



## education

Lefapha la Thuto la Bokone Bophirima  
Noord-Wes Onderwys Departement  
North West Education Department  
**NORTH WEST PROVINCE**

**GRADE 11**

# ACCOUNTING PAPER 1



This question paper consists of 11 pages, and a 9 page answer book.

**INSTRUCTIONS AND INFORMATION:**

Read the following instructions carefully and follow them precisely.

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. A FORMULA SHEET of financial indicators is provided at the back of this question paper. You may use this if necessary.
4. Show ALL workings to earn part-marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or 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.

<b>QUESTION 1: 65 marks; 50 minutes</b>	
<b>Topic of the question:</b>	
Financial statements	Concepts Income Statement

<b>QUESTION 2: 30 marks; 25 minutes</b>	
<b>Topic of the question:</b>	
Financial statements	Notes to the Balance Sheet

<b>QUESTION 3: 35 marks; 30 minutes</b>	
<b>Topic of the question:</b>	
Analyses and interpretation	GAAP principles Financial indicators

<b>QUESTION 4: 20 marks; 15 minutes</b>	
<b>Topic of the question:</b>	
Fixed assets	Notes for Fixed assets Problem solving

**QUESTION 1: CONCEPTS AND INCOME STATEMENT (65 marks; 50 minutes)**

- 1.1 Choose a description from COLUMN B that matches the term in COLUMN A. Write only the letter (A–C) next to the question number (1.1.1 – 1.1.3) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.1.1	Balance Sheet	A	The difference between current assets and current liabilities
1.1.2	Income Statement	B	Reflects the financial position of a business on a particular date
1.1.3	Net working capital	C	Reflects profit or loss for a financial period

(3)

**1.2 MN STORES**

The information relates to MN Stores (partners Ngaka and Modiri) for the financial year ended 28 February 2023.

**REQUIRED:****1.2.1 Refer to Information A and B and calculate:**

- Carrying value of the vehicle sold on 30 November 2022 (5)
- Total depreciation on equipment on 28 February 2023 (7)

- 1.2.2 Prepare the Income Statement (Statement of Comprehensive Income) for the year ended 28 February 2023. (50)



**INFORMATION:**

Information extracted from the Pre-adjustment Trial Balance on 28 February 2023:

<b>Balance Sheet Accounts Section</b>	R
Land and buildings	1 600 000
Vehicles	?
Equipment	250 000
Accumulated depreciation on Equipment (01/03/2022)	85 000
Trading stock	386 500
Debtors' control	88 500
Provision for bad debts	3 650
Mortgage loan: Speed Bank	1 056 000
<b>Nominal Accounts Section</b>	
Sales	5 500 000
Cost of sales	3 150 000
Debtors' allowances	32 500
Bad debts	13 600
Rent income	169 500
Interest on loan	?
Insurance	19 220
Salaries and wages	475 000
Bad debts recovered	4 750
Consumable stores	67 500
Bank charges	7 760
Sundry expenses	140 085
Interest income	?

**Adjustments and additional information:**

- A.** No entries were made for a vehicle sold on 30 November 2022 for R97 700 cash. Details of the vehicle:
- Cost price, R190 000
  - Accumulated depreciation (1 March 2022), R72 000
  - Depreciation rate: 20% p.a. on cost
- B.** Provide for depreciation as follows:
- On remaining vehicles – R138 000 for the financial year
  - On equipment at 10% p.a. on the diminishing-balance method
- NOTE:** New equipment costing R32 000 was purchased and recorded on 1 September 2022.
- C.** Goods sold on credit to debtor, J. Vos, for R15 000 were not recorded. The mark-up is 60% on cost price.
- D.** A physical stocktaking on 28 February 2023 reflected trading stock of R374 000 on hand.

- E. Consumable stores used during the financial year amounted to R61 700.
- F. The account of debtor, H. Haseem, must be written off as irrecoverable, R1 900.
- G. Entries according to the February 2023 Bank Statement must still be recorded in the books of the business:
- Bank charges, R870
  - Debit order payment for the monthly insurance premium, R1 780

- H. Provision for bad debts must be adjusted to R4 030.
- I. Loan statement received reflected the following:

Balance on 1 March 2022	1 356 000
Interest was capitalised	?
Repayment during the financial year	300 000
Balance on 28 February 2023	1 200 000

- J. An employee, B. Brooks, who commenced work on 1 February 2023, was omitted from the Salaries Journal. Details of his salary for February 2023 are:

GROSS SALARY	DEDUCTIONS			CONTRIBUTIONS	
	PAYE	PENSION FUND	UIF	PENSION FUND	UIF
13 500	2 190	1 080	135	1 620	135

**NOTE:** All contributions are recorded as part of salaries and wages.

- K. The rent income was increased by R1 500 per month as of 1 November 2022. The tenant has not paid the rent for February 2023 yet.
- L. Interest income is the missing figure in the Income Statement.
- M. Net profit for the amounted to R1 500 000.

