



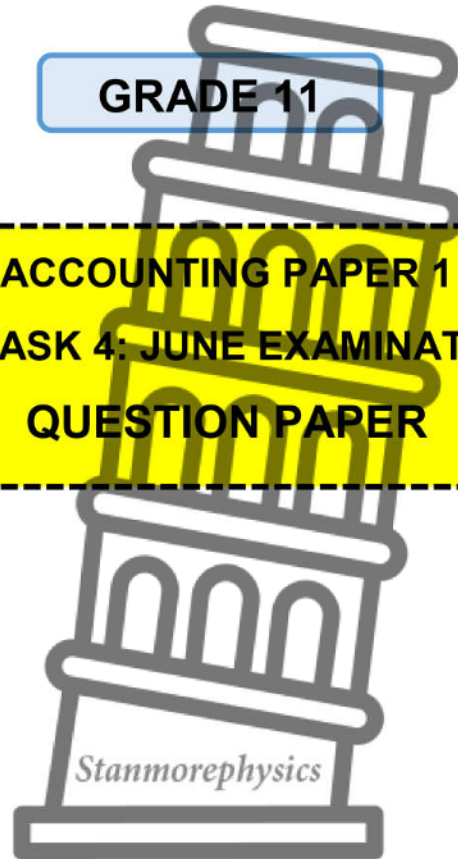
LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

National Senior Certificate

GRADE 11

ACCOUNTING PAPER 1
TERM 2 TASK 4: JUNE EXAMINATION 2023
QUESTION PAPER



MARKS: 150

TIME : 2 Hours

This question paper consists of 12 pages (including a 1-page formula sheet)

INSTRUCTIONS

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL questions are to be answered.
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper.
4. Show ALL workings in order to earn part marks.
5. You may use a non-programmable calculator.
6. **You may use a dark pencil or blue / black pen to answer the questions.**
7. Where applicable, show all calculations to ONE decimal point.
8. Write neatly and legibly.
9. Use the information in the table as a guide when answering the question paper. Try not to deviate from it.

Question	Topic	Marks	Time
1	Concepts, Accounting Equation, Fixed Assets note	30	24 minutes
2	Concepts, Statement of Comprehensive Income	45	36 minutes
3	Partnerships: Current Account note, Equity and Liabilities Section	35	28 minutes
4	Concepts, Analysis and interpretation	40	32 minutes
		150	120 minutes

QUESTION 1: (30 MARKS, 24 MINUTES)

CONCEPTS, ACCOUNTING EQUATION, FIXED ASSETS NOTES

1.1 CONCEPTS

Match the GAAP principles in **COLUMN A** with examples in **COLUMN B**.
Write only the letter (A-D) next to the question numbers (1.1.1 to 1.1.4) in the **ANSWER BOOK**.



COLUMN A		COLUMN B
1.1.1	Materiality	A Building are valued at R2 500 000 but is shown as R550 000 in the financial statements.
1.1.2	Matching	B Interest expense should be disclosed separately in the financial statements.
1.1.3	Historical cost	C Financial activities of a business are kept separately from those of the owner.
1.1.4	Business Entity	D Insurance, R2 500, is paid in advance. This amount is not reflected in the statement of comprehensive income.
		E A debtor who owes R1 270, was written off as a bad debt as he could not be traced.

(4)

1.2 ACCOUNTING EQUATION

Complete the table provided in the answer book to indicate the effect on the accounting equation for the following transactions.

Note: Assume that the bank balance is favourable for all transactions

Example: Issued a receipt for rent received

TRANSACTIONS:

- (a) One of the partners contributed a delivery vehicle as part of his investment in the partnership.
- (b) Credit note received for damaged equipment returned.
- (c) Repairs to buildings were debited to the land and buildings account in error. This must be corrected.

(12)



1.3 FIXED ASSETS

The following information relates to the financial year ended 30 June 2022.



REQUIRED

Calculate the missing figures denoted by (i) to (iv) on the fixed asset note.

(14)

INFORMATION:

A. Fixed asset note

	Land and buildings	Equipment	Vehicles
Carrying value on July 2021	3 000 000	(ii)	800 000
Cost	3000 000	420 000	1 080 000
Accumulated depreciation		(160 000)	(280 000)
Additions at cost	760 000	160 000	
Disposal at carrying value			(iv)
Depreciation for the year		(iii)	
Carrying value on 30 June 2022			
Cost	(i)	580 000	720 000
Accumulated depreciation			

B. Information from the fixed asset register

- Depreciation on equipment is calculated at 10% p.a on the diminishing balance method.
- New equipment was purchased on 1 October 2021.
- Depreciation on vehicles is calculated at 15% p.a on cost.
- A delivery vehicle was sold for R112 000 cash on 1 March 2022. The cost price was R360 000 and accumulated depreciation on 1 July 2021 amounted to R216 000.



