



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

NSC
GRADE 11

ACCOUNTING P1
TASK 4
MAY/JUNE 2024

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TOTAL: 150 MARKS

DURATION: 2HOURS

This question paper consists of 13 pages including a formula sheet, and Answer Book of 11 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. Where applicable, round off all calculations to the nearest rand. All other calculations must be rounded off to one decimal place.
6. Read the instructions of each question carefully and follow them precisely.
7. Learners will forfeit marks for:
 - The use of non-standardised abbreviations
 - Superfluous/foreign entries
8. You may use a non-programmable calculator.
9. You may use blue/black ink or **dark** pencil to answer the questions.
10. Use the information in the table as a guide when answering the question paper. Try not to deviate from it.

QUESTION	TOPIC	MARKS	TIME IN MINUTES
1	Analysis of transactions, Fixed Assets, and Internal Control	45	36 minutes
2	Statement of Comprehensive Income and Note	50	40 minutes
3	General Ledger & Financial indicators' Interpretation	30	24 minutes
4	Partnership: Concepts and Statement of financial position (Current account note).	25	20 minutes
TOTAL		150	120 minutes

QUESTION 1 ANALYSIS OF TRANSACTIONS AND FIXED ASSETS
(45 Marks; 36 Minutes)

1.1 ANALYSIS OF TRANSACTIONS

Analyse the following transactions by completing the table (11)
provided in the ANSWER BOOK. Refer to the example below.
The perpetual stock system is used.

EXAMPLE: Bought a Laptop from Rams Digitals on credit, R17 250.

E.G.	General Ledger		Effect on Accounting Equation		
	Account debited	Account credited	Assets	Owners' equity	Liabilities
	Equipment	Rams digitals/ <u>Creditors'</u> control	+17 250	0	+17 250

TRANSACTIONS:

- 1.1.1 Received R4 000 from a debtor (T. Makofane) whose debt was previously written off.
- 1.1.2 Issued a debit note to PNA Stores for stationery returned, R380.
- 1.1.3 A debtor returned goods for R3 800 (cost price, R1 425). These goods were totally damaged.
- 1.1.4 The credit balance of a debtor, R500 must be transferred to his account in the creditors' ledger.

1.2 FIXED ASSETS: GENERAL LEDGER AND NOTE
FOX ENTERPRISES

You are provided with information relating to Fox Enterprises on 30 June 2023, the end of the financial year.

REQUIRED

Refer to information A – D to answer question 1.2

1.2.1 Prepare the Asset disposal account. (7)

1.2.2 Prepare the Tangible Assets Note on 30 June 2023. Show all calculations to earn part-marks. (13)

INFORMATION**A.**

Fixed assets	Land & Building	Equipment
Carrying value (01/07/2022)	2 000 000	165 000
Cost	2 000 000	300 000
Accumulated depreciation	0	(135 000)
Movement		
Additions at cost	?	180 000
Depreciation	0	?
Disposal at carrying value	0	?
Carrying value	2 600 000	?
Cost	?	?
Accumulated depreciation	0	?

Transactions

- B** Equipment bought on 30 June 2020 for R50 000 was sold for cash on 31 December 2022 for R21 000.

New equipment was purchased on 1 February 2023 for R180 000.

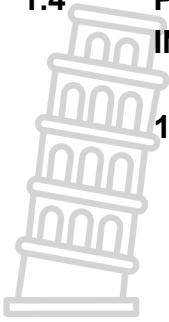
- C** Depreciation is written off at 15% on cost price
- D** Land and Buildings were purchased during the year.

1.3 GAAP CONCEPTS:

Which GAAP principle is applicable in each case?

- 1.3.1 The land and buildings were revalued in January 2024 and the market value is R1 300 000. The financial records for Fox Enterprises are reflecting R850 000. (1)
- 1.3.2 Any expense paid to maintain a vehicle must be recorded within the year in which that maintenance occurred (1)

1.4 PROBLEM SOLVING, INTERNAL CONTROL, ETHICS, AND INTERNAL AUDITING



1.4.1 PROBLEM SOLVING & INTERNAL CONTROL

Fox Enterprises wants to invest in a transport business. The owner intends to buy two trucks towards the end of December 2024 to transport goods throughout the country.