**QUESTION 2: BALANCE SHEET ACCOUNTS****(30 marks; 20 minutes)**

The following information was extracted from the books of Conwill Traders. The business has a profit mark-up of 60% on cost.

**REQUIRED:**

2.1 Prepare the following notes on 28 February 2023:

2.1.1 Capital (8)

2.1.2 Current account (20)

2.2 Answer the following question:

2.2.1 Partner Corner is not satisfied with how the partnership is working out. Give TWO reasons. (2)

**Balances in the books on 1 March 2022:**

	R
Capital: C. Corner	550 000
Capital: W. Wilson	240 000
Current account: C. Corner (Cr)	65 400
Current account: W. Wilson (Dr)	21 600

**Information:**

Partner Corner increased his capital with R150 000. Partner Wilson decreased his capital with R60 000.

The partners withdrew the following during the year:

- W. Wilson – R55 900 cash  
– R15 100 of trading stock
- C. Corner – R13 000 cash  
– R10 500 of stationery  
– R4 800 of trading stock at selling price.

**The partnership agreement stipulates the following:**

1. Partner Corner's salary is double Wilson's salary.
2. Interest on capital - each partner receive interest on capital.
3. The primary distribution for the year is R384 500.
4. The net profit of the year is R404 500.
5. The remaining profit is divided equally between the partners.

**QUESTION 3: GAAP AND FINANCIAL INDICATORS (35 marks; 30 minutes)**

3.1 Match the concept in COLUMN A with the statement in COLUMN B. Write only the letter (A – D), next to the numbers (3.1.1 – 3.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Historical cost principle	A	Financial statements are prepared on the assumption that the business will continue operating for the foreseeable future.
3.1.2	Going concern	B	Assets are recorded at the original purchase price unless otherwise stated.
3.1.3	Matching principle	C	Money lost due to theft of stock is written off, even though there is a possibility that it may be recovered in future.
3.1.4	Prudence principle	D	The tenant has paid R39 000, which includes rent for one month of the following year. Only R36 000 is recorded in the Income Statement.

(4)

**3.2 DN TRADERS**

Information from the records of DN Traders (partners Dimpho and Nelo) for the financial year ended 30 April 2023 is presented.

**REQUIRED:**

3.2.1 Calculate the following for 2023:

- Percentage mark-up on cost (4)
- Current ratio (3)
- Acid-test ratio (4)
- The percentage return earned by Nelo (5)
- The debt/equity ratio (3)

3.2.2 Comment on the liquidity of the business. Quote and explain TWO financial indicators (with figures) in your answer. (4)

3.2.3 Were the partners justified in increasing the loan? Explain. Quote TWO financial indicators, with figures, in your explanation. (4)

3.2.4 Dimpho is not happy with his return on investment. Explain why you think he feels this way. Quote figures. (4)

**INFORMATION:**

A. Extracts from the Income Statement on 30 April 2023:

Sales	R4 257 000
Gross profit	1 677 000
Operating expenses	1 064 250
Net profit for the year	720 000

B. Extracts from the partners' Current Accounts on 30 April 2023:

	DIMPHO	NELO
Total primary distribution	?	279 570
Share in the remaining profit	118 020	59 010
Drawings	198 000	210 000

C. Extracts from the Balance Sheet on 30 April:

	2023	2022
<b>Partner's Equity</b>	<b>1 237 300</b>	<b>838 300</b>
• Capital	975 000	885 000
• Current Accounts	262 300	(46 700)
<b>Loan: Sasa Bank</b>	<b>742 380</b>	<b>85 000</b>
<b>Current Assets</b>	<b>598 080</b>	<b>441 600</b>
• Trading stock	276 400	200 800
• Trade and other receivables	288 880	220 600
• Cash and cash equivalents	32 800	20 200
<b>Current liabilities</b>	<b>427 200</b>	<b>368 000</b>
• Trade and other payable	328 360	339 240
• Short term loan	98 840	28 760

