



Province of the
EASTERN CAPE
EDUCATION

Ipohondo leMpumi Kapa / Isobo leMfundu
Provincie van die Oos-Kaap / Departement van Onderwys
Porafensiye Ya Kapa Botshabelo / Lefapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2025

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ACCOUNTING P1

MARKS: 150

TIME: 2 hours



This question paper consists of 11 pages, a formula sheet and an 8-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 questions.
3. A Financial Indicator Formula Sheet is attached at the end of this question paper.
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 on the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Concepts and Statement of Comprehensive Income	55	45
2	Statement of Financial Position and Notes to Financial Statements	50	40
3	Financial Indicators and Interpretation of Financial Statements	35	25
4	Business ethics and GAAP principles	10	10
TOTAL		150	120

**QUESTION 1: CONCEPTS AND STATEMENT OF COMPREHENSIVE INCOME
(55 marks; 45 minutes)**

1.1 Fill in the missing word(s). Write only the word(s) next to the question numbers (1.1.1 to 1.1.4) in the ANSWER BOOK.

1.1.1 ... is a set of principles according to which financial statements are prepared.

1.1.2 ... is an imputed expense.

1.1.3 ... is the remaining value of an asset after it has been fully depreciated.

1.1.4 The ... principle states that all income earned and expenses incurred, must be shown in the same financial period. (4)

1.2 The following information relates to the financial records of Lee-way Traders. Their financial year ends on 30 June each year.

REQUIRED:

Refer to information B (i) and calculate the following:

1.2.1 Profit or loss on the sale of the vehicle. (5)

1.2.2 Total depreciation on vehicles for the year ended 30 June 2025. (6)

1.3 Prepare the Statement of Comprehensive Income for the year ended 30 June 2025. (40)



INFORMATION:**A. List of some of the balances and totals of Lee-way Traders on 30 June 2025.**

	R
Loan	1 455 000
Trading stock	264 000
Vehicles	580 000
Equipment	450 000
Accumulated depreciation on vehicles (1/07/2024)	210 000
Accumulated depreciation on equipment	168 000
Fixed deposit: Amandla Bank (8,5%)	180 000
Provision for bad debts (1/07/2024)	9 296
Debtors control	168 100
Sales	8 230 200
Cost of sales	?
Salaries and wages	512 500
Water and electricity	16 500
Bad debts	7 100
Rent income	98 800
Insurance	89 600
Bad debts recovered	5 100
Repairs	11 600
Consumable stores	18 000
Interest on fixed deposit	4 000
Interest on loan	?
Sundry expenses	174 500

B. Adjustments and additional information:

(i) On 28 February 2025, an old vehicle was traded-in for R98 000 for a new one costing R180 000. The vehicle was originally bought for R220 000 and its carrying value on 1 July 2024 amounted to R126 000. No entry was made in the books for this transaction.

NOTE: Depreciation is calculated at 20% p.a. on diminished balance method.

(ii) Total depreciation on equipment totaling R89 400 must still be brought into account.

(iii) A credit note for R2 200, issued to a debtor, A. Smuts, for totally damaged goods in transit, was not recorded. Goods are marked-up at 120% on cost.

(iv) Several debtors had overdue accounts. The business decided to write off their accounts to the value of R3 080. Provision for bad debts must then be adjusted to 5% of debtors.

(v) An amount of R3 800 paid for repairs done on the buildings was erroneously debited to land and buildings.

(vi) Unused property was rented out on 1 September 2024. The tenant paid rent in advance for July and August because she was going on holiday.

NOTE: Rent was decreased by R400 per month from January 2025.

(vii) An annual insurance premium was paid to Ecco insurers on 1 October 2024. An increase of 10% was effected from 1 February as per the signed agreement.

(viii) A water and electricity bill of R405, for June 2025 was received, but not paid yet.

(ix) A new employee who joined the business on 1 June 2025 was left out of the Salaries Journal.

Deductions calculated at 18% of his salary amounted to R3 600. The business contributes a total of R2 200 on behalf of this employee to the UIF and Pension Fund.

(x) Physical stock count on 30 June 2025 revealed the following:

- Trading stock on hand, R259 500.
- Consumable stores to the value of R13 250 were used during the year.

