



education

Department of
Education
FREE STATE PROVINCE

GRADE 11

Stanmorephysics.com

ACCOUNTING

PAPER 1

Stanmorephysics.com

JUNE 2023

MARKS: 150

TIME: 2 HOURS

This question paper consists of 11 pages, formula sheet and an 8-page answer book.

INSTRUCTIONS AND INFORMATION

Read the following instructions carefully and follow them precisely.

1. Answer ALL questions.
2. A special ANSWER BOOK is provided in which to answer ALL 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 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	MINUTES
1	Financial Statement: Statement of Comprehensive Income	50	40
2	Notes to the Statement of Financial Position and Extract to the Statement of Financial Position	45	35
3.	Fixed assets and Accounting Equation	25	20
4.	Analyse and interpretation	30	25
TOTAL		150	120

QUESTION 1: STATEMENT OF COMPREHENSIVE INCOME (50 marks; 40 minutes)

1.1 CONCEPTS

Match the concepts in COLUMN A with the explanation in COLUMN B. Write only the letters (A – E) next to the question numbers (1.1.1 – 1.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.1.1	Matching principle	A.	Non-paying debtor's account is written off as bad debts, even though it may be recovered in the future.
1.1.2	Going concern	B.	An amount of R3 340 is included in insurance, which relates to the next financial year. This amount is recorded as a prepaid expense.
1.1.3	Prudence	C.	Service fees, cash deposit fees and ATM charges on the Bank Statement are added together and recorded as bank charges.
1.1.4	Materiality	D.	The owner of a business wins R1 000 000 in a competition. This is not reflected in the Statement of Comprehensive Income of the business.
		E.	The owner decides to purchase additional trading stock, which was offered at a discounted rate, as he believes that these would be sold in the next financial year.

(4)

1.2 SS TRADERS

Information provided from the records of SS Traders (owned by partners S. Saul and M. Simanga) for the financial year ended 28 February 2023.

REQUIRED:

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

(46)

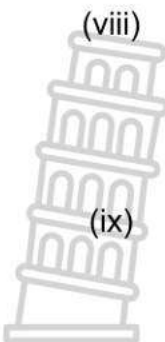
INFORMATION:

Extract from the Pre-Adjustment Trial Balance on 28 February 2023

BALANCE SHEET SECTION	Debit	Credit
Trading stock	76 270	
Debtors control	803 205	
Provision for bad debts (1 March 2022)		3 935
NOMINAL ACCOUNTS SECTION		
Sales		1 836 000
Cost of sales	1 080 000	
Debtors' allowances	33 030	
Rent income		184 500
Salaries and wages	237 940	
Employers' contributions	30 960	
Bad debts	19 125	
Water and electricity	48 510	
Discount allowed	3 612	
Telephone	26 730	
Advertising	30 100	
Insurance	43 740	
Packing material	20 250	
Bank charges	9 476	
Interest on loan	?	
Interest on fixed deposit		24 300

ADJUSTMENTS AND ADDITIONAL INFORMATION

- (i) Credit sales to M. Mkrola for R15 300 was not recorded. Cost of sales amounted to R9 000.
- (ii) Stock on hand according to the physical stocktaking on 28 February 2023:
 - Trading stock R65 810
 - Packing material R 2 430
- (iii) Depreciation amounted to R53 830 for the year.
- (iv) N. Martin, a debtor, was declared insolvent. His outstanding balance of R4 050 must be written off as irrecoverable.
- (v) The provision for bad debts must be adjusted to R2 340.
- (vi) The water and electricity account for February 2023 was received from the municipality, R1 440. No entry was made.
- (vii) Insurance included an annual premium of R3 240 paid for the period 1 November 2022 to 31 October 2023.



(viii) The Bank statement from Hollywood Bank reflected the following on 28 February 2023:

- Bank charges R596
- Interest on current account R180.

(ix) Interest on fixed deposit was only received for 9 months. The fixed deposit was unchanged during the financial year. Interest is not capitalised.

(x) Rent income included the rent for March 2023. Note that the rent was **decreased** by 10% on 1 September 2022.