D. Details of the partners' equity on 30 April:

	DIMPHO		NELO	
	2023	2022	2023	2022
Capital	650 000	535 000	325 000	350 000
Current Accounts	202 720	22 300	59 580	(69 000)
	852 720	557 300	384 580	281 000



E. Financial indicators on 30 April:

	2023	2022
Current ratio	?	1,2 : 1
Acid test ratio	?	0,7 : 1
Debt/equity ratio	?	0,1 : 1
Return on investment : Dimpho	54%	46%
Return on investment : Nelo	?	81%
Return on capital employed	69%	43%
Interest rate on loan	13%	13%

35
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#### QUESTION 4: FIXED ASSETS AND PROBLEM SOLVING (20 marks; 15 minutes)

##### 4.1 FIXED ASSET MANAGEMENT

The information relates to Kaygee Traders for the financial year ended 28 February 2023.

##### REQUIRED:

4.1.1 Calculate the amounts denoted by (i) to (iv) on the Fixed Asset note. (11)

##### INFORMATION

A. Fixed Asset Note

	LAND AND BUILDING	VEHICLES	EQUIPMENT
<b>Carrying value on 1 March 2022</b>	1 500 000	250 000	
Cost		740 000	520 000
Accumulated depreciation	0	(ii)	(210 000)
<b>Movements</b>			
Additions	(i)	330 000	160 000
Disposal at carrying value	0	0	(77 248)
Depreciation	0	(iii)	
<b>Carrying value on 28 February 2023</b>	1 860 000	(iv)	
Cost		(v)	
Accumulated depreciation		(617 500)	

- B. Extension to the warehouse was done during the year.
- C. A new vehicle was purchased on 1 November 2022.
- D. On 1 December 2022, equipment with a cost of R142 000 was traded-in for new equipment. This trade-in resulted in a loss on disposal of asset of R20 948.

#### 4.2 Problem Solving

Alpha Du Plessis owns three Major taxis. She is concerned about the performance of the businesses.

#### REQUIRED:

Identify one major problem related to each taxi. Quote figures and provide a solution to the problems identified.

(9)

#### INFORMATION:

Information from the business records on 30 June 2023, the financial year end.

	Taxi 1	Taxi 2	Taxi 3
Date purchased	1 July 2013	1 April 2019	1 May 2022
Cost of vehicle	R189 000	R460 000	R720 000
Accumulated depreciation	R188 999	R391 000	R168 000
Total revenue per taxi	R1 950 000	R1 200 000	R641 280
Kilometres covered	81 250	52 500	26 720
Fare per kilometre	R24	R24	R24
Fuel and repair cost	R1 170 000	R540 000	R130 000
Fuel and repair cost per kilometre	R14,40	R10,30	R4,90
<b>Budget</b>			
Budget revenue from fares (total)	R5 000 000		
Fuel and repair budget (total)	R1 750 000		

20

**TOTAL: 150**

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





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**SURNAME OF LEARNER:**

**NAME OF LEARNER:**

**SCHOOL:**

**GRADE 11**

**ACCOUNTING**

**JUNE 2023**

QUESTION	MARKS	TEACHER	MOD.
1			
2			
3			
4			
<b>TOTAL</b>			

This answer book consists of 9 pages.

**QUESTION 1**

**1.1**

<b>1.1.1</b>	
<b>1.1.2</b>	
<b>1.1.3</b>	

<b>3</b>

**1.2 NM STORES**

**1.2.1**

**Calculate: Carrying value of the vehicle sold on 30 November 2022**

<b>5</b>

**Calculate: Total depreciation on equipment on 28 February 2023**

<b>7</b>



**QUESTION 2**  
**CONWILL TRADERS**

2.1.1

<b>CAPITAL</b>	<b>C.CORNER</b>	<b>W.WILSON</b>	<b>TOTAL</b>
Balance at the beginning of the year			
Balance at the end of the year			

8
---

2.1.2

<b>CURRENT ACCOUNT</b>	<b>C.CORNER</b>	<b>W.WILSON</b>	<b>TOTAL</b>
Salaries			<b>300 000</b>
Interest on capital			
Primary distribution		<b>122 000</b>	
Final distribution			
Net profit for the year			
Drawings during the year			
Retained income for the year			<b>307 000</b>
Balance at the beginning of the year			<b>43 800</b>
Balance at the end of the year			

