



**PROVINCIAL EXAMINATION**  
**JUNE 2023**  
**GRADE 11**

**ACCOUNTING  
PAPER 1**

**TIME: 2 hours**

**MARKS: 150**

**11 pages + 1 formula sheet and an answer book of 8 pages**



**INSTRUCTIONS AND INFORMATION**

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET for financial indicators is provided at the back of this question paper. You may use it if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use blue/black ink 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 below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME IN MINUTES
1.	Accounting Equation	15	10 minutes
2.	Partnerships: Ledger Accounts	25	17 minutes
3.	Statement of Comprehensive Income (Income Statement)	45	40 minutes
4.	Concepts and Statement of Financial Position (Balance Sheet)	40	35 minutes
5.	Financial Indicators	25	18 minutes
<b>TOTAL</b>		<b>150</b>	<b>120 minutes</b>

**QUESTION 1: ACCOUNTING EQUATION****(15 marks; 10 minutes)****REQUIRED:**

Analyse the following transactions and show the effect on the Accounting Equation. (15)

**Take note that the bank balance remains favourable at all times.**

- 1.1 A partner, A. Matome, increased his capital contribution from R966 000 to R1 222 000.
- 1.2 The business purchased merchandise from Kgomotso Traders worth R250 000 using an EFT.
- 1.3 The business received an invoice from Nadeela Stores for stationery bought on credit, R6 700.
- 1.4 Sold goods on credit for R300 000. The business uses a profit mark-up of 50%.
- 1.5 Paid R89 000 to Tummy Bank for repayment of loan.

**15**

**QUESTION 2: PARTNERSHIPS****(25 marks; 17 minutes)****REQUIRED:**

- 2.1 Calculate the interest on capital for Martin Nike. (5)
- 2.2 Prepare the Current Account Note for Marronnie Fashions. (20)

**INFORMATION:**

- A. Extract from the Pre-adjustment Trial Balance of Marronnie Fashions on 28 February 2023:**

Balance Sheet Section	Debit	Credit
Capital: Martin Nike (1 March 2022)		1 600 000
Capital: Ronnie Jordan (1 March 2022)		800 000
Drawings: Martin Nike	442 800	
Drawings: Ronnie Jordan	213 200	
Current Account: Martin Nike (1 March 2022)		21 600
Current Account: Ronnie Jordan (1 March 2022)	30 800	

- B.** The net profit for the year amounted to R1 180 400.
- C.** The partnership agreement stipulates the following:
- At the beginning of the financial year, Martin Nike is entitled to a monthly salary of R16 000 and Ronnie Jordan earns 25% more than Martin Nike. Their salaries were increased by 10% with effect from 1 August 2022.
  - Ronnie Jordan receives half of his monthly salary, **AFTER** the salary increase, as a bonus.
  - The partners received interest on their capital balances at a rate of 6% p.a. at the beginning of the year. The interest rate was increased by 2% with effect from 1 December 2022.
  - Capital balances did not change during the year.
  - The remaining profit or losses are to be shared in the same ratio as their capital contributions.

**QUESTION 3: INCOME STATEMENT****(45 marks; 40 minutes)**

The following information was taken from the books of Ahmed Traders on 28 February 2023, the last day of their financial year. The business uses a mark-up of 100% on cost.

**REQUIRED:**

- 3.1 Prepare the Income Statement (Statement of Comprehensive Income) of Ahmed Traders for the year ending 28 February 2023. (40)
- 3.2 Prepare the Note for Trade and other receivables. (5)

**INFORMATION:****A. Extract from the pre-adjustment trial balance at 28 February 2023:**

	Debit	Credit
Land and buildings	1 100 000	
Vehicles (cost price)	1 800 000	
Equipment (cost price)	312 500	
Accumulated depreciation on vehicles (1 March 2022)		495 500
Accumulated depreciation on equipment (1 March 2022)		62 250
Loan: Mzansi Bank (8% p.a.)		?
Creditors' control		148 600
Trading stock	371 900	
Debtors' control	178 400	
Provision for bad debts		17 000
Bank	179 950	
Cash float	10 00	
Petty cash	750	
Sales		?
Cost of sales	1 757 000	
Discount allowed	13 350	
Water and electricity	68 950	
Insurance	162 500	
Telephone	61 950	
Discount received		19 600
Rent income		89 650
Donations	42 650	
Stationery	128 150	
Bad debts	30 600	
Bank charges	8 000	
Advertising	139 050	
Sundry expenses	?	
Bad debts recovered		9 000