REQUIRED

- (a) The owner is concerned about high maintenance costs of trucks, and he needs your advice. Provide TWO points. (4)

Refer to the truck information below to answer 'b' below

Truck Details			
Make: Hyno		Date of purchase: 1 Sept 2022	
Registration: JMS 625 L		Depreciation method: Cost	
Cost: R?		Depreciation rate: 20%	
Date	Depreciation	Accumulated Depreciation	Carrying value
29 February 2023	135 000	135 000	?
29 February 2024	270 000	405 000	?

- (b) Calculate the cost price of the truck (Hyno) (3)

1.4.2 ETHICS & INTERNAL AUDITING

- (a) One of the vehicles is old and soon to be replaced. The manager of Fox enterprises was promised a gift by TAJ Motors if he purchased the new vehicle from them. Will it be ethical to accept this gift? Briefly explain. (3)
- (b) Why is it important to record the new asset in the fixed assets register? (2)



QUESTION 2 STATEMENT OF COMPREHENSIVE INCOME AND NOTE
(50 marks; 40 minutes)

MOKWANA TRADERS

The following information relates to the financial year ended on 29 February 2024.

REQUIRED

- 2.1 Complete the Statement of Comprehensive Income (41)
2.2 Prepare the Trade and other receivables note. (9)

INFORMATION

A. Extract from Pre-adjustment Trial balance on 29 February 2024

BALANCE ACCOUNT SECTION	
Vehicles	680 000
Accumulated depreciation on vehicles	150 000
Fixed deposit (at 12% p.a. at Mikateko bank)	180 000
Trading stock	122 500
Debtors control	70 000
Provision for bad debts	2 010
Loan: Mtolo Bank	184 500
NOMINAL ACCOUNT SECTION	
Sales (including 50% mark-up)	1 350 050
Cost of sales	?
Rent income	143 750
Commission income	22 480
Discount received	7 270
Interest on fixed deposit	8 500
Salaries and wages	105 600
Consumable stores	11 900
Insurance	19 300
Sundry expense	?
Bad debts	4 120

B. Additional information and Adjustments

- (i) Credit note of damaged goods worth R5 375 (cost price of R2 500), was not recorded.
- (ii) Physical stocktake revealed that stock, cost price R4 200, was missing and consumable stores on hand amounted to R3 100.
- (iii) The bookkeeper left out a discount of R230 from Angel Traders, a creditor. This was for early payment of the account.
- (iv) Debtors with arrears amounting to R3 000 must be written off.
- (v) Provision for bad debts must be adjusted to 4% of debtors.
- (vi) Insurance of R9 300 was fully recorded. The amount was paid for the period of 1 January 2024 up to 30 June 2024.
- (vii) Rent income was increased by 10% on 1 September 2023. The rent for February 2024 has not been received.
- (viii) The bookkeeper recorded R80 500 as additional fixed deposit on 1 October 2023.
- (ix) Depreciation for the year amounted to R68 750
- (x) The Loan statement is as follows:

Balance on 01 March 2023	385 000
Repayment of loan (including interest)	165 000
Balance on 29 February 2024	184 500

NB: Operating expenses amount to 28% of the adjusted sales.

QUESTION 3 PARTNERSHIP'S FINANCIAL INDICATORS – ANALYSIS & INTERPRETATION
(30 marks; 24 minutes)

REQUIRED

3.1 Calculate the following financial indicators on 30 September 2023

- 3.1.1 Current ratio (3)
3.1.2 Debt/Equity ratio (3)
3.1.3 Percentage return earned by the partner Agnes. (7)

3.2 The partners are concerned about the liquidity position of the business.

If you agree/disagree, explain why they feel this way. Quote TWO financial indicators to support your answer. (6)

3.3 Partner Agnes feels that the business should increase the loan.

Partner July is not keen to incur more debt. Briefly explain who you would support. Provide ONE financial indicator (with figures) to motivate your choice. (6)

3.4 Comment on the percentage return earned by partner July. Should he be satisfied with this percentage? Explain by quoting relevant financial indicators with figures. (5)

A. INFORMATION:

	30 SEPTEMBER 2023	30 SEPTEMBER 2022
Fixed deposit	125 000	100 000
Current assets including inventories	176 200	165 600
Inventories	54 000	62 200
Partners' equity	1 270 300	1 700 000
Capital: July	500 000	875 000
Capital: Agnes	750 000	675 000
Current Account: July	12 400 (Dr)	45 150 (Cr)
Current Account: Agnes	32 700 (Cr)	104 850 (Cr)
Mortgage loan (12% p.a.)	762 180	425 000
Current liabilities	58 700	166 240