20
----

**OR**

2.1.2	CURRENT ACCOUNT	C.CORNER	W.WILSON	TOTAL
	Net profit for the year			
	Salaries			300 000
	Interest on capital			
	Bonus			
	Primary distribution		122 000	
	Final distribution			
	Drawings during the year			
	Retained income for the year			307 000
	Balance at the beginning of the year			43 800
	Balance at the end of the year			

20

2.2

**Partner Corner is not satisfied with how the partnership is working out. Give TWO reasons.**

2

<b>TOTAL MARKS</b>
30



**QUESTION 3**

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 Calculate the following:

3.2.1

Percentage mark-up on cost:

--

4

Current ratio:

--

3

Acid-test ratio:

--

4

The percentage return earned by Nelo:

--

5

The debt/equity ratio for 2023:

--

3



**3.2.2** Comment on the liquidity of the business. Quote and explain TWO financial indicators (with figures) in your answer.

4

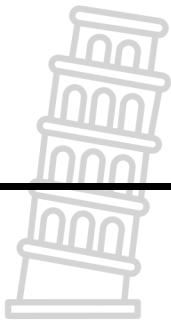
**3.2.3** Were the partners justified in increasing the loan? Explain. Quote TWO financial indicators, with figures, in your explanation.

4

**3.2.4** Dimpho is not happy with his return on investment. Explain why you think he feels this way. Quote figures.

4

<b>TOTAL MARKS</b>
35



**QUESTION 4 FIXED ASSETS AND PROBLEM SOLVING**

**4.1.1 Calculate the following**

<b>WORKINGS</b>	<b>ANSWER</b>	
(i) Additional Land and Buildings.		<input type="text"/> <input type="text" value="2"/>
(ii) Accumulated depreciation on vehicles.		<input type="text"/> <input type="text" value="2"/>
(iii) Total depreciation on vehicles.		<input type="text"/> <input type="text" value="3"/>
(iv) Carrying value on 28 February 2023.		<input type="text"/> <input type="text" value="2"/>
(v) Cost price on 28 February 2023.		<input type="text"/> <input type="text" value="2"/>

4.2

IDENTIFY ONE PROBLEM QUOTE FIGURES	PROVIDE A VALID SOLUTION
TAXI 1:	
TAXI 2:	
TAXI 3:	



9

TOTAL MARKS
20



TOTAL: 150



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**ACCOUNTING: JUNE 2023**

**GRADE 11 PAPER 1**

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### **MARKS: 150 MARKING GUIDELINES:**

1. Unless otherwise stated in the marking guideline, 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 memo 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 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 and at least one part must be correct before awarding the mark.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
11. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
12. 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 ☒.
13. Be aware of candidates who provide valid alternatives beyond the marking guideline.
14. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consists of 9 pages.

QUESTION 1

1.1

1.1.1	B ✓
1.1.2	C ✓
1.1.3	A ✓

3

1.2 NM STORES

1.2.1

**Calculate: Carrying value of the vehicle sold on 30 November 2022**

100 500 three marks

190 000 ✓ – (72 000 ✓ + 28 500 ✓✓) = 89 500 ✓ **one part correct**

5

**Calculate: Total depreciation on equipment on 28 February 2023**

New:  
32 000 ✓ x 6/12 ✓ x 10% = 1 600 ✓ **one part correct but not for 10%**

Old:  
133 000 two marks  
= (218 000 ✓ – 85 000 ✓) x 10% = 13 300 ✓ **one part correct but not for 10%**  
(250 000 – 32 000) one mark