**B. ADDITIONAL INFORMATION:**

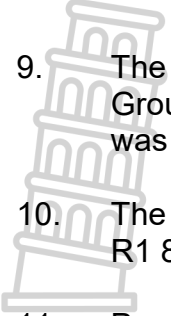
1. Goods with a cost price of R19 000 before stocktaking, were donated to a local community that was affected by floods. No entries have been made.
2. The owner took stationery for his son's use. The bookkeeper made the following entry:
 

<b>Debit – Drawings</b>	<b>R2 500</b>
<b>Credit – Trading Stock</b>	<b>R2 500</b>
3. A physical stocktake on 28 February shows the following items on hand:
  - Trading stock, R326 600
  - Stationery, R2 100
4. A debtor, A. Hajaat, was declared insolvent. Her estate paid 25 cents in every rand. The business received an EFT of R9 000. This transaction was not recorded. The rest of her outstanding balance must still be written-off.
5. A storeroom was rented out from 1 June 2022 at R11 000 per month. The rent was increased by 7,5% per month on 1 December 2022. Provide for the outstanding rent.

6. **Loan Statement:**

Balance on 1 March 2022	800 000
Repayments (R16 000 per month, including interest)	?
Interest capitalised	?
Balance on 28 February 2023	691 000

7. Depreciation is calculated as follows:
  - Vehicles: R161 250
  - Equipment: R33 040
8. The Bank Statement revealed the following items that have not been recorded in the relevant Cash Journals:
  - EFT of R2 000 from H. Omar, a debtor, who was previously written-off.
  - Service fees, R365
  - Credit card levy, R140
  - ATM deposit fees, R225
  - Interest on favourable balance, R780

- 
9. The business entered into an advertising contract with Micky Advertising Group. An annual premium of R64 800 for the period ending 31 July 2023 was paid in full on 1 August 2022.
  10. The telephone account for February 2023 was received with the cost of R1 800. The amount will be settled on 3 March 2023.
  11. Provision for bad debts was increased to R17 600.
  12. Operating profit is calculated at 20% of the sales.



**QUESTION 4: CONCEPTS AND STATEMENT OF FINANCIAL POSITION****(40 marks; 35 minutes)**

MacDee Traders is a partnership business, with partners Mahlatse Dingwane and Dimpho Hlatshwayo. They have requested you to assist them with the preparation of financial statements as at 31 May 2023.

**REQUIRED:**

- 4.1 Complete the Capital Note. (5)
- 4.2 Prepare the Statement of Financial Position (Balance Sheet) as at 31 May 2023. (35)

**INFORMATION:**

**A.** Capital balances on 31 May 2023:

- Mahlatse Dingwane R2 500 000
- Dimpho Hlatshwayo R3 880 000

**Note:**

- Mahlatse Dingwane decreased his capital by R500 000. This transaction was recorded.
- Dimpho Hlatshwayo increased her capital by R220 000. This transaction was not recorded.

**B.** The total of the Current Account balances is R400 000 (after all relevant adjustments have been taken into account).

**C.** The loan statement received from Tswane Bank reflected the following:

Balance on 1 June 2022	7 320 000
Interest on capital (Capitalised)	376 800
Repayments of R50 400 per month (loan plus interest)	604 800
<b>Capital repayments are expected to remain the same over the next financial year.</b>	



The following balances were extracted from the Pre-Adjustment Trial Balance on 31 May 2023:

Tangible assets at carrying value	14 112 000
Creditors' control	1 120 000
Trade and other receivables	959 000
Inventories	600 000
Consumable stores on hand	92 000
Bank overdraft	?
Cash float and petty cash	32 000

- E.** R22 000, which is one-third of the fixed deposit, matures on 31 August 2022.
- F.** Water and electricity for R3 600 is still outstanding.
- G.** Rent for June 2023 was received in advance. The total amount of rent received was R260 000.
- H.** An employee's salary was omitted from the Salary Journal on May 2023. Payments for all the contributions were not made. The details are as follows:

Gross salary	Employee's deductions	Net salary
R30 000	R3 750	R26 250

UIF is 1% of the gross salary. The business contributes to UIF on a rand-for-rand basis and R1 600 towards the employee's medical aid.



