GRADE 10 ACCOUNTING: TERM 3 CASE STUDY
ANSWER BOOK

Name:	Grade

PART A: FIXED ASSETS

1.1

Explain why the business would use different depreciation policies for the different categories of fixed assets.	
	3
Taking into account that equipment comprises of furniture and other electronic equipment such as fax machines and computers, do you agree with the depreciation policy for equipment? Explain. Provide TWO reasons.	
	4

1.2

WORKINGS	ANSWER
Calculate: Depreciation on vehicles:	
Calculate: Depreciation on equipment:	**16**

1.3 GENERAL LEDGER OF ZUKS HARDWARE

EQUIPMENT (B6)

2017 Mar	1	Balance	b/d						

5

ACCUMULATED DEPRECIATION ON VEHICLES (B7)

						2017 Mar	1	Balance	b/d	

DEPRECIATION (N11)

15

1.4

FIXED ASSET REGISTER			
DATE	DEPRECIATION	ACCUMULATED DEPRECIATION	CARRYING VALUE

8

2

1.5 Zuks wants to offer a free delivery service to clients within a certain km radius of the business.

Provide THREE points that he should consider before taking this decision.

6

What advice would you offer him? Provide ONE point.

2

PART B: INTERPRETATION OF FINANCIAL INFORMATION

2.1 Sandy was concerned that the business may have to close down due to the high loan balance. Was she justified? Explain.

2

Identify TWO steps she has taken to address her concern and provide a reason for each.

4

Comment on the solvency of the business.

7

2.2 Sandy is convinced that all goods were marked up by 50% on cost. She is confused as to why the profit is so low. Provide TWO reasons/explanations. Make reference to the percentage achieved.

6

2.3 Will Sandy be able to pay the creditors in the next financial year? Explain. Make reference to TWO financial indicators.

11

2.4 Sandy feels that her return on investment in the business is not what she expected and regrets not investing in a fixed deposit.

Explain why you think she feels this way.

7

Provide TWO suggestions that she can use to improve her returns.

4

TOTAL MARKS :	100	
CONVERTED TO:	50	