Total = 14 900 ✓ **one part correct**

7



1.2.2 NM STORES		
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023		
Sales (5 500 000 – 32 500 ✓ + 15 000 ✓)	5 482 500	✓*
Cost of sales (3 150 000 + 9 375 ✓)	(3 159 375)	✓*
<b>Gross Profit</b>	2 323 125	✓
<b>Other Operating Income</b> operation	198 950	✓*
Rent income (169 500 ✓ + 16 500 ✓✓)	186 000	✓*
Bad debt recovered	4 750	
Profit on sale of asset (97 700 ✓ – 89 500 ✓) see 1.2.1	8 200	✓✓
<b>Gross Operating income</b> operation	2 522 075	✓*
<b>Operating Expenses</b> operation	(922 075)	✓*
Bad debts (13 600 ✓ + 1 900 ✓)	15 500	✓
Salaries and wages m 488 500 two marks 1 755 two marks (475 000 ✓ + 13 500 ✓ + 1 620 ✓ + 135 ✓)	490 255	✓*
Consumable stores	61 700	✓✓
Insurance (19 220 ✓ + 1 780 ✓)	21 000	✓
Bank charges (7 760 ✓ + 870 ✓)	8 630	✓
Sundry expenses	140 085	✓
Trading stock deficit (386 500 ✓ – 9 375 ✓ – 374 000 ✓) R12 500 two marks only see cost of sales	3 125	✓*
Provision for bad debts adjustment (4 030 ✓ – 3 650 ✓)	380	✓
Depreciation (28 500 ✓ + 138 000 ✓ + 14 900 ✓) see 4.2.1	181 400	✓*
<b>Operating Profit</b> operation	1 600 000	✓*
Interest income Balancing figure	44 000	✓*
<b>Profit Before Interest Expense</b> NPFY+ Int. expenses	1 644 000	✓
Interest expense (1 200 000 + 300 000 – 1 356 000)	(144 000)	✓✓*
<b>Net Profit for the year</b>	<b>1 500 000</b>	
✓* operation one part correct		

6  
10  
30  
4  
50

<b>TOTAL MARKS</b>
65



**QUESTION 2**  
**CONWILL TRADERS**

2.1.1 CAPITAL	C.CORNER	W.WILSON	TOTAL
Balance at the beginning of the year	550 000✓	240 000✓	790 000
Additional capital contributed	150 000✓		150 000
Withdrawal of capital		(60 000) ✓	(60 000)
Balance at the end of the year	700 000☑	180 000☑	880 000✓☑

8
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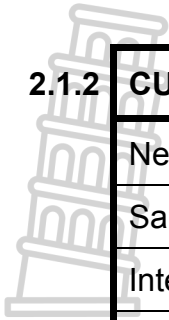
2.1.2 CURRENT ACCOUNT	C.CORNER	W.WILSON	TOTAL
Salaries	200 000✓	100 000✓	<b>300 000</b>
Interest on capital	62 500✓	22 000✓	84 500☑
Primary distribution	*☑ 262 500	<b>122 000</b>	384 500✓
Final distribution	10 000☑	10 000☑	20 000☑
Net profit for the year	272 500	132 000	404 500✓
Drawings during the year	(26 500) ✓☑	(71 000) ✓	(97 500) ☑
Retained income for the year	246 000	61 000	<b>307 000</b>
Balance at the beginning of the year	65 400✓	(21 600) ✓	<b>43 800</b>
Balance at the end of the year	311 400☑	39 400☑	350 800☑

\*☑ operation one part correct

20
----

**OR**





2.1.2

CURRENT ACCOUNT	C.CORNER	W.WILSON	TOTAL
Net profit for the year	272 500	132 000	404 500✓
Salaries (2:1)	200 000✓	100 000✓	<b>300 000</b>
Interest on capital	62 500✓	22 000✓	84 500✓
Primary distribution	* <input checked="" type="checkbox"/> 262 500	<b>122 000</b>	384 500✓
Final distribution (1:1)	10 000 <input checked="" type="checkbox"/>	10 000 <input checked="" type="checkbox"/>	20 000 <input checked="" type="checkbox"/>
Drawings during the year	(26 500) ✓✓	(71 000) ✓	(97 500) <input checked="" type="checkbox"/>
Retained income for the year	246 000	61 000	<b>307 000</b>
Balance at the beginning of the year	65 400✓	(21 600) ✓	<b>43 800</b>
Balance at the end of the year	311 400 <input checked="" type="checkbox"/>	39 400 <input checked="" type="checkbox"/>	350 800 <input checked="" type="checkbox"/>

\* operation one part correct

20

2.2

**Partner Corner is not satisfied with how the partnership is working out. Give TWO reasons.**

His capital invested is more, but profit division equal.

His current account has a bigger balance ✓

His drawings is less ✓

2

<b>TOTAL MARKS</b>
30



QUESTION 3

3.1	3.1.1	B ✓
	3.1.2	A ✓
	3.1.3	D ✓
	3.1.4	C ✓

4

3.2 Calculate the following:

3.2.1 **Percentage mark-up on cost**

$$\frac{1\,677\,000 \checkmark}{(4\,257\,000 \checkmark - 1\,677\,000 \checkmark)} \times 100$$

$$2\,580\,000 \text{ two marks}$$

65%  operation one part correct

4

**Current ratio**

$$598\,080 \checkmark : 427\,200 \checkmark$$

$$1,4 : 1 \checkmark \text{ operation one part correct}$$

3

**Acid-test ratio**

$$\frac{321\,680 \text{ two marks}}{598\,080 \checkmark - 276\,400 \checkmark} : 427\,200 \checkmark$$