QUESTION 2 (45 MARKS, 36 MINUTES)
CONCEPTS, STATEMENT OF COMPREHENSIVE INCOME

2.1 Fill in the missing concepts

- 2.1.1 The statement reflecting the financial results of the company is called a (n).....
- 2.1.2 The amount of rent paid by the tenant for the next financial year will be recorded as..... In the financial statement.
- 2.1.3 The statement reflecting the financial position of the business is called a (n)
- 2.1.4 A fixed deposit that matures in the next financial year will be recorded under in the financial statements (4)

2.2 PARTNERSHIP: STATEMENT OF COMPREHENSIVE INCOME

The following information was taken from the accounting records of Good Hope Traders. The last day of the financial year is 30 June 2022.

REQUIRED

Prepare the Statement Comprehensive Income (Income Statement) for the year ending 30 June 2022. (41)

INFORMATION

1.

LIST OF SOME OF THE BALANCES AND TOTALS OF GOOD HOPE TRADERS ON 30 JUNE 2022	
Trading stock	81 000
Debtors' control	53 000
Fixed deposit SACB (8% p.a)	12 500
Provision for bad debts (1 July 2021)	1 500
Sales	1 032 000
Cost of sales	427 000
Debtors allowances	32 000
Salaries and wages	163 700
Water and electricity	25 000
Rent income	47 250
Discount allowed	1 500
Insurance	6 400
Packing materials	4 200
Stationery	4 100
Bad debts	1 500
Discount received	4 200
Interest on fixed deposit	500
Bad debts recovered	1 000
Bank Charges	840
Interest on overdraft	360
Sundry expenses	41 000

2. Adjustments and additional information

- 2.1 Packing material of R500 purchased on 21 August 2021 was incorrectly posted to the stationery account.
- 2.2 According to a physical stock count, the following were on hand at the end of the year.
- Trading stock, R79 100
 - Packing material, R900
- 2.3 A credit note of R225 issued on 30 August 2021 to Monty has not been recorded. The stock was returned by Monty because the wrong colour of T-shirts were sent to him. The mark-up on cost for these goods was 50%.
- 2.4 Included in the insurance amount is an annual premium of R2 400 paid for the period 1 January 2022 to 31 December 2022.
- 2.5 Rent income includes rent received until 31 July 2022. The monthly rent was increased by 10% with effect from 28 February 2022.
- 2.6 The loan statement received from ICC showed the following:

Balance on 1 July 2021	42 875
Repayment for the year	10 000
Interest capitalised for the year	??
Balance on 30 June 2022	40 000

- 2.7 Bobby Lewis, a debtor whose account had been previously written off, deposited an amount of R210 in the bank account of the business on 25 August 2021.
- 2.8 The account of Ronaldo, a debtor, for R450 must be written off as it came to light that he has left the country to play soccer in France.
- 2.9 The provision for bad debts must be decreased by R200
- 2.10 Some of the interest on the fixed deposit is outstanding. Interest is not capitalised.
- 2.11 The water and electricity account for June 2022 has been received but not paid, R5 000
- 2.12 Depreciation calculated for the year was R27 470



QUESTION 3

(35 MARKS; 28 MINUTES)

PARTNERSHIP: BALANCE SHEET AND NOTES

3.1 TT BROTHERS

T. Thomas and T. Titus are partners in this business. The financial year ended 30 September 2022

REQUIRED

- 3.1.1 Complete the current Account note for the financial year ended 30 September 2022 (19)
- 3.1.2 Complete the Equity and Liabilities section of the Balance Sheet on 30 September 2022 (16)

A. Extract from accounting records on 30 September 2022:

Capital: Thomas	350 000
Capital: Titus	450 000
Current account: Thomas (1 October 2021)	(Dr) 30 000
Current account: Titus (1 October 2021)	(Cr) 10 500
Trading Stock	132 000
Loan: BANI Bank	?
Fixed deposit Capitec Bank	180 000
Creditors control	60 500
Accrued Expenses	8 000
Accrued income	15 000
Prepaid expenses	22 000
Income received in advance	7 500
Cash float	4 500
Bank	(Cr) 35 500
Petty cash	1 000
Drawings: Thomas	345 000
Drawings: Titus	375 000
Profit and loss (Net profit)	750 000