B. Information from the Current account note on 30 September 2023

	PARTNER JULY	PARTNER AGNES
Annual salary allowance	225 216	265 200
Interest on capital	60 750	78 750
Bonus	13 784	-
Drawings for the year	?	322 400
Partners share of the remaining profit	?	34 500

C. The total primary distribution amounted to R600 440.

D. The partners share the remaining profit/loss in the ratio 2:1 between July and Agnes respectively.

Financial indicators on 30 September

	2023	2022
Current ratio	?	1 : 1
Acid test ratio	0,9 : 1	0,4 : 1
Stock turnover rate	9,4 times	11,2 times
Average debtors' collection period	40 days	35 days
Debt/equity ratio	?	0,3 : 1
Return on average capital employed	28,3%	25,3%
Return earned by the partners	40,5%	?
Return earned by partner July	21,1%	31%
Return earned by partner Agnes	?	43%
Interest rate on loan	10%	10%

QUESTION 4

**CONCEPTS & STATEMENT OF FINANCIAL POSITION:
EQUITY AND LIABILITIES (CURRENT ACCOUNT NOTE)**

(25 marks; 20 minutes)

4.1 CONCEPTS

Indicate if the following statements are 'TRUE or FALSE'.

Write only 'True' or 'False' next to the question number (4.1.1 – 4.1.5) in the Answer book.

- 4.1.1 A partnership is not a legal person. (1)
- 4.1.2 The minimum partners in a partnership are four. (1)
- 4.1.3 All partners earn monthly salary. (1)
- 4.1.4 Unlimited liability means that if the partnership does not have sufficient funds to settle the debts, the partners' personal assets will be used to settle the debts of the business. (1)
- 4.1.5 Ethical Principles refer to the basic accounting principles where if one account is debited, the other one must be credited (1)



4.2 EQUITY & LIABILITIES SECTION: CURRENT ACCOUNT NOTE CALCULATIONS:

You are provided with information relating to Shazia & Zanele Supplies, a business owned by Mrs B. Shazia and her daughter, Ms. T. Zanele. The financial year ends 30 September 2023.

REQUIRED

Refer to information provided to calculate the missing figures indicated/denoted by (a) to (g) in the Current Account Note (Information A) (20)

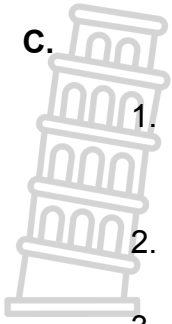
INFORMATION:

A. Current account of Shazia & Zanele supplies on 30 September 2023:

	SHAZIA	ZANELE
Partners' salaries	312 000	(a)
Interest on capital	(b)	39 600
Partners' Bonus	(c)	-
Primary's distribution		
Profit per income statement / Net profit for the year	232 650	(g)
Final distribution	170 000	85 000
Drawings during the year	(e)	(245 000)
Retained income	(d)	(f)
Balance at beginning of year	21 500	(5 100)
Balance at end of year	34 150	6 900

B. Extract from the Post- Adjustment Trial Balance of Shazia & Zanele Supplies, as 30 September 2021

	30 September 2021	30 September 2020
Capital: Shazia	760 000	210 000
Capital: Zanele	?	?
Drawings: Shazia	218 615	

**C. ADDITIONAL INFORMATION**

1. On 1 December 2020 Zanele received a 6% increase on her monthly salary of R24 000.
2. Shazia increased her capital on 1 January 2021 by transferring land and buildings worth R550 000 into the name of the business.
3. Partners are **currently** entitled to interest at 12% p.a. on their capital investment.

Note.

The percentage increased by 2% from 1 April 2021.

- Zanele's interest is R39 600. Zanele's capital balance remained the same during the accounting period.
 - Shazia's interest still needs to be calculated.
4. At the end of the financial period Shazia receives a bonus equal to 80% of his monthly salary.
 5. On 31 May 2021, a laptop was taken over by partner Shazia. The following details were obtained from the Fixed Asset Register:
 - Cost of laptop, R17 000.
 - The business made a loss of R1 165.

Note: This has not yet been recorded.