**QUESTION 5: FINANCIAL INDICATORS****(25 marks; 18 minutes)****5.1 TRUE AND FALSE****(4)**

Indicate whether the following statements are TRUE or FALSE. Write only the word 'True' or 'False' next to the question number (5.1.1 to 5.1.4) in the ANSWER BOOK.

- 5.1.1 Liquidity refers to the ability of the business to pay its long-term debts.
- 5.1.2 Efficiency is the effective management of expenses.
- 5.1.3 Solvency ratio is calculated as total assets to current liabilities.
- 5.1.4 Acid-test ratio is also known as quick ratio.

**5.2 THABETH TRADERS****(21)**

You are provided with information regarding Thabeth Traders for the year ended 31 May 2023. The partners are Thabo and Bethina.

**REQUIRED:**

5.2.1 Calculate the following for 2023:

- (a) Acid-test ratio (3)
- (b) Debt/Equity ratio (3)
- (c) Percentage return on average equity (5)

5.2.2 Comment on the liquidity of the business. Motivate your answer by quoting any ONE financial indicator, with figures. (3)

5.2.3 Should the partners be satisfied with their investment in the business? Explain and quote figures to motivate your answer. (3)

5.2.4 Thabo is suggesting they should expand the business. Do you agree with his decision of obtaining an additional loan? Explain by citing ONE financial indicator, with figures. (4)

**INFORMATION:**

**A**

<b>Financial Indicators</b>	<b>2023</b>	<b>2022</b>
Percentage profit mark-up		
Current ratio	2,19 : 1	1,5 : 1
Acid-test ratio	?	0,8 : 1
Stock turnover rate	24 times	19 times
Debt/Equity ratio	?	1 : 1
Solvency ratio	0,8 : 1	1,3 : 1
Interest on Fixed Deposit (Tala Bank)	15%	12%

**B**

<b>Figures from the Financial statements</b>	<b>2023</b>	<b>2022</b>
Partners' equity	995 100	803 000
Capital: Thabo	600 000	500 000
Capital: Bethina	300 000	250 000
Current Account: Thabo	54 550 Cr	28 500 Cr
Current Account: Bethina	40 550 Cr	24 500 Cr
Current assets	340 000	315 000
Trading stock	95 000	100 000
Trade debtors	65 000	90 000
Cash and cash equivalents	180 000	125 000
Trade creditors	155 000	140 000
Loan: Yan Bank (16% p.a.)	700 000	900 000
Sales for the year (35% on credit)	3 200 000	2 500 000
Cost of sales	2 450 000	1 850 000
Net profit	285 000	230 000

**25**

**TOTAL: 150**



**END**

## FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total earnings by partner}}{\text{Average partners' equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average partners' equity}} \times \frac{100}{1}$	
Current Assets: Current Liabilities	Current Assets – Inventories: Current Liabilities	
Trade and other receivables + Cash and cash equivalents: Current Liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1} \text{ or } \frac{12}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases or Cost of sales}} \times \frac{365}{1} \text{ or } \frac{12}{1}$	
$\frac{\text{Average inventories}}{\text{Cost of sales}} \times \frac{365}{1} \text{ or } \frac{12}{1}$	$\frac{\text{Cost of sales}}{\text{Average inventories}}$	
Non-current Liabilities: Partners' equity	Total assets: Total liabilities	





**GAUTENG PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

# PROVINCIAL EXAMINATION

## JUNE 2023

## GRADE 11

**ACCOUNTING  
PAPER 1  
ANSWER BOOK**

**TIME:** 2 hours

**MARKS:** 150

**8 pages**

Name of school:	
Name of learner:	
Date:	