- B. On 31 March 2022 Titus increased his capital contribution with R50 000. This was entered in the books
- C. The partnership agreement states the following
- Interest on capital of 12% p.a
 - Titus received an annual salary of R240 000
 - Thomas received a salary of R5 000 per month more than Titus due to extra management responsibilities.
 - Titus received a bonus of 10% of his annual salary
 - Remaining profits are shared equally between the partners.
- D. R50 000 will be paid on the capital amount of the loan in the next financial year.
- E. Total assets for the year amounted to R1 170 000

35



QUESTION 4:**(40 MARKS; 32 MINUTES)****CONCEPTS, ANALYSIS AND INTERPRETATION****4.1 CONCEPTS**

Indicate whether the following statements are True or False. Write only 'True' or 'False' next to the question number (4.1.1- 4.1.4) in THE ANSWER BOOK.

- 4.1.1 Solvency is the ability of the business to settle current liabilities.
 4.1.2 Profitability is the effective management of expenses.
 4.1.3 Liquidity is the ability of the business to pay its short term debts.
 4.1.4 Stock holding period is the number of times stock is replaced. (4)

4.2 ANALYSIS AND INTERPRETATION

The following information is extracted from the accounting records of Golden Brown Traders, a partnership between Mr Gold and Mrs Brown.

REQUIRED

Calculate the following indicators for 2023

- 4.2.1 Acid-test ratio (4)
 4.2.2 Debt-equity ratio (3)
 4.2.3 % return on average equity earned by partners (5)
4.3 Should the partners be concerned about the liquidity of the business for 2023? Quote **TWO** financial indicators. (5)
4.4 Explain whether the business is managing its operating expenses effectively. Quote **TWO** financial indicators. (4)
4.5 The partners are considering increasing the loan by R300 000.
 4.4.1 Is this a good idea to borrow R300 000? Quote **ONE** financial indicator to support your answer. (3)
 4.4.2 Provide **TWO** other suggestions that the partners can consider instead of increasing the loan. (2)
4.6 Gold is concerned about the % return that he is earning. Is this a valid concern? Quote **ONE** financial indicator to support your answer. (4)
4.7 Gold is not happy with Brown's current contributions to the partnership. He is deciding to have a meeting with her about this. List **THREE** points he should discuss with her at this meeting. (6)

INFORMATION:

Extract from the Balance Sheet of Golden Brown Traders on 28 February:

	2023 R	2022 R
Fixed deposit: Nedbank (10% p.a)	300 000	390 000
Current assets	171 000	304 000
Inventory	9 6000	134 000
Trade and other receivables	64 000	45 000
Cash and cash equivalents	11 000	125 000
Capital accounts	800 000	1 200 000
Current accounts	58 000	10 000
Mortgage loan: Nedbank (12% p.a)	240 000	135 000
Current Liabilities	84 000	78 000

	Total 2023 R	Gold R	Brown R
Current accounts at the beginning of the year	10 000	40 000	(30 000)
Current accounts at the end of the year	58 000	108 000	(50 000)
Net profit for the year	278 000		
Partners' salaries	140 000	70 000	70 000
Interest on capital (6% p.a.)	54 000	36 000	18 000
Partners' share of remaining profit	84 000	42 000	42 000
Partners' drawings for the year	230 000	80 000	150 000

NOTE:

- i. Each partner contributed capital of R600 000 when the business started, but Brown reduced her capital by R400 000 half-way through the 2023 financial year.
- ii. Gold maintained his capital contribution at R600 000 throughout the year. He also reduced his drawings in order to prevent the business from going into a bank overdraft.




Financial indicators:

	2023	2022
% Operating profit on sales	20%	23%
% Net profit on sales	12%	15%
% Operating expenses on sales	25%	23%
Current ratio	2.2:1	3,9:1
Acid-test ratio	?	2.2:1
Debt-equity ratio	?	0,1:1
Return on equity: Gold	22%	29%
Return on equity Brown	36%	21%
Return on equity of partnership	?	18%

40

TOTAL: 150



 GRADE 11 ACCOUNTING: FINANCIAL INDICATOR FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Partner's average equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average owner' equity}} \times \frac{100}{1}$	
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities	
(Trade and other receivables + Cash and cash equivalents) : Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365 \text{ or } 12}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}} \times \frac{365}{1}$	
Non-current liabilities : Owners' equity	Total assets: Total liabilities	





LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF
EDUCATION

National Senior Certificate

GRADE 11

ACCOUNTING PAPER 1
TERM 2 TASK 4: JUNE EXAMINATION 2023
ANSWER BOOK

NAME OF LEARNER: _____

QUESTION	MAX MARKS	LEARNER'S MARKS	MODERATOR'S MARKS
1	30		
2	45		
3	35		
4	40		
TOTAL	150		

Stanmorephysics



This answer book consist of 9 pages

QUESTION 1

1.1 CONCEPTS

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 Complete the table provided to indicate the effect on the accounting equation

NO	Account debited	Account credited	A	O	L
e.g	Bank	Rent income	+	+	0
a					
b					
c					12

1.3 Calculate the missing figures in the fixed asset note

	WORKINGS	ANSWER
(i)		
(ii)		
(iii)		
(iv)		

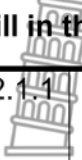
14

TOTAL MARKS
30

QUESTION 2

2.1 CONCEPTS

Fill in the missing concepts



2.1.1	
2.1.2	
2.1.3	
2.1.4	

4



2.2 PARTNERSHIP: STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive income of Good Hope Traders for the year
 ended 30 June 2022 R

Sales		
Cost of sales		
Gross profit		
Other operating income		
Rent income		
Discount received	4 200	
Gross operating income		
Other operating expenses		
Salaries and wages	163 700	
Discount allowed	1 500	
Sundry expenses	41 000	
Water and electricity		
Insurance		
Packing material		
Stationery		
Bad debts		
Operating profit		
Profit before interest expense		
Net profit for the year		41

TOTAL MARKS
45

QUESTION 3

3.1 TT BROTHERS

3.1.1 CURRENT ACCOUNT NOTE

	THOMAS		TITUS	
Partner's salaries				
Interest on capital				
Partner's bonuses				
Primary distribution				
Final distribution				
Net profit for the year				
Drawings	(345 000)		(375 000)	
Retained income				
Balance at the beginning	(30 000)		10 500	
Balance at the end				



3.1.2 BALANCE SHEET ON 30 SEPTEMBER 2022

EQUITY AND LIABILITIES		
Owners' equity		
Capital		
Current account		
Non-current liabilities		
Loan		
Current liabilities		
Trade and other payables		
Current portion of loan		
Bank overdraft		
TOTAL EQUITY AND LIABILITIES		


16

TOTAL MARKS
35



QUESTION 4

4.1 CONCEPTS

4.1.1	
4.1.2	
4.1.3	
4.1.4	

4

4.2 CALCULATION OF FINANCIAL INDICATORS FOR 2023

4.2.1 Acid –test ratio:

4.2.2 Debt –equity ratio:

4

3



4.2.3 % return on average equity earned by the partnership:



5

4.3

Should the partners be concerned about the liquidity of the business for 2023? Quote **TWO** financial indicators.

5

4.4

Explain whether the business is managing its operating expenses effectively. Quote **TWO** financial indicators



4

4.5

4.5.1 Is it a good idea to borrow R 300 000? Quote ONE financial indicator to support your answer.



3

4.5.2 Provide TWO other suggestions that the partners can consider instead of increasing loan

2

4.6

Gold is concerned about the % return that he is earning. Is this a valid concern? Quote ONE financial indicator to support your answer.

4

4.7

Gold is not happy with Brown's current contributions to the partnership. He is deciding to have a meeting with her about this. List THREE points he should discuss with her at this meeting.

6

TOTAL MARKS

40



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF
EDUCATION

National Senior Certificate

GRADE 11

**ACCOUNTING PAPER 1
TERM 2 TASK 4: JUNE EXAMINATION 2023
MARKING GUIDELINES**

MARKS: 150

TIME: 2 Hours

MARKING PRINCIPLES

1. Penalties for foreign items are applied only if the candidate is not losing marks elsewhere in the question for that item (no foreign item 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 the answer is 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).
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 before awarding the mark.
10. 'Operation' means 'Check operation'. 'One part correct' means 'Operation & one part correct'.
Note: Check operation means must be +, –, x or ÷ as per memo, but some items can be + or – such as provision for bad debts adjustment / sale of asset.
Note: Where appropriate, use of numerator and denominator must be correctly applied to earn marks.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. In such cases, do not award the method mark. Indicate by way of ☒
12. Be aware that some candidates provide valid alternatives beyond the memorandum.
13. Codes: f = foreign item; p = placement/presentation.