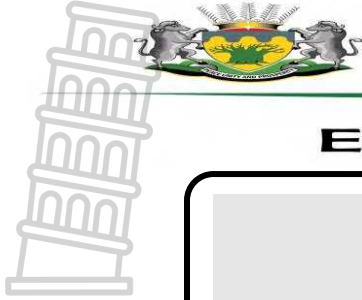
6. Partners share the remaining profits or losses in the ratio 2:1

25

END: 150



GRADE 11 ACCOUNTING FINANCIAL INDICATORS FORMULA SHEET		
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Amount earned by the partner}}{\text{Average partner's equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average partners' equity}} \times \frac{100}{1}$	
Current Assets : Current liabilities	Current Assets – Inventory : Current liabilities	
(Trade and other receivables + Cash and cash equivalents): Current liabilities		
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$	
$\frac{\text{Average stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average stock}}$	
Non – current liabilities : Partners' Equity	Total Assets : Total Liabilities	

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EDUCATION

**NSC
EXAMINATION**

ANSWER BOOK

Circuit:

School:

Name:

Date

ACCOUNTING P1 GRADE 11 TASK 4
MAY JUNE 2024

No	Topic/Content	Max marks	Marks obtained	Marker's Initials	Moderated marks
1	Concepts, Fixed assets, Problem solving, Internal control & Internal auditing	45			
2	Statement of Comprehensive Income & Trade and other Receivable note	50			
3	GAAP and Analysis & Interpretation of Financial statements	30			
4	Concepts & Statement of Financial Position	20			
	TOTAL	150			

This Answer book consists of 11 pages

QUESTION 1

1.1. ANALYSIS OF TRANSACTIONS

	General Ledger		Assets	Owner's equity	Liabilities
	Account debited	Account credited			
E. G	Equipment	Rams digitals/ <u>Creditors control</u>	+17,250	0	+17, 250
1.1.1	Bank			+4000	
1.1.2				+380	
1.1.4		Debtors control	-3 800		
	Trading stock		+1 425		
1.1.4					+500

11

1.2 FIXED ASSETS: GENERAL LEDGER AND NOTE

1.2.1 Dr ASSET DISPOSAL ACCOUNT N Cr

5

1.2.2 TANGIBLE / FIXED ASSETS NOTE

	Land & Building	Equipment
Carrying value	2 000 000	165 000
Cost	2 000 000	300 000
Accumulated depreciation	0	(135 000)
Movements		
		180 000
Carrying value	2 600 000	247 000
Cost		
Accumulated depreciation		

15

1.3 GAAP CONCEPTS:

Which GAAP principle is applicable in each case?

1.3.1	The Land and Buildings were revalued in January 2024 and the market value is R1 300 000. The financial records for Fox enterprises are reflecting R850 000.
1.3.2	Any expenses paid to maintain a vehicle must be recorded within the year in which that maintenance occurred.

2

1.4	
1.4.1	PROBLEM SOLVING & INTERNAL CONTROL
(a)	TWO points of advice to the owner regarding high maintenance costs.
(b)	Calculate the cost price of the truck

7

1.4.2. ETHICS & INTERNAL AUDITING
(a) One of the vehicles is old and soon to be replaced. The manager of Fox Enterprises was promised a gift by TAJ Motors if he purchased the new vehicle from them. Will it be ethical to accept this gift?
(b) Why is it important to record the new asset in the fixed asset register?

5

Total marks
45



QUESTION 2



MOKWANA TRADERS

2.1

Statement of Comprehensive Income for the year ended 29 February 2024

Sales (1350 050		
Cost of sales		
Gross profit		
Other operating income		
Gross operating income		
Operating expenses		
Bad debts (4 120		
Trading stock deficit (122 500		
Operating profit		
Profit before interest expense		
Net profit for the year		

2.2 Trade & other receivables



9

Total marks
50



QUESTION 3



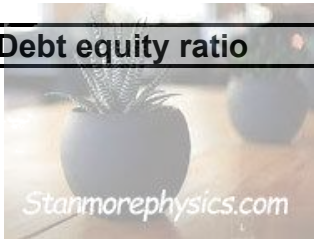
JULAGNE TRADERS

3.1 Analysing and Interpreting Financial statements


Calculate the following financial indicators on 30 September 2023.