$$0,75 : 1 \checkmark \text{ operation one part correct}$$

4

**The percentage return earned by Nelo**

$$\frac{338\,580}{(279\,570 + 59\,010) \checkmark} \checkmark \text{ both}$$

$$\frac{1}{2} \checkmark (281\,000 \checkmark + 384\,580 \checkmark) \times 100$$

$$332\,790 \text{ three marks}$$

101,7%  operation one part correct

5

**The debt/equity ratio for 2023**

$$742\,380 \checkmark : 1\,237\,300 \checkmark$$

$$0,6 : 1 \checkmark \text{ operation one part correct}$$

3



**3.2.2** Comment on the liquidity of the business. Quote and explain TWO financial indicators (with figures) in your answer.

Financial indicators (with figures) ✓✓ Comment ✓✓

The current ratio improved from 1,2 : 1 to 1,4 : 1 see 3.2.1  
 The acid test ratio improved from 0,7 : 1 to 0,8 : 1 see 3.2.1

4

**3.2.3** Were the partners justified in increasing the loan? Explain. Quote TWO financial indicators, with figures, in your explanation.

Yes/No ✓

Financial indicator with figures ✓✓ Explanation ✓

The debt equity ratio moved from 0,1 : 1 to 0,6 : 1 (see 3.2.1)  
 The business is making greater use of borrowed capital (loans).  
 An improvement on the return on capital employed (43% to 69%) shows that the business is making effective use of the loan to improve profitability. Interest on loan is 13% - positive gearing

4

**3.2.4** Dimpho is not happy with his return on investment. Explain why you think he feels this way. Quote figures.

Financial indicators with figures ✓✓ Explanation ✓✓

Dimpho's return has increased from 46% to 54%.  
 Nelo's return increased from 81% to 102%.

He is probably unhappy because his return is almost ½ of Nelo's (48%).  
 -He is the partner that has contributed more capital (650 000: 325 000). He manages his Current Account better (202 720 : 59 580).

4

<b>TOTAL MARKS</b>
35



**QUESTION 4 FIXED ASSETS AND PROBLEM SOLVING**

**4.1.1 Calculate the following**

WORKINGS	ANSWER	
<b>(i) Additional Land and Buildings.</b> $1\ 860\ 000 - 1\ 500\ 000$	$360\ 000$ ✓✓ No part marks	<input type="text"/> 2
<b>(ii) Accumulated depreciation on vehicles.</b> $740\ 000 - 250\ 000$	$490\ 000$ ✓✓ No part marks	<input type="text"/> 2
<b>(iii) Total depreciation on vehicles.</b> See (ii) above $617\ 500$ ✓ - $490\ 000$ ✓	$127\ 500$ ✓ One part correct	<input type="text"/> 3
<b>(iv) Carrying value on 28 February 2023.</b> $740\ 000 + 330\ 000$ $1\ 070\ 000 - 617\ 500$ $250\ 000 + 330\ 000 - (iii)$	$452\ 500$ ✓✓ No part marks	<input type="text"/> 2
<b>(v) Cost price on 28 February 2023.</b> $740\ 000 + 330\ 000$	$1\ 070\ 000$ ✓✓ No part marks	<input type="text"/> 2

4.2

<b>IDENTIFY ONE PROBLEM</b> ✓ ✓ ✓ <b>QUOTE FIGURES</b> ✓ ✓ ✓	<b>PROVIDE A VALID SOLUTION</b> ✓ ✓ ✓
<b>TAXI 1:</b> Is old – bought in 2009 (10 years) Fully depreciated – has a book value of R1 High fuel and repair cost – R14.40/km 60% of revenue	Replace this vehicle Give this driver the new vehicle Use this vehicle for short runs
<b>TAXI 2:</b> R60 000 of fare not handed in Fuel and repairs is 45% of revenue	Monitor daily takings regularly Collections must be done daily Deduct the money from the driver's salary. Disciplinary hearing
<b>TAXI 3:</b> New vehicle – only travelled 26 720km 32% of Taxi 1 and 50% of Taxi 2	Investigate the reason for the low number of trips Driver may be on leave / engaging in fraudulent behaviour Give this vehicle to a more hardworking driver

9
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<b>TOTAL MARKS</b>
20



**TOTAL: 150**