(xi) The loan statement received from the Hollywood Bank:

Balance on 1 March 2022	R 252 000
Capitalised interest	?
Repayments during the year including interest	R85 500
Balance on 28 February 2023	R198 000

Interest is capitalized.

(xii) Advertising consists of a monthly contract with the local newspaper for the entire financial year. Advertising was paid for 11 months only. Take note that from 1 November 2022, the contract rate was **increased** by R500 per month.

QUESTION 2: EXTRACT OF STATEMENT OF FINNICAL POSITION AND NOTES

(45 marks; 40 minutes)

2.1 JM TRADERS

The information was extracted from the books of JM Traders, with partners B. Jack and Z. Mazwi. The financial year ended on 28 February 2023.

REQUIRED:

2.1.1 Prepare the following notes to the Statement of Financial Position (Balance sheet) for the financial year ended 28 February 2023:

- Capital (8)
 - Current Accounts (12)
 - Trade and other payables
- Note:** Show all short-term liabilities except bank overdraft and current portion of loan in this note. (11)

2.1.2 Complete the Equity and Liabilities section of the Statement of Financial Position (Balance sheet) on 28 February 2023. (14)

INFORMATION:

A. Balances from the ledger on 28 February 2023:

	R
Capital: B. Jack (26/2/2023)	540 000
Capital: Z. Mazwi (28/2/2023)	270 000
Current Account: B. Jack (1/3/2022)	20 250 Cr
Current Account: Z. Mazwi (1/3/2022)	51 840 Dr
Drawings: B. Jack	64 800
Drawings: Z. Mazwi	86 400
Loan: Malini Bank	405 000
Creditors control	57 690
SARS: PAYE	10 935
Bank	14 940 Cr
Accrued expenses	11 430
Income received in advance	4 140
Accrued income	15 300
Prepaid expenses	14 670

B. Changes to Capital contributions:

The following transactions were recorded:

- On 1 November 2022 partner B. Jack deposited R225 000 to increase his capital contribution.
- On 1 December 2022 partner Z. Mazwi withdrew R135 000 cash.

The following transaction was **not** recorded:

- On 28 February 2023, B. Jack withdraw R45 000 cash per EFT from the business account.

C. Provisions of the partnership agreement:

Interest on capital:

- Jack is entitled to 12% p.a. pro rata, according to his capital invested.
- Mazwi is entitled to R44 550 in total.

Salaries:

- Mazwi is entitled to R129 600 for the year.
- Jack's monthly salary is R1 800 less than Mazwi's.

Bonus:

- Jack is entitled to an annual bonus of R13 500.

Remaining profit:

- The remaining profit of R14 400 must be divided in the ratio 3:2 between Jack and Mazwi.

D. The loan from Malini Bank was received on 1 May 2021. It is to be repaid in equal monthly instalments over a period of 6 years. Interest is not capitalised, and all payments (including the current financial year) are up to date.

E. Details of an employee omitted from the February 2023 Salaries Journal:

Gross Salary	Deductions				Employers Contribution		Net Salary
	Pension fund	UIF	SARS: PAYE	TOTAL	Pension fund	UIF	
R10 800	?	R108	?	R3 420	R1 296	R108	R7 380

- The business contributes R1,50 for each R1 to the Pension fund and Rand-for-Rand basis to UIF.

QUESTION 3: FIXED ASSETS AND ACCOUNTING EQUATION

(25 marks; 20 minutes)

3.1 ALABAMA TRADERS

The information relates to the financial year ended on 28 February 2023.

REQUIRED:

3.1.1 Calculate the missing amounts denoted by (i) to (iv).

(15)

INFORMATION:

A. Extract: Fixed Assets Note

	LAND AND BUILDINGS	EQUIPMENT
Carrying value (1/03/2022)		291 600
Cost	3 420 000	729 000
Accumulated depreciation		(437 400)
Movements:		
Additions		(ii)
Disposals	(540 000)	(iii)
Depreciation		(iv)
Carrying value (28/02/2023)	(i)	
Cost		756 000
Accumulated depreciation		

B. New equipment was purchased on 1 September 2022.

C. Old equipment with an original cost price of R108 000, was sold on 1 December 2022 for R31 500 cash. On 1 March 2022 the accumulated depreciation of these equipment amounted to R64 800.

