

SEKHUKHUNE EAST
DISTRICT ON THE RISE

NATIONAL
SENIOR CERTIFICATE

ACCOUNTING GRADE 11
TERM 2 PROJECT 2023
QUESTION PAPER
SBA TASK 3
19 May 2023

Stanmorephysics.com

MARKS: 50

Duration: 2 hours

Topics: GAAP principles, Income Statement, Financial indicators & Ethics



This question paper consists of 5 pages including cover page

**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. Show ALL workings to earn part-marks.
You may use a non-programmable calculator.
4. You may use a dark pencil or blue/black ink to answer the questions.
5. Where applicable, show all calculations to ONE decimal point.
6. Write neatly and legibly.
7. Use the information in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION 1: 50 marks; 120 minutes	
Topic of the question:	
Financial statements	GAAP principles Income Statement Financial indicators Ethics



QUESTION 1
PARTNERSHIP – INCOME STATEMENT &
ANALYSIS AND INTERPRETATION

T. Thabo and B. Bester are partners in a partnership business trading as Turmoil Traders. Their financial year ends on 28 February 2023.

1. MATCHING ITEMS – GAAP CONCEPTS (5)

Match the following GAAP concepts in Column A with the correct explanations given in Column B. Write down only the letter corresponding to your choice next to the question number (1.1-1.5) in your answer book, e.g. 1.1 B.

Column A		Column B	
1.1	Prudence	A	The financial affairs of a business must be kept separate from the personal financial affairs of the owner.
1.2	Historical cost	B	This concept is based on the belief that the business will continue to operate in the future.
1.3	Business entity	C	Income earned and expenses incurred must be reported in the same financial period so that the correct net profit is calculated.
1.4	Matching	D	Financial statements must disclose items that are important to the users / readers so that correct evaluations and decisions can be made from the information provided.
1.5.	Going concern	E	Land and building are reflected at a cost price of R900 000 in the financial statement although the market price of is R2 000 000
		F	All possible losses are recorded in the Income Statement, but anticipated profits are not reported until they are realised.

(1x5)=5

2. Prepare the Income statement for the year ended 28 February 2023. (40)
3. Calculate the following: (3)
 - Total expenses on turnover
4. T. Thabo received a report from the accountant that B. Bester is taking the new van home every weekend. It has also come to his attention that the petrol account reflected that the van is filled with fuel every Friday afternoon and on Monday morning. This is recorded as a business expense. Provide **two** points of advice to T. Thabo on how to resolve the problem. (2)

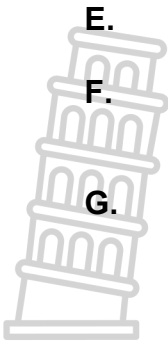
INFORMATION:

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

Balance Sheet Accounts Section	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
Nominal Accounts Section	
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. Hansie, 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, H. Brooks, who commenced work on 1 February 2022, 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 year amounted to R1 500 000.