This marking guideline consist of 9 pages

QUESTION 1

1.1 CONCEPTS

1.1.1	B ✓
1.1.2	D ✓
1.1.3	A ✓
1.1.4	C ✓

4

1.2 Complete the table provided to indicate the effect on the accounting equation

NO	Account debited	Account credited	A	O	L	
e.g	Bank	Rent income	+	+	0	
a	Vehicle ✓	Capital ✓	+ ✓	+ ✓	0	
b	Creditors allowances ✓	Equipment ✓	- ✓	0	- ✓	
c	Repairs ✓	Land and buildings ✓	- ✓	- ✓	0	12

1.3 Calculate the missing figures in the fixed asset note

	WORKINGS	ANSWER
(i)	3 000 000 + 760 000	3 760 000 ✓✓
(ii)	420 000 – 160 000	260 000 ✓✓
(iii)	see (ii) x 10% above 26 000 ✓✓ + 12 000 ✓✓	38 000 ✓ one part correct
(iv)	360 000 ✓ – (216 000 ✓ + 36 000 ✓✓) 252 000 three marks	108 000 ✓ one part correct

14

TOTAL MARKS
30

QUESTION 2

2.1 CONCEPTS



Fill in the missing concepts

2.1.1	Income statement ✓
2.1.2	Income received in advance ✓
2.1.3	Balance sheet ✓
2.1.4	Current assets ✓

4



2.2 PARTNERSHIP: STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive income of Good Hope Traders for the year ended 30 June 2022

	R
Sales (1032 000 - 32 000 ✓ - 225 ✓)	999 775 <input checked="" type="checkbox"/> *
Cost of sales (427 000 - 150 ✓)	(426 850) <input checked="" type="checkbox"/> *
Gross profit operation	572 925 <input checked="" type="checkbox"/>
Other operating income	49 010 <input checked="" type="checkbox"/>
Rent income(47 250 - 3850 ✓ ✓)	43 400 <input checked="" type="checkbox"/> *
Discount received	4 200
Bad debts recovered (1000 ✓ + 210 ✓)	1210 <input checked="" type="checkbox"/> *
Provision for bad debts adjustment	200 ✓
Gross operating income operation	621 935 <input checked="" type="checkbox"/>
Other operating expenses operation	(281 110) <input checked="" type="checkbox"/>
Salaries and wages	163 700
Discount allowed	1 500
Sundry expenses	41 000
Water and electricity(25000 + 5000)	30 000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Insurance (6 400 - 1200 ✓)	5 200 <input checked="" type="checkbox"/> *
Packing material(4 200 + 500 ✓ - 900 ✓)	3 800 <input checked="" type="checkbox"/> *
Stationery (4 100 - 500 ✓)	3 600 <input checked="" type="checkbox"/> *
Bad debts(1 500 + 450)	1 950 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Bank charges	840 ✓
Trading Stock deficit(81 000 + 150 ✓ - 79 100 ✓)	2050 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Depreciation	27470 ✓
Operating profit operation	340825 <input checked="" type="checkbox"/>
Interest income(500 + 500)	1000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> *
Profit before interest expense operation	341825 <input checked="" type="checkbox"/>
Interest expense (360 + 7 125 ✓ ✓)	(7 485) <input checked="" type="checkbox"/> *
Net profit for the year operation	334 340 <input checked="" type="checkbox"/>

*One part correct

41

TOTAL MARKS
45

QUESTION 3

3.1 TT BROTHERS

3.1.1 CURRENT ACCOUNT NOTE

	THOMAS	TITUS
Partner's salaries 240 000✓ + 60 000✓ or 25 000 x 12	300 000 ✓*	240 000 ✓
Interest on capital (24 000✓ +27 000✓)	42 000✓	51 000 ✓*
Partner's bonuses		24 000 ✓
Primary distribution	342 000 ✓*	315 000 ✓*
Final distribution	46 500 ✓	46 500 ✓
Net profit for the year	388 500 ✓*	361 500 ✓*
Drawings	(345 000)	(375 000)
Retained income	43 500 ✓	(13 500) ✓
Balance at the beginning	(30 000)	10 500
Balance at the end	13 500 ✓*	(3 000) ✓*