3.1.1	Current ratio

3

3.1.2	Debt equity ratio
	

3

3.1.3	Percentage return earned by partner Agnes
	

7

3.2	Liquidity

6



3.3	Financing strategies/ Gearing

6

3.4	Partner July's return on earnings

5

Total marks
30

QUESTION 4 CONCEPTS AND STATEMENT OF FINANCIAL POSITION

4.1 CONCEPTS

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

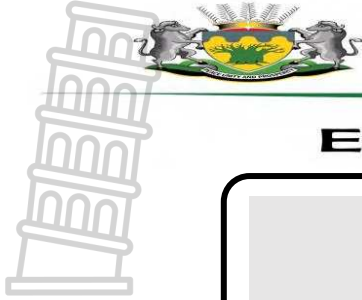
4.2 EQUITY & LIABILITIES: CURRENT ACCOUNT NOTE

Calculate the missing figures indicated by (a) to (e) in the Current Account note

	Calculations	Answer
a)		
b)		
c)		
d)		
e)		
f)		
g)		

20

Total marks
25



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NSC
GRADE 11

MEMORANDUM

ACCOUNTING P1
TASK 4
MAY/JUNE 2024

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise indicated in the marking guidelines, 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 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 answer 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). Note: If figures are stipulated in marking guidelines for components of workings, these do not carry the method mark for final answer as well.
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.
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.
9. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: Check operation must be +, -, x, ÷, or per marking guidelines.
10. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to ratios.
11. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate with a ξ .
12. Be aware of candidates who provide valid alternatives beyond the marking guidelines. Note that one comment could contain different aspects.
13. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 11 pages

QUESTION 1

1.1. ANALYSIS OF TRANSACTIONS

	General Ledger		Assets	Owner's equity	Liabilities
	Account debited	Account credited			
E.G.	Equipment	Rams digitals/ <u>Creditors</u> control	+17 250	0	+17 250
1.1.1	Bank	Bad debts recovered✓	+4 000 ✓	+4 000	
1.1.2	PNA stores/ <u>Creditors</u> control✓	Stationery✓		+380	-380✓
1.1.3	Debtors' allowances✓	Debtors control	-3 800	-3 800✓	
	Trading stock	Cost of sales✓	+1 425	+1 425✓	
1.1.4	<u>Debtors</u> control✓	<u>Creditors</u> control	+500✓		+500

NB: Do NOT award marks if entries are made in all three columns of the accounting equation.

11

1.2 FIXED ASSETS: GENERAL LEDGER AND NOTE

1.2.1 Dr ASSET DISPOSAL ACCOUNT N Cr

2023 Jun,30	Equipment	50000✓	2023 Jun,30	Accumulated depreciation on Equipment(15000✓+3750✓✓)	18750☑ One part correct
				Bank	21000✓
				Loss on sale of asset	10250☑ balancing figure
		50 000			50 000

7

1.2.2 TANGIBLE / FIXED ASSETS NOTE

	Land & Building	Equipment
Carrying value	2 000 000	165 000
Cost	2 000 000	300 000
Accumulated depreciation	0	(135 000)
Movements		
Additions at cost	600 000 ✓	180 000
Depreciation for the year S.O.N: (3 750 ✓ <input checked="" type="checkbox"/> see 1.2.1 + 37 500 ✓ ✓ + 11 250 ✓ ✓ <input checked="" type="checkbox"/>)	0	52 500 <input checked="" type="checkbox"/>
Disposal at carrying value (50 000-18 870)	0	31 250 ✓ ✓
Carrying value	2 600 000	261 250
Cost	2 600 000 ✓	*430 000 <input checked="" type="checkbox"/>
Accumulated depreciation	0	#(168 750) <input checked="" type="checkbox"/>

One part correct

*300 000 + 180 000 - 50 000

#135 000 + 37 250 + 11 250

13

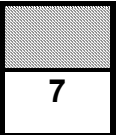
1.3 GAAP CONCEPTS:

Which GAAP principle is applicable in each case?

1.3.1	The Land and Buildings were revalued in January 2024 and the market value is R1 300 000. The financial records for Fox enterprises are reflecting R850 000. Historical cost ✓
1.3.2	Any expenses paid to maintain a vehicle must be recorded within the year in which that maintenance occurred. Matching concept ✓