D. Equipment is depreciated at 10% p.a. on cost.

3.2 ACCOUNTING EQUATION

Hans and Gretel are partners of Mmata Traders.

REQUIRED:

Analyse the transactions according to the example provided. Indicate an increase with +, a decrease with – and no change with 0. (10)

Example: Paid the rent per EFT, R7 080.

No.	Assets	Equity	Liabilities
e.g.	– 7 080	– 7 080	0

Transactions:

- 3.2.1 Partner Zizo withdrew R2 400 cash from the business for his personal use.
- 3.2.2 Bought Stationery on credit, R14 800.
- 3.2.3 Provide interest on capital for the partner Zizo, it amounted to R30 880 for the year.

QUESTION 4: ANALYSIS AND INTERPRETATION

(30 marks; 25 minutes)

BB STORES

The following information was taken from the accounting records of BB Stores on 28 February 2023. BB Stores has two partners, B. Baleni and B. Bower.

REQUIRED:

4.1 Calculate the following financial indicators on 28 February 2023:

- Current ratio (3)
- Acid-test ratio (4)
- Debt/Equity ratio (3)
- Percentage return on Partnership's Equity (5)

4.2 Comment on the liquidity position of the partnership. Quote THREE financial indicators with figures. (6)

4.3 The partners are considering increasing the loan by R270 000. Quote ONE financial indicator with figures to justify the increase of the loan. (4)

4.4 Comment on the % return earning by each partner. Why should partner Baleni be dissatisfied? (5)

INFORMATION:

Extracts from the Statement of Financial Position on 28 February:

	2023	2022
Current assets	216 000	315 000
Inventory	72 000	157 500
Trade and other receivables	67 500	49 950
Cash and cash equivalents	76 500	107 550
Capital accounts	900 000	1 440 000
Current accounts	58 500	18 000
Partners Equity	958 500	1 458 000
Mortgage loan: JR Bank (interest rate 12% p.a.)	315 000	243 000
Current liabilities	108 000	165 800

Additional information:

- The net profit for the year amounted to R270 000.
- The partners each contributed capital of R720 000 when the business started but Bower reduced his capital by R540 000 half-way through the 2023 financial year.
- Partner Baleni maintained his capital contribution at R720 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%
Current ratio	?	1,9 : 1
Acid test ratio	?	0,9 : 1
Debtors' collection period	39 days	28 days
Creditors' payment period	60 days	60 days
Debt/Equity Ratio	?	0,1 : 1
Return on equity: P.Baleni	21%	34%
Return on equity: R. Bower	26%	36%
Return on Partnership's Equity	?	24%

30

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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ACCOUNTING

ANSWER BOOK

GRADE 11 – PAPER 1

JUNE 2023

QUESTION	MARKS	TEACHER	MOD.
1			
2			
3			
4			
TOTAL	150		

This answer book consists of 8 of pages.

QUESTION 1

1.1 Write only the term next to the question number:

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2

**SS TRADERS
STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)
FOR THE YEAR ENDED 28 FEBRUARY 2023**

Sales (1 836 000	
Cost of sales (1 080 000	
Gross Profit	
Other Operating Income	
Gross Operating income	
Operating Expenses	
Salaries and wages	237 940
Employers' contribution	30 960
Operating Profit	
Interest income (24 300	
Profit Before Interest Expense	
Net Profit for the year	

46

TOTAL MARKS

50

QUESTION 2

JM TRADERS

NOTES TO THE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 28 FEBRUARY 2023

2.1.1

CAPITAL	B. JACK	Z. MAZWI
Balance at the beginning of the year		
Balance at the end of the year		

8

2.1.1

CURRENT ACCOUNT	B. JACK	Z. MAZWI
Salaries		129 600
Interest on capital		44 550
Bonus	13 500	
Primary distribution		174 150
Final distribution		
Net profit for the year		
Drawings during the year	(64 800)	(86 400)
Retained income for the year		93 510
Balance at the beginning of the year	20 250	
Balance at the end of the year		

12

OR

2.1.1

CURRENT ACCOUNT	B. JACK	Z. MAZWI
Net profit for the year		
Salaries		129 600
Interest on capital		44 550
Bonus	13 500	
Primary distribution		174 150
Final distribution		
Drawings during the year	(64 800)	(86 400)
Retained income for the year		93 510
Balance at the beginning of the year	20 250	
Balance at the end of the year		