*one part correct

19



3.1.2 BALANCE SHEET ON 30 SEPTEMBER 2022

EQUITY AND LIABILITIES		
Owners' equity	operation	810 500✓
Capital (350 000✓ + 450 000✓)		800 000✓*
Current Account (13 500 – 3000)	see 3.1.1	10 500✓✓*
Non-current liabilities		198 000
Loan balancing figure : TE& L – E -CL		198 000✓✓*
Current liabilities	operation	161 500✓
Trade and other payables (60 500✓ +8 000✓ +7 500✓)		76 000✓*
Current portion of loan		50 000✓
Bank overdraft		35 500✓
TOTAL EQUITY AND LIABILITIES		1 170 000✓

✓* One part correct

16

TOTAL MARKS
35



QUESTION 4

4.1 CONCEPTS

4.1.1	False ✓
4.1.2	True ✓
4.1.3	True ✓
4.1.4	False ✓

4

4.2 CALCULATION OF FINANCIAL INDICATORS FOR 2023

4.2.1 Acid –test ratio:

$$64\ 000 \checkmark + 11\ 000 \checkmark : 84\ 000 \checkmark$$

$$= 0.9 : 1 \checkmark \text{ accept } 0.89 : 1$$

OR

$$171\ 000 - 96\ 000 : 84\ 000 = 0.9 : 1 \text{ accept } 0.89 : 1$$

OR

$$75\ 000 : 84\ 000 = 0.9 : 1 \text{ accept } 0.89 : 1$$

4

4.2.2 Debt –equity ratio:

$$240\ 000 \checkmark : 858\ 000 \checkmark$$

$$= 0.3 : 1 \checkmark \text{ accept } 0.27 : 1$$


3



4.2.3 % return on average equity earned by the partnership:

$$\frac{278\,000 \checkmark}{\frac{1}{2} \checkmark (858\,000 \checkmark + 1\,210\,000 \checkmark)} \times \frac{100}{1}$$

27 % **accept 26.9 %**

 **OR**

$$\frac{278\,000}{(2\,068\,000)} \times \frac{100}{1}$$

OR

$$\frac{278\,000}{(1\,034\,000)} \times \frac{100}{1}$$

5

4.3

Should the partners be concerned about the liquidity of the business for 2023? Quote TWO financial indicators.

Comment ✓	Indicators ✓✓	Figures ✓✓
Current ratio decreased from 3.9: 1 in 2022 to 2,2 : 1 in 2023.		
Acid test ratio decreased from 2.2 :1 in 2022 to 0.9 /0.89 : 1 in 2023		
The partners should not be concerned because the business is liquid.		
They should have no problem paying off their short – term debts.		
The liquidity ratios are far more efficient in 2023 as they were too high in 2022.		

5

4.4

Explain whether the business is managing its operating expenses effectively. Quote TWO financial indicators

Indicators ✓ ✓	Figures ✓✓
%operating expenses increased from 23% in 2022 to 25% in 2023	
%operating profit decreased from 23% in 2022 to 20% in 2023	
%net profit on sale decreased form 15% in 2022 to 12% in 2023	

4



4.5

4.5.1 Is it a good idea to borrow R 300 000? Quote ONE financial indicator to support your answer.

Comment ✓	Indicators ✓	Figures ✓
Debt-equity ratio increased from 0.1: 1 in 2022 to 0.3: 1 in 2023.		
Yes, the partnership is lowly geared /has low risk /They are not making much use of loans.		
OR		
No, if they borrow R 300 000 the debt –equity ratio will increase to 0.6:1 which increases the risk because there will be high interest and repayment commitments.		

3

4.5.2 Provide TWO other suggestions that the partners can consider instead of increasing loan

Two valid suggestions ✓ ✓
<ul style="list-style-type: none"> • Increase their capital contributions. • Get another partner. • Use the fixed deposit.

2

4.6

Gold is concerned about the % return that he is earning. Is this a valid concern? Quote ONE financial indicator to support your answer.

Explanation ✓✓	Figures ✓✓
Gold should be concerned as his % return on equity decreased from 29% in 2022 to 22% in 2023, while Brown's % return on equity increased from 21% in 2022 to 36 % in 2023.	

4

4.7

Gold is not happy with Brown's current contributions to the partnership. He is deciding to have a meeting with her about this. List THREE points he should discuss with her at this meeting.

Three valid points ✓✓ ✓✓ ✓✓
<ul style="list-style-type: none"> • Brown withdrew R 400 000 of her capital contribution during the year. • Brown has a negative current account due to drawings. • They receive the same salary; they may not be doing the same amount of work. • They must renegotiate the partnership agreement as it is not fair on Gold. He provides 75% of the capital and has not drawn all his earnings, yet he is earning a lower return

6

TOTAL MARKS
40