2

1.4	
1.4.1 PROBLEM SOLVING & INTERNAL CONTROL	
	<p>(a) TWO points of advice to the owner regarding high maintenance costs.</p> <ul style="list-style-type: none"> • Dispose off, older vehicles (more than 5years) before the maintenance costs start going up. ✓✓ • Install monitoring devices inside the trucks to detect reckless /careless driving to avoid unnecessary truck damages. ✓✓ • Use of stickers (with business tele/cellphone numbers at the back of the trucks) for the public to report any bad driving. <i>Any valid/relevant advice</i>
	<p>(b) Calculate the cost price of the truck</p> <p>$\frac{135\ 000}{1} \times \frac{100\checkmark}{20\checkmark} = R675\ 000$ <input checked="" type="checkbox"/> one part correct which must include 255 000</p> <p>OR $\frac{270\ 000}{1} \times \frac{100\checkmark}{20\checkmark} \times \frac{12}{24} = R675\ 000.$</p>



1.4.2 ETHICS & INTERNAL AUDITING

(a) One of the vehicles is old and soon to be replaced. The manager of Fox Enterprises was promised a gift by TAJ Motors if he purchased the new vehicle from them. Will it be ethical to accept this gift?

*Excellent explanation. ✓✓✓ Good explanation ✓✓
Fair explanation ✓*

- No, because the company policy needs to be followed. This will be seen as a bribe, and it is therefore unacceptable.
- This is unfair competition as different quotations need to be sought to get the 'best' price/deal.
- All gifts need to be declared and recorded in a gift register, therefore, any gift given secretly, constitutes unethical practice.

(b) Why is it important to record the new asset in the fixed asset register?

Very good explanation. ✓✓ Satisfactory/Partial explanation ✓

- When it's time to dispose of an asset (through sale, donation, or scrapping), a fixed asset register ensures that the transaction is correctly recorded and accounted for.
- By tracking purchase prices, locations, and other essential information about each fixed asset, businesses gain insights into their value and usefulness. This data informs decisions related to asset maintenance, repairs, upgrades, and replacements.
- A fixed asset register helps businesses keep track of all their assets. By maintaining an up-to-date list of fixed assets, companies can monitor and control their assets more effectively. This helps in preventing theft, loss, or misplacement.
- Accurate calculation of depreciation relies on a complete and current inventory recorded in the fixed asset register.
- Understanding asset value and useful life enables businesses to predict future cash flows and expenses.

QUESTION 2

MOKWANA TRADERS

2.1 Statement of Comprehensive Income for the year ended 29 February 2024

Sales (1350 050 – 5 375 ✓)	7	1 344 675 ✓
Cost of sales (1 344 675 ✓ x 100/150 ✓) or 1 350 050 – 448 225 ✓ - 5 375 ✓		896 450 ✓
Gross profit (1 344 675 x 50/150) check operation		448 225 ✓ ✓
Other operating income		187 480 ✓
Rent income (143 750 ✓ + 13 750 ✓ ✓)		157 500 ✓
Commission income		22 480 ✓
Discount received (7 270 + 230)		7 500 ✓ ✓
Gross operating income	8	637 730
Operating expenses net sales x 28/100		376 509 ✓
Salaries and wages		105 600 ✓
Consumable stores (11 900 - 3 100) no part mark		8 800 ✓ ✓
Insurance (19 300 ✓ – 6 200 ✓) or two marks on 13 100	or	13 100
Sundry expense balancing figure	17	51 884 ✓
Bad debts (4 120 + 3 000 ✓) one part correct		7 120 ✓
Trading stock deficit (122 500 – 4 200 ✓ + 2 500 ✓) one part correct		120 800 ✓
Provision for bad debts adjustment (2 465 ✓ – 2 010 ✓ ✓) one part correct		455 ✓
Depreciation		68 750 ✓
Operating profit check operation	9	261 221 ✓
Interest income (8 500 ✓ + 17 125 ✓ ✓) one part correct		25 625 ✓
Profit before interest expense		286 846 ✓
Interest expenses		35 500 ✓ ✓
Net profit for the year check operation		251 246 ✓

-1 for foreign entries. Apply in conjunction with marking principle no.1 and 14

✓ for one part correct. Apply in line with marking principle no 10 and 12

2.2 Trade & other receivables

Debtors control (70 000 ✓ - 5 375 ✓ - 3 000 ✓)		61 625 ✓
Less: Provision for bad debts		(2 465) ✓
Net trade debtors	one part correct	59 160 ✓
Prepaid expenses	must be from 2.1 (Insurance)	6 200 ✓
Accrued income & Interest Income)	must be from 2.1 (Rent income	13 750 ✓✓
	Stanmorephysics.com	79 110