Question	Topic	Possible marks	Obtained marks	Moderated marks
1.	Accounting Equation	15		
2.	Partnership: Ledger Accounts	25		
3.	Statement of Comprehensive Income (Income Statement)	45		
4.	Concepts and Statement of Financial Position (Balance Sheet)	40		
5.	Financial Indicators	25		
	<b>TOTAL</b>	<b>150</b>		

**QUESTION 1: ACCOUNTING EQUATION**

**(15 marks; 10 minutes)**


No.	Account debited	Account credited	Effect on accounting equation		
			A	OE	L
1.1					
1.2					
1.3					
1.4					
1.5					

/1.6	
24/1.6	15

**QUESTION 2: PARTNERSHIPS: LEDGER ACCOUNTS**

**(25 marks; 17 minutes)**

2.1 Calculate the interest on capital for Martin Nike.



5
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## 2.2 CURRENT ACCOUNT NOTE: MARRONNIE FASHIONS

	MARTIN	RONNIE	TOTAL
<b>Net profit for the year</b>			<b>1 180 400</b>
Salaries			
Bonus			
Interest on capital			
<b>Primary distribution</b>			
<b>Secondary distribution</b>			
Drawings	<b>(442 800)</b>		
<b>Retained income</b>			
<b>Balance at the beginning of the year</b>	<b>21 600</b>	<b>(30 800)</b>	
<b>Balance at the end of the year</b>			

20

25

**QUESTION 3: STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)**  
(45 marks; 40 minutes)

Ahmed Traders

Statement of Comprehensive Income for the year ended 28 February 2023

Sales	
Cost of sales	(1 757 000)
<b>Gross profit</b>	
Other operating income	
Discount received	19 600
<b>Gross operating income</b>	
Other operating expenses	
Discount allowed	13 350
Water and electricity	68 950
Insurance	162 500
<b>Operating profit</b>	
Interest income	780
<b>Profit before interest expense</b>	
<b>Net profit for the year</b>	



**3.2 Trade and other receivables note:**

<b>Trade Debtors (178 400)</b>	

<b>5</b>

<b>45</b>

**QUESTION 4: CONCEPTS AND STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**  
(40 marks; 35 minutes)

**4.1 Capital Note:**

	<b>Mahlatse</b>	<b>Dimpho</b>	<b>Total</b>
Balance at the beginning			
Additional Capital contributions	<b>0</b>	<b>220 000</b>	<b>220 000</b>
Withdrawal of Capital	<b>(500 000)</b>	<b>0</b>	<b>(500 000)</b>
Balance at the end			

<b>5</b>

**4.2 MacDee Traders**

**Statement of Financial Position as at 31 May 2023**

<b>Non-Current Assets</b>		
<b>Current Assets</b>		
Trade and other receivables		<b>959 000</b>
<b>TOTAL ASSETS</b>		
<b>Equity and Liabilities</b>		
<b>Partners' Equity</b>		
Capital		
Current Accounts		<b>400 000</b>
<b>Non-Current Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables		
<b>Total Equity and Liabilities</b>		

<b>35</b>

<b>40</b>

**QUESTION 5: FINANCIAL INDICATORS**

**(25 marks; 18 minutes)**

**5.1 TRUE/FALSE**

5.1.1	
5.1.2	
5.1.3	
5.1.4	

4

**5.2 THABETH TRADERS**

5.2.1	(a) Calculate the acid-test ratio for 2023.	(3)
	(b) Calculate the debt/equity ratio.	(3)
	(c) Calculate the percentage return on average equity.	(5)

5.2.2	<b>Comment on the liquidity of the business. Motivate your answer by quoting any ONE financial indicator, with figures.</b>	<b>(3)</b>
5.2.3	<b>Should the partners be satisfied with their investment in the business? Explain and quote figures to motivate your answer.</b>	<b>(3)</b>
5.2.4	<b>Thabo is suggesting they should expand the business. Do you agree with his decision of obtaining an additional loan? Explain by citing ONE financial indicator, with figures.</b>	<b>(4)</b>
	YES/NO	