12

2.1.1

TRADE AND OTHER PAYABLES	
Trade creditors	57 690
SARS: PAYE	

11

2.1.2 JM TRADERS

EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 28 FEBRUARY 2023

PARTNERS EQUITY		
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
TOTAL EQUITY AND LIABILITIES		


14

TOTAL MARKS

45

QUESTION 3

3.1.1

Calculate the missing amounts denoted by (i) to (iv).		
	Workings	Answer
(i)		
(ii)		
(iii)		
(iv)		

15

3.2

ACCOUNTING EQUATION			
No.	Asset	Equity	Liability
3.2.1			
3.2.2			
3.2.3			

10

TOTAL MARKS
25

QUESTION 4

4.1 CALCULATION OF FINANCIAL INDICATORS FOR 2023:

Current ratio

3

Acid-Test ratio

4

Debt/Equity ratio

3

Percentage return on Partnership's Equity

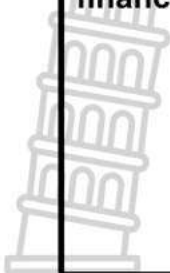
5

4.2 Comment on the liquidity position of the partnership. Quote THREE financial indicators with figures.

6

4.3

The partners are considering increasing the loan by R270 000. Quote ONE financial indicator with figures to justify the increase of the loan.



4

4.4

Comment on the % return earning by each partner. Why should partner Baleni be dissatisfied?



5

TOTAL MARKS

30



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GRADE 11 – PAPER 1

Stanmorephysics.com JUNE 2023

MARKS: 150

MARKING PRINCIPLES:

1. Unless otherwise stated 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. Unless otherwise stated, give full marks for correct answer. If answer is incorrect, mark workings.
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. If candidates provide more than the required number of responses, inspect all responses to give benefit to the candidate. Penalties may be applied for foreign entries if candidates earn full marks on a question (max -2 per Q).
8. This memorandum is not for public distribution as certain items might imply incorrect treatment. The adjustments made are due to nuances in certain questions.
9. Where penalties are applied, the marks for that section of the question cannot be a final negative.
10. Where method marks are awarded for operation, marker must inspect reasonableness of answer.
11. Operation means 'check operation'. 'One part correct' means operation and one part correct. Note: check operation must be +, -, x, ÷, or per memo.
12. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
13. 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 ☒.
14. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
15. Codes: f = foreign item; p = placement/presentation.

These marking guidelines consist of 8 pages.

QUESTION 1

1.1 Write only the term next to the question number:

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

4

1.2 SS TRADERS

STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT) FOR THE YEAR ENDED 28 FEBRUARY 2023

Sales (1 836 000 – 33 030 ✓ + 15 300 ✓)	1 818 270	✓*
Cost of sales (1 080 000 + 9 000 ✓)	(1 089 000)	✓*
Gross Profit <small>operation S - COS 6</small>	729 270	✓
Other Operating Income <small>operation ADD</small>	172 595	✓
Rent income (184 500 ✓ – 13 500 ✓ ✓)	171 000	✓*
Provision for bad debts adjustment (3 935 – 2 340)	1 595	✓✓
Gross Operating income <small>operation GP + OI 8</small>	901 865	✓*
Operating Expenses <small>operation</small>	(530 329)	✓*
Salaries and wages	237 940	
Employers' contribution	30 960	
Bad debts (19 125 + 4 050)	23 175	✓✓*
Water and electricity (48 510 + 1 440)	49 950	✓✓*
Discount allowed	3 612	✓
Telephone	26 730	✓
Advertising (30 100 ✓ + 3 100 ✓ ✓)	33 200	✓*
Insurance (43 740 ✓ – 2 160 ✓ ✓)	41 580	✓*
Packing material (20 250 – 2 430)	17 820	✓✓*
Bank charges (9 476 + 596)	10 072	✓✓*
<small>See COS</small>		
Trading stock deficit (76 270 ✓ – 9 000 ✓ – 65 810 ✓)	1 460	✓*
Depreciation	53 830	✓
Operating Profit <small>operation OI-OE 25</small>	371 536	✓
Interest income (24 300 + 8 100 ✓ + 180 ✓)	32 580	✓*
Profit Before Interest Expense <small>operation OP + II</small>	404 116	✓
Interest expense (198 000 + 85 500 – 252 000)	(31 500)	✓✓*
Net Profit for the year <small>operation PBIE – IE 7</small>	372 616	✓*
<small>✓* operation one part correct</small>		

