TOTAL EQUITY AND LIABILITIES	1 500 000	

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$$* 5\ 265 \checkmark + 1\ 170 \checkmark + 65 \checkmark = 6\ 500$$

ACTIVITY 4

4.1.1

Gross profit as a percentage on cost of sales

$$760\,000 - 475\,000 = 285\,000$$

$$\frac{285\,000 \checkmark \checkmark}{475\,000 \checkmark} \times \frac{100}{1}$$

$$= 60\% \checkmark \text{ (one part correct)}$$

4

4.1.2

Net profit as a percentage of turnover

$$\frac{231\,040 \checkmark}{760\,000 \checkmark} \times \frac{100}{1}$$

$$= 30,4\% \checkmark \text{ (one part correct)}$$

3

4.1.3

Current ratio

$$(29\,035 + 34\,350 + 825)$$

$$64\,210 \checkmark \checkmark : 23\,327 \checkmark$$

$$2,75 : 1 \text{ of } 2,8 : 1 \checkmark \text{ (one part correct)}$$

4

4.1.4

Acid test ratio

$$(64\,210 - 29\,035) \text{ or } 35\,035 \text{ two marks OR } (34\,350 + 825)$$

$$64\,210 \checkmark - 29\,035 \checkmark : 23\,327 \checkmark$$

$$35\,175 : 23\,327$$

$$1,5 : 1 \checkmark \text{ (one part correct)}$$

4

4.1.5

Return on average owner's equity.

$$\frac{231\,040 \checkmark}{\frac{1}{2} \checkmark (830\,716 \checkmark + 810\,968 \checkmark)} \times \frac{100}{1}$$

$$\frac{231\,040}{820\,842} \times \frac{100}{1}$$

28,14% (one part correct)

5

4.2

Do you think that Mocha Coffee Shop is satisfied with the gross profit % on cost of sales? Comment and quote figures to support your answer.

No, she has a mark-up of 65% but only achieved 60%
 Could be due to sale or trade discount or inflation.

3

4.3

**Comment on the liquidity of Mocha Coffee Shop.
Quote TWO financial indicators with figures to support your answer.**

Current ratio increased from 1,3:1 to 2,8:1. **See 4.1.3**
 Acid test ratio increased from 0,7 : 1 to 1,5 :1 **See 4.1.4**

4

4.4

Should Mocha Coffee Shop be satisfied with the return on owner's equity? Comment through quoting figures to support your answer.

Yes/No . Even though it decreased from 39% to 28,14% The owner should be satisfied because 37,2% is much higher than the 10% which she would have received if she invested the money at the bank.

3

TOTAL MARKS

30

ACTIVITY 5

5.1

Current ratio
$40\ 190 + 35\ 800 + 1\ 760 : 27\ 768$ $77\ 750 ✓✓ : 27\ 768 ✓$ $2,79 : 1 ✓$ (one part correct)

4

5.2

Acid-test ratio
$35\ 800 + 1\ 760 : 27\ 768$ OR $(77\ 750 - 40\ 190) : 27\ 768$ $37\ 560 ✓✓ : 27\ 768 ✓$ $1,35 : 1 ✓$ (one part correct)

4

5.3

From the above calculations will L & J Traders experience liquidity problems? Support your answer with an explanation and figures.
No, there has been a slight improvement in the Current ratio ✓ from 2.28 : 1 to 2,79 : 1 ✓ while the Acid test ratio ✓ has decreased slightly from 1,4 : 1 to 1,35 : 1 ✓ They can comfortably pay off their short term debt without pressure to sell stock. ✓

5

5.4

Is the business in danger of going bankrupt? Use an appropriate ratio to support your answer.
No ✓ $(234\ 776 + 55\ 000 + 40\ 190 + 35\ 800 + 1\ 760) : (70\ 000 + 27\ 768)$ $367\ 526 ✓✓ : 97\ 768 ✓✓$ $3,75 : 1 ✓$

6

5.5

Calculate the return on owner's equity for 2021

$$\frac{172\,600 \checkmark}{\frac{1}{2} \checkmark (382\,860 + 190\,000) \checkmark} \times 100$$

$$\frac{172\,600}{286\,430} \times 100 = 60,25\% \checkmark$$

4

5.6

Should the owner be happy with this return? Give a reason for your answer.**Quote figures to support your answer.**

Yes, as the return increased from 50% to 60%. ✓✓

Exceeds the return on alternative investments, e.g. fixed deposit. ✓

3

ACTIVITY 6

6.1.1	D ✓
6.1.2	A ✓
6.1.3	E ✓
6.1.4	C ✓

4

6.2 CALCULATIONS:

6.2.1 Calculate the direct material cost

$$16\ 000 + 5\ 500 + 1\ 100 + 300 + 500 + 600 = 24\ 000 \checkmark \checkmark \checkmark *$$

* At least three figures correct

3

6.2.2 Calculate the direct labour cost

$$250 \times 40 = 10\ 000 \checkmark \checkmark$$

2

6.2.3 Calculate the prime cost

$$24\ 000 \checkmark + 10\ 000 \checkmark = 34\ 000 \checkmark \text{ one part correct or correspond with 6.2.1 and 6.2.2}$$

3

6.2.4 Calculate the total production cost

$$24\ 000 \checkmark + 10\ 000 \checkmark + 11\ 000 \checkmark + 1\ 800 \checkmark = 46\ 800 \checkmark \text{ (one part correct)}$$

See 6.2.1 and 6.2.2

5

6.2.5 Calculate the unit cost of ONE table

$$46\ 800 \checkmark \div 40 \checkmark = 1\ 170 \checkmark \text{ (one part correct)}$$

See 6.2.4

3