# PROVINCIAL EXAMINATION

## JUNE 2023

## GRADE 11

# MARKING GUIDELINES

### ACCOUNTING PAPER 1

**8 pages**

**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 penalty for misplaced items). No double-penalty is 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. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. 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.
9. In awarding method-marks, ensure that candidates do not get full marks for any item that is incorrect at least in part.
10. Be aware of candidates who provide valid alternatives beyond the marking guidelines.
11. Codes: f = foreign item; p = placement/presentation

## QUESTION 1: ACCOUNTING EQUATION

(15 marks; 10 minutes)

No.	Account debited	Account credited	Effect on accounting equation		
			A	OE	L
1.1	Bank ✓	Capital: Matome ✓	+ 256 000 ✓	+ 256 000 ✓	0
1.2	Trading Stock ✓	Bank ✓	- 250 000 ✓ + 250 000 ✓	0	0
1.3	Stationery ✓	Creditors' Control ✓	0	- 6 700 ✓	+ 6 700 ✓
1.4	Debtors' control ✓	Sales ✓	+ 300 000 ✓	+ 300 000 ✓	0
	Cost of Sales ✓	Trading Stock ✓	- 200 000 ✓	- 200 000 ✓	0
1.5	Loan: Tummy Bank ✓	Bank ✓	- 89 000 ✓	0	- 89 000 ✓

/1.6	
24/1.6	15

## QUESTION 2: PARTNERSHIPS: LEDGER ACCOUNTS

(25 marks; 17 minutes)

2.1 Calculate the interest on capital for Martin Nike.

$$\frac{6}{100} \times 1\,600\,000 \times \frac{9}{12} = 72\,000 \checkmark \checkmark$$

$$\frac{8}{100} \times 1\,600\,000 \times \frac{3}{12} = 32\,000 \checkmark \checkmark$$

$$72\,000 + 32\,000 = 104\,000 \checkmark$$

 one part correct

5

## 2.2 CURRENT ACCOUNT NOTE: MAKRONNIE FASHIONS

	MARTIN	RONNIE	TOTAL
<b>Net profit for the year</b>	<input checked="" type="checkbox"/> 678 000	<input checked="" type="checkbox"/> 502 400	<b>1 180 400</b>
Salaries	$\sqrt{\sqrt{}}$ 203 200	$\sqrt{\sqrt{}}$ 254 000	
Bonus	-	$\sqrt{}$ 11 000	
Interest on capital	<input checked="" type="checkbox"/> 104 000	$\sqrt{\sqrt{\sqrt{}}}$ 52 000	
<b>Primary distribution</b>	<input checked="" type="checkbox"/> 307 200	<input checked="" type="checkbox"/> 317 000	
<b>Final distribution</b>	<input checked="" type="checkbox"/> 370 800	<input checked="" type="checkbox"/> 185 400	
Drawings	<b>(442 800)</b>	$\sqrt{}$ (213 200)	
Retained income	<input checked="" type="checkbox"/> 235 200	<input checked="" type="checkbox"/> 289 200	
Balance at beginning	<b>21 600</b>	<b>(30 800)</b>	
Balance at the end of the year	<input checked="" type="checkbox"/> 256 800	<input checked="" type="checkbox"/> 258 400	

 one part correct

20

25

## QUESTION 3: STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)

(45 marks; 40 minutes)