(xi) An additional fixed deposit of R60 000 was placed at Amandla Bank half-way through the year. This transaction was properly recorded.

Provide for outstanding interest.

55

QUESTION 2: STATEMENT OF FINANCIAL POSITION AND NOTES
(50 marks; 45 minutes)

Partners Osna and Long are owners of the business, Oslo Traders.
 You are provided with information for the year ended 28 February 2025.

REQUIRED:

- 2.1 Complete the Trade and other Receivables note on 28 February 2025. (7)
- 2.2 Complete the Current Account note on 28 February 2025. (18)
- 2.3 Complete the Statement of Financial Position on 28 February 2025. (25)

INFORMATION:

A. Extract from the financial records on 28 February 2025.

	R
Capital: Osna	450 000
Capital: Long	500 000
Current account: Osna (1 March 2024)	34 800 (Cr)
Current account: Long (1 March 2024)	28 900 (Dr)
Drawings: Osna	159 200
Drawings: Long	88 600
Fixed assets at carrying value	1 864 500
Loan: Otto Bank	?
Trading stock	296 400
Debtors control	226 000
Cash float and petty cash	5 600
Savings account	140 000
Bank overdraft	?
Provision for bad debts	7 000
Creditors control	119 800
Accrued expenses	6 900
SARS: PAYE	7 750

B. Partnership agreement stipulated the following:

- (i) The partners are entitled to 12% interest on their capitals. Osna increased his capital by contributing R150 000 cash on 1 September 2024. This transaction was recorded into the books.
- (ii) Partners are entitled to a salary of R360 000 per annum. It was decided, however, to increase Long's salary by 15% per annum effective from 1 December 2024 because of increased administration duties.
- (iii) Partners receive their bonuses in December each year and they are entitled to a bonus equal to their December salary.
- (iv) Remaining profits or losses are shared between the partners using the ratio of their capital balances at the end of the year. Long received R85 800 as his secondary distribution.

C. Drawings:

No entries were made in the books for a computer taken by partner Long on 28 February 2025. The following details were obtained from the Fixed Asset Register regarding the computer:

- Cost price, R18 000
- Accumulated depreciation on 1 March 2024, R9 000.
- Depreciation for the current year on this computer was R1 400.

D. Additional information:

- Debtors with credit balances of R3 800 must be transferred to the creditors ledger.
- Unused stationery to the value of R1 200 was revealed by a stock count on 28 February 2025.
- On 25 February 2025, stock with a cost price of R18 000 was stolen during a burglary at the warehouse. Insurance agreed to pay 80% of the claim to cover the loss. Terms and conditions of the insurance policy stipulate that insurance claims take 15 days to process from the day the claim was submitted. No entries were made in the books to record this transaction.
- R2 800 received from a debtor, A. Carl, whose debt was previously written off, was recorded in the debtors control column in the Cash Receipts Journal and posted as such.
- The loan statement received from Otto Bank on 28 February 2025 reflected the following:

Balance on 1 March 2024	808 600
Monthly repayments, including interest	19 200
Interest capitalised, during the year	96 000
Balance on 28 February 2025	?

The business plans to pay R60 000 off the loan balance during the next financial year.

- The current ratio was calculated as 2,5 : 1 on 28 February 2025.

50

**QUESTION 3: FINANCIAL INDICATORS; ANALYSIS AND INTERPRETATION
OF FINANCIAL STATEMENTS** (35 marks; 25 minutes)

You are provided with information relating to Asiya Clothing Boutique for the year ended 31 December 2025, together with comparative figures for 2024. The business is owned by two partners, Asmal and Yamiz.

REQUIRED:

3.1 Below is a list of concepts that answer questions on the interpretation of financial statements.

Choose the concept that answers QUESTION 3.1.1 to QUESTION 3.1.4.

Liquidity, return on equity, gearing, solvency, operating efficiency

3.1.1 Is the business a good investment to the partners? (4)

3.1.2 Does the business have control over its income and expenses? (4)

3.1.3 To what extent is the business financed by loans? (4)

3.1.4 Can a business pay off all its debts comfortably? (4)

3.2 Calculate the following financial indicators for the year ended 31 December 2025. Show ALL calculations.

3.2.1 Operating expenses on sales (3)

3.2.2 Acid-test ratio (4)

3.2.3 Stock turn-over rate (5)

3.3 In all the questions below, you should:

Quote the financial indicators, figures and trends.