46

TOTAL MARKS

50

QUESTION 2

JM TRADERS

NOTES TO THE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 28 FEBRUARY 2023

2.1.1 CAPITAL	B. JACK	Z. MAZWI
Balance at the beginning of the year <small>Balancing figure</small>	315 000✓	405 000✓
Additional capital contributed	225 000✓	
Withdrawal of capital	(45 000)✓	(135 000)✓
Balance at the end of the year	495 000✓✓	270 000✓

8

2.1.1 CURRENT ACCOUNT	B. JACK	Z. MAZWI
Salaries	108 000✓✓	129 600
Interest on capital (25 200 + 21 600)	46 800✓✓*	44 550
Bonus	13 500	
Primary distribution	168 300*✓	174 150
Final distribution	8 640✓	5 760✓
Net profit for the year	176 940*✓	179 910*✓
Drawings during the year	(64 800)	(86 400)
Retained income for the year	112 140	93 510
Balance at the beginning of the year	20 250	(51 840)✓
Balance at the end of the year	132 390*✓	41 670*✓

*✓ operation one part correct

12

OR

2.1.1

CURRENT ACCOUNT	B. JACK	Z. MAZWI
Net profit for the year	176 940* <input checked="" type="checkbox"/>	179 910* <input checked="" type="checkbox"/>
Salaries	108 000✓✓	129 600
Interest on capital (25 200 + 21 600)	46 800✓ <input checked="" type="checkbox"/> *	44 550
Bonus	13 500	
Primary distribution	168 300* <input checked="" type="checkbox"/>	174 150
Final distribution	8 640✓	5 760✓
Drawings during the year	(64 800)	(86 400)
Retained income for the year	112 140	93 510
Balance at the beginning of the year	20 250	(51 840)✓
Balance at the end of the year	132 390* <input checked="" type="checkbox"/>	41 670* <input checked="" type="checkbox"/>

*☒ operation one part correct

12

2.1.1

TRADE AND OTHER PAYABLES

Trade creditors	57 690	
SARS: PAYE (10 935✓ + 2 448✓) (1296 x 1/1.50 = 864. Therefore 3420 – 108 – 864)	13 383	<input checked="" type="checkbox"/>
Accrued expenses	11 430	✓
Income received in advance	4 140	✓
UIF (108 +108)	216	✓ <input checked="" type="checkbox"/> *
Pension Fund (1 296 + 864)	2 160	✓ <input checked="" type="checkbox"/> *
Creditors for salary	7 380	✓
	96 399	* <input checked="" type="checkbox"/>

*☒ operation one part correct

Foreign items -1 marks -2 (15 300/14 670) accrued income/prepaid expenses

11

2.1.2 JM TRADERS

EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) ON 28 FEBRUARY 2023

PARTNERS EQUITY	operation	939 060	<input checked="" type="checkbox"/>
Capital	see 2.1.1	765 000	<input checked="" type="checkbox"/>
Current accounts	see 2.1.1 3	174 060	<input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES		307 800	
Loan: G Malini (405 000✓ – 97 200 ✓✓)	one part correct 4	307 800	<input checked="" type="checkbox"/> *
CURRENT LIABILITIES	operation, one part correct	253 539	<input checked="" type="checkbox"/>
Trade and other payables	see 2.1.1	96 399	<input checked="" type="checkbox"/>
Bank overdraft (14 940✓ + 45 000✓)		59 940	<input checked="" type="checkbox"/> *
Short term loan	see loan above	97 200	<input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITIES	operation, one part correct 7	1 500 399	<input checked="" type="checkbox"/>