NB: Mark details independent of amounts/figures

9

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QUESTION 3

PARTNERSHIP' FINANCIAL INDICATORS:
ANALYSIS & INTERPRETATION

Julagne Traders

3.1 Calculate the following financial indicators on 30 September 2023.

3.1.1	Current ratio
	176 200 ✓ : 58 700 ✓
	3,0 : 1 ✓ must be shown as x : 1 Also apply marking principle no.10

3

3.1.2	Debt equity ratio
	762 180 ✓ : 1 270 300 ✓
	0,6 : 1 ✓ must be shown as x : 1

3

3.1.3	Percentage return earned by partner Agnes
	$\frac{265\,200\checkmark + 78\,750\checkmark + 34\,500\checkmark}{\frac{1}{2}\checkmark(1\,700\,000\checkmark + (1\,270\,300\checkmark))} \times 100$
	25,5% ✓ must be shown as a %. Also apply marking principle no.10

7

3.2	Liquidity
	Two Indicators ✓ ✓ Trend and figures ✓ ✓ Explanation ✓ ✓
	Award partial (one) mark for unclear answers.
	<p>Disagree with the concern:</p> <ul style="list-style-type: none"> • Current ratio increased from 1 : 1 to 3 : 1 / by 2. (see 3.3.1) • Acid test ratio increased from 0,4 :1 to 0, 9 : 1 / by 0,5 <p>Explanation for disagreeing:</p> <ul style="list-style-type: none"> • The partners should be happy as the business will be able to pay back their short-term debts without any problems due to the current ratio and acid test ratio improving. <p>Agree with the concern:</p> <ul style="list-style-type: none"> • Average debtors' collection period decreased/dropped from 35 days in 2022 to 40 days in 2023 /by 5 days • Stock turnover rate decreased/dropped by 2,0 times between 2022 and 2023 or from 11,4 times in 2022 to 9,4 times in 2023. <p>Explanation for agreeing.</p> <p>The above financial indicators suggest that debtors are paying too slowly/ineffective debtor management and stock is also selling slowly. Therefore, the business is likely experience cash flow problems in future.</p>

3.3	Financing strategies/ Gearing
	Two Indicators✓ ✓ Trend✓ and figures✓ Partial mark for unclear comment ✓ ✓
	<ul style="list-style-type: none"> Debt/Equity ratio increased from 0,3: to 0, 6: 1 (by 0, 3: 1) <p>Comment</p> <ul style="list-style-type: none"> The extend to which the business is depends on borrowed capital has increased compared to the previous year. Even though the business is still positively geared, and can take another loan, the risk of depending on borrowed funds has gone up.

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3.4	Partner July's return on earnings
	Indicator✓ Trend✓ and figures✓ Comment ✓✓
	Award partial mark for unclear responses.
	<p>Although the <u>return earned by partner July decreased</u> from 31% (in 2022) to 21, 1% (in 2023) / by 10%, it is still better than the alternative investments' rate.</p> <p>July may be dissatisfied by the drop (10 %) in his investments and the fact that Agnes still managed to earn a slightly higher return than him (25, 5%) despite the fact that Agnes dropped by a bigger margin (17, 5%).</p>

5

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QUESTION 4 CONCEPTS AND STATEMENT OF FINANCIAL POSITION**4.1 CONCEPTS**

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

5

4.2 EQUITY AND LIABILITIES SECTION: CUURENT A/C NOTE

	Calculations	Answer
a)	$R24\ 000 \times 2 = R48\ 000$ ✓ $\quad\quad\quad 25\ 440$ $R24\ 000 \times 106/100 \checkmark \times 10 \checkmark = \text{or } R254\ 400 \checkmark \checkmark$	R302 400 ✓ One part correct
b)	$R210\ 000 \times 10\% \times 3/12 = R5\ 250$ ✓✓ $R760\ 000 \times 10\% \times 3/12 = R19\ 000$ ✓✓ $R760\ 000 \times 12\% \times 6/12 = R45\ 600$ ✓✓	R69 850 ✓ One part correct.
c)	$R312\ 000/12 = 26\ 000$ ✓ $\times 80\%$	R20 800 ✓ One part correct.
d)	$R34\ 150 - R21\ 500$	R12 650 ✓✓
e)	$R232\ 650 - R12\ 650$ see 'd' above	R220 000 ✓
f)	$R6\ 900 + R5\ 100$ (dr)	R12 000 ✓✓
g)	$R12\ 000$ see f above + R245 000	R257 000 ✓✓

20

25