3.3.1 **Profitability**
Comment on whether the decision taken by the partners regarding the mark-up % achieved, benefited the business or not. Quote figures. (2)

3.3.2 **Liquidity**
Comment on the stock-holding period of the business and its average debtors' collection period. Suggest ways in which these can be improved in future. (6)

3.3.3 **Risk and gearing**
Partner Asmal is of the opinion that it was beneficial to the business to pay the loan during the year.

- Comment on how this decision has affected the risk of the business. Quote ONE financial indicator. (3)
- Besides paying off the loan, what other avenues can partners explore that will impact positively on the financial risk of the business? State TWO points. (4)

3.3.4 Return on owners' equity

Should partner Yamiz be satisfied with the returns he is getting from the partnership? Comment and quote ONE financial indicator.

(4)

INFORMATION:

A. Extract from the Statement of Comprehensive Income

	2025	2024
Sales	1 760 000	1 410 000
Gross profit	660 000	528 750
Operating expenses	334 400	296 100
Operating profit	385 100	360 000
Net profit for the year	325 600	318 400

B. Extract from the Statement of Financial Position

	2025	2024
Non-current assets	2 334 000	2 140 000
Current assets		
Inventories	304 000	256 000
Trade and other receivables	236 000	196 400
Cash and cash equivalents	165 600	209 000
Partners' Equity	651 200	626 800
Non-current liabilities	395 000	490 000
Current liabilities	596 000	401 200

C. Financial indicators

	2025	2024
Operating expenses on sales	?	21%
Mark-up % achieved	60%	70%
Current ratio	2,1 : 1	2,2 : 1
Acid-test ratio	?	1,0 : 1
Stock turn-over rate	?	5,4 times
Debt equity ratio	0,6 : 1	0,7 : 1
Stockholding period	94 days	68 days
Average debtors collection period	45 days	32 days
Average creditors payment period	40 days	40 days
Return on partners equity	51%	49,8%
Return earned by partner Asmal	26%	29,4%
Return earned by partner Yamiz	25%	20,4%
Interest rate on loans	13,5%	13,5%
Interest rate on fixed deposit	12,5%	11,5%

QUESTION 4: BUSINESS ETHICS AND GAAP PRINCIPLES**(10 marks; 10 minutes)**

Jose and Roman are partners in the business called Joeman Traders. They started their business three years ago which sells and repairs laptops. They agreed and drafted business ethics and a code of conduct that should be followed by all members.

Roman has recently got into a business deal with a new supplier from North West who promised to get him better deals on laptops and consumables provided he agrees to some terms and conditions.

Terms and conditions included the following:

The business must agree to order goods at no less than R100 000 each month but only 50% of this must be recorded in business books. The rest will be sold and the proceeds will be split between Roman and the supplier. Roman will also get an incentive of R10 000 each month from the supplier.

Roman also took a laptop for his daughter but he did not record this transaction in the books of the business, and did not tell his partner Jose about it.

4.1 Explain what is meant by the term 'business ethics'. (2)

4.2 Which GAAP principle did Roman contravene when he took a laptop from the business, but did not record this transaction?
Briefly explain this principle to support your answer. (2)

4.3 Explain what concerns should Jose have when he finds out about his partner's actions. State THREE points. (6)

10**TOTAL: 150**

GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

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



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ACCOUNTING P1 ANSWER BOOK

QUESTION	MAX. MARKS	MARKS OBTAINED	MODERATED MARKS	
			School	District
1	55			
2	50			
3	35			
4	10			
	150			

This answer book consists of 8 pages.

QUESTION 1**1.1 CONCEPTS**

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2.1 Calculate the profit or loss on sale of the vehicle.