14

*☒ operation one part correct

TOTAL MARKS

45

QUESTION 3

3.1.1

Calculate the missing amounts denoted by (i) to (iv).						
	Workings	Answer				
(i)	3 420 000 – 540 000	2 880 000✓✓ no part marks				
(ii)	$756\,000 + 108\,000 - 729\,000$ $- 756\,000 - 108\,000 + 729\,000$ OR <table border="1"><tr><td>729 000</td><td>108 000</td></tr><tr><td>135 000</td><td>756 000</td></tr></table>	729 000	108 000	135 000	756 000	135 000✓✓ one part correct
729 000	108 000					
135 000	756 000					
(iii)	$108\,000 - (64\,800 + 8\,100)$ <small>72 900 – 2 marks</small>	35 100✓ one part correct				
(iv)	Disposal = 8 100✓ see above Old $729\,000 - 108\,000 \times 10/100 = 62\,100$ ✓✓* <small>one part correct</small> <small>see (ii)</small> New $135\,000 \times [10/100 \times 6/12]$ ✓ = 6 750✓* <small>Both for one mark one part correct</small>	76 950✓ one part correct				

15

3.2

ACCOUNTING EQUATION			
No.	Asset	Equity	Liability
3.2.1	- 2 400✓	- 2 400✓	0✓
3.2.2	0✓	- 14 800✓	+ 14 800✓
3.2.3	0 ✓	+ 30 880 ✓ - 30 880 ✓ OR 0	0✓

10

TOTAL MARKS

25

QUESTION 4

4.1 CALCULATION OF FINANCIAL INDICATORS FOR 2023:

Current ratio

$$216\,000 \checkmark : 108\,000 \checkmark$$

$$= 2 : 1 \checkmark \text{ operation, one part correct, must be } x:1$$

3

Acid-Test ratio

$$216\,000 - 72\,000$$

$$67\,500 + 76\,500 : 108\,000$$

Two marks

$$\text{OR: } 144\,000 \checkmark \checkmark : 108\,000 \checkmark$$

$$= 1,3 : 1 \checkmark \text{ operation, one part correct, must be } x:1$$

4

Debt/Equity ratio

$$315\,000 \checkmark : 958\,500 \checkmark$$

$$0,3 : 1 \checkmark \text{ operation, one part correct, must be } x:1$$

3

Percentage return on Partnership's Equity

$$\frac{270\,000 \checkmark}{\frac{1}{2} \checkmark (2\,340\,000 \checkmark + 76\,500 \checkmark)} \times \frac{100}{1}$$

$$\text{OR } \frac{1\,458\,000 + 958\,500}{1\,208\,250} \text{ 3 marks}$$

$$= 22,3\% \checkmark \text{ operation, one part correct}$$

5

4.2 Explain the liquidity position of the partnership. Quote THREE financial indicators with figures

Financial indicators ✓✓✓ Figures ✓✓✓

Current ratio increased from 1,9:1 in 2022 to 2,0:1 (by 0,1:1) in 2023 see 4.1

Acid test ratio increased from 0,9:1 in 2022 to 1,3:1 (by 0,4:1) in 2023 see 4.1

Debtors' collection period increased from 28 days to 39 days.

Therefore, the liquidity position improved in 2023.

Do not accept creditors because position remain the same.

6

4.3 The partners are considering increasing the loan by R270 000. Quote ONE financial indicator with figures to justify the increase of the loan.

Financial indicator ✓✓ Figures ✓✓ Comment ✓✓

- Debt/equity ratio increase from 0,1:1 in 2022 to 0,3:1 in 2023. See 4.1

Comment

- The risk increased but is still low risk. The partnership is more reliant on borrowed capital. / If they borrow R270 000 the debt/equity ratio will increase to 0,6:1 which increases the risk.

4

4.4 Comment on the % return earning by each partner. Why should partner Baleni be dissatisfied?

Explanation ✓✓✓ Figures ✓✓✓ Comment ✓✓

- Baleni % return on equity decreased from 34% in 2022 to 21% (by 13%) in 2023
- Bower's % return on equity decreased from 36% in 2022 to 26% (by 10%) in 2023.

Comment any one

- Bower withdrew R540 000 of his capital contribution during the year. / Baleni limited his drawings to prevent an overdrawn bank account. / Bower got a negative Current account due to the drawings.

5

TOTAL MARKS

30