## 3.1 Ahmed Traders

## Statement of Comprehensive Income for the year ended 28 February 2023

Sales (1 757 000 x 200/100)		<input checked="" type="checkbox"/> 3 514 000
Cost of sales		<b>(1 757 000)</b>
<b>Gross profit</b>		<input checked="" type="checkbox"/> 1 757 000
<b>Other operating income</b>		<input checked="" type="checkbox"/> 132 075
<b>Discount received (19 600)</b>		<b>19 600</b>
Rent income (89 650 + 11 825)		<input checked="" type="checkbox"/> 101 475
Bad debts recovered (9 000 + 2 000)		<input checked="" type="checkbox"/> 11 000
<b>Gross operating income</b> (missing figure GOI -OP)	(9)	<input checked="" type="checkbox"/> 1 889 075
<b>Other operating expenses</b>		<input checked="" type="checkbox"/> (1 186 275)
<b>Discount allowed</b>		<b>13 350</b>
<b>Water and electricity</b>		<b>68 950</b>
<b>Insurance</b>		<b>162 500</b>
Telephone (61 950 + 1 800)		<input checked="" type="checkbox"/> 63 750
Donations (42 650 + 19 000)		<input checked="" type="checkbox"/> 61 650
Stationery (128 150 – 2 500 <input checked="" type="checkbox"/> – 2 100 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 123 550
Bad debts (30 600 + 27 000 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 57 600
Advertising (139 050 – 27 000 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 112 050
Sundry Expense (Balancing figure OE-All expenses)		<input checked="" type="checkbox"/> 290 455
Trading stock deficit (371 900 <input checked="" type="checkbox"/> – 19 000 <input checked="" type="checkbox"/> + 2 500 <input checked="" type="checkbox"/> – 326 600 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 28 800
Depreciation (161 250 + 33 040)		<input checked="" type="checkbox"/> 194 290
Bank Charges (8 000 + 365 + 140 + 225)		<input checked="" type="checkbox"/> 8 730
Provision for bad debts adjustment		<input checked="" type="checkbox"/> 600
<b>Operating profit</b> (3 514 000 x 0,20) (#20% of sales)	27	<input checked="" type="checkbox"/> 702 800
Interest income		<b>780</b>
<b>Profit before interest expense</b>		<input checked="" type="checkbox"/> 703 580
Interest expense (691 000 + 192 000 – 800 000)		<input checked="" type="checkbox"/> (83 000)
<b>Net profit for the year</b>	4	<input checked="" type="checkbox"/> 620 580

40



**3.2 Trade and other receivables note:**

Trade and other receivables (178 400 – 36 000)	√ <input checked="" type="checkbox"/> 142 400
Less: Provision for bad debts	(17 600)
Net Trade Debtors	124 800
Accrued income (see Rent income)	<input checked="" type="checkbox"/> 11 825
Prepaid expenses (see Advertising)	<input checked="" type="checkbox"/> 27 000
	<input checked="" type="checkbox"/> 163 625

5

45

**QUESTION 4: STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**  
(40 marks; 35 minutes)

**MacDee Traders**

Notes to financial statements as at 31 May 2023

**4.1 Capital Note:**

	Mahlatse	Dimpho	Total
Balance at the beginning	√ 3 000 000	√ 3 880 000	
Additional Capital contributions	0	220 000	220 000
Withdrawal of Capital	(500 000)	0	(500 000)
Balance at the end	√ 2 500 000	√ 4 100 000	<input checked="" type="checkbox"/> 6 600 000

 one part correct

5

## 4.2 MacDee Traders

## Statement of Financial Position as at 31 May 2023

		R
<b>Non-Current Assets</b>		<input checked="" type="checkbox"/> 14 156 000
Tangible Asset		<input checked="" type="checkbox"/> 14 112 000
Fixed Deposit (22 000 x 2)		<input checked="" type="checkbox"/> 44 000
<b>Current Assets</b>		<input checked="" type="checkbox"/> 1 705 000
Inventories (600 000 <input checked="" type="checkbox"/> + 92 000 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 692 000
<b>Trade and other receivables</b>		<b>959 000</b>
Cash and Cash equivalents (22 000 <input checked="" type="checkbox"/> + 32 000 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 54 000
<b>TOTAL ASSETS</b>	(13)	<input checked="" type="checkbox"/> 15 861 000
<b>Equity and Liabilities</b>		
<b>Partners' Equity</b>	(2)	<input checked="" type="checkbox"/> 7 000 000
Capital		<input checked="" type="checkbox"/> 6 600 000
Current Accounts		<b>400 000</b>
<b>Non-Current Liabilities</b>	(6)	6 864 000
Mortgage loan (7 320 000 <input checked="" type="checkbox"/> + 376 800 <input checked="" type="checkbox"/> - 604 800 <input checked="" type="checkbox"/> - 228 000 <input checked="" type="checkbox"/> )		<input checked="" type="checkbox"/> 6 864 000
<b>Current Liabilities</b> (Total Assets- Equity-NCL)		<input checked="" type="checkbox"/> 1 997 000
Trade and other payables (1 120 000 <input checked="" type="checkbox"/> + 3 600 <input checked="" type="checkbox"/> + 20 000 <input checked="" type="checkbox"/> + 26 250 <input checked="" type="checkbox"/> + 3 750 <input checked="" type="checkbox"/> + 300 <input checked="" type="checkbox"/> + 1 600 <input checked="" type="checkbox"/> )	(14)	<input checked="" type="checkbox"/> 1 175 500
Current portion of loan		<input checked="" type="checkbox"/> 228 000
Bank Overdraft (balancing figure; CL-payables-current portion of loan)		<input checked="" type="checkbox"/> 593 500
<b>Total Equity and Liabilities</b>		<input checked="" type="checkbox"/> 15 861 000

 one part correct

35

40

## QUESTION 5: FINANCIAL INDICATORS

(25 marks; 18 minutes)

## 5.1 TRUE/FALSE

5.1.1	False ✓
5.1.2	True ✓
5.1.3	False ✓
5.1.4	True ✓

4

## 5.2 THABETH TRADERS

5.2.1	(a) Calculate the Acid-test ratio for 2023.	(3)
	$(340\ 000 - 95\ 000) \checkmark : 155\ 000 \checkmark$ <b>OR</b> $(65\ 000 + 180\ 000) \checkmark : 155\ 000 \checkmark$ $= 245\ 000 : 155\ 000$ $= 1,6 : 1 \checkmark$ <b>one part correct</b>	
	(b) Calculate the debt/equity ratio.	(3)
	$700\ 000 \checkmark : 995\ 100 \checkmark$ $= 0,7 : 1 \checkmark$ <b>one part correct</b>	
	(c) Calculate the percentage return on average equity.	(5)
	$\frac{\checkmark 285\ 000}{(995\ 100 \checkmark + 803\ 000 \checkmark) \times \frac{1}{2} \checkmark} \times \frac{100}{1}$ $= \frac{285\ 000 \times 100}{899\ 050 \times 1}$ $= 31,7\ \% \checkmark$ <b>one part correct</b>	

5.2.2	<b>Comment on the liquidity of the business. Motivate your answer by quoting ANY ONE financial indicator, with figures.</b>	(3)
	<p>The liquidity of the business is acceptable and they will not struggle to meet their short-term obligations. ✓</p> <p>Ratio ✓ Figure ✓ Ratio</p> <p>The current ratio increased from 1,5 : 1 to 2,19 : 1  The acid-test ratio increased from 0,8 : 1 to 1,6 : 1 (see no. a)  The rate of stock turnover increased from 19 times to 24 times.</p> <p>(Any acceptable explanation)</p>	
5.2.3	<b>Should the partners be satisfied with their investment in the business? Explain and quote figures to motivate your answer.</b>	(3)
	<p>Yes ✓</p> <p>Explanation ✓ Figure ✓</p> <p>They earn a return of 31,7% which is more than the 15% interest on Fixed Deposit.</p> <p><b>Note:</b> Mark the answer according to the candidate's answer in (c). The answer can then be "no" with an explanation, based on their findings.</p>	
5.2.4	<b>Thabo is suggesting they should expand the business. Do you agree with his decision of obtaining an additional loan? Explain by citing ONE financial indicator, with figures.</b>	(4)
	<p>Yes ✓</p> <p>Indicator with numbers ✓✓ Explanation ✓</p> <p>The debt/equity ratio is 0,7 : 1 which means the business is medium geared.</p> <p style="text-align: center;"><b>OR</b></p> <p>No ✓</p> <p>The debt equity ratio is 0,7 : 1 which is too high, because 70 cents of every rand put in by the partners goes towards servicing debt.</p>	