WORKINGS	ANSWER
 Stammorephysics.com	

5

1.2.2 Calculate total depreciation on vehicles for the year ended 30 June 2025.

WORKINGS	ANSWER

6

1.3 Statement of Comprehensive Income for the year ended 30 June 2025.

Sales (8 230 200	
Cost of sales	
Gross profit	
Other operating income	
Bad debts recovered	5 100
Rent income	
Gross operating income	
Operating expenses	
Salaries and wages (512 500	
Sundry expenses	174 500
Water and electricity	
Bad debts	
Insurance (89 600	
Repairs (11 600	
Operating profit	
Interest income (4 000	
Profit before interest expense	
Net profit for the year	3 404 470

40

TOTAL MARKS

55

QUESTION 2

OSLO TRADERS

2.1 TRADE AND OTHER RECEIVABLES NOTE

7

2.2 CURRENT ACCOUNT NOTE ON 28 FEBRUARY 2025

	Osna	Long
Partner's salaries	360 000	
Bonus		
Interest on capital		60 000
Secondary distribution		85 800
Drawings	159 200	
Retained earnings		
Balance at the beginning of the year	34 800	(28 900)
Balance at the end of the year		

18

2.3 Statement of Financial Position on 28 February 2025.

	R
Assets	
Non-current assets	
Financial assets: Fixed deposit	
Current assets	
Inventories (296 400	
Cash and cash equivalents	
Total assets	
Equity and Liabilities	
Owners' Equity	
Capital	
Non-current liabilities	
Loan	
(808 600	
Current liabilities	
Trade and other payables	
(119 800	
Total equity and liabilities	

25

TOTAL MARKS
50

QUESTION 3**3.1 CONCEPTS**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 Calculate the following financial indicators for the year ended 31 December 2025. Show ALL calculations.

3.2.1 Operating expenses on sales

WORKINGS	ANSWER
	

3

3.2.2 Acid-test ratio

WORKINGS	ANSWER

4

3.2.3 Stock-turnover rate

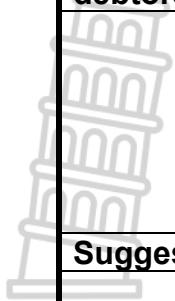
WORKINGS	ANSWER

5

3.3.1 Comment on whether the decision taken by the partners regarding the mark-up % achieved, benefited the business or not. Quote figures.

2

3.3.2 Comment on the stock-holding period of the business and average debtors' collection period.



Suggest ways in which these can be improved in future.

Point 1



Point 2

6

3.3.3 Partner Asmal is of the opinion that it was beneficial to the business to pay the loan during the year.

Comment on how this decision has affected the risk of the business. Quote ONE financial indicator.

3

Besides paying off the loan, what other avenues can partners explore that will impact positively on the risk of the business? State TWO points.

-

-

4

3.3.4 Should partner Yamiz be satisfied with the returns he is getting from the partnership? Comment and quote ONE financial indicator.

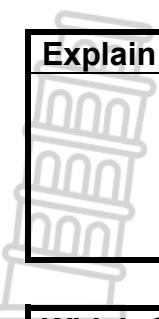
4

TOTAL MARKS

35

QUESTION 4

4.1 Explain what is meant by the term 'business ethics'.



2

4.2 Which GAAP principle did Roman contravene when he took a laptop from the business but did not record this transaction? Briefly explain this principle to support your answer.



2

4.3 Explain what concerns should Jose have when he finds out about his partner's actions. State THREE points.

6

TOTAL MARKS
10



TOTAL: 150



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GRADE 11

NOVEMBER 2025

ACCOUNTING P1 MARKING GUIDELINE

MARKS: 150

MARKING PRINCIPLES:

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. Unless otherwise stated, give full marks for correct answer. If answer incorrect, mark workings.
4. If a pre-adjustment figure is shown as a final figure, allocate the part-mark as a working mark for that figure (not the method mark for the answer). **Note:** if figures are stipulated in marking guideline 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. Where penalties are applied, the final marks for that section of the question cannot be a negative total.
9. Where method marks are awarded for operation, marker must inspect the reasonableness of the answer.
10. Operation means 'check operation'. 'One part correct' means operation and one part correct. **Note:** check operation must be +, -, x, ÷, as per candidate's calculation (if valid) or per marking guideline.
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. Note that one comment could contain different aspects.
14. Codes: f = foreign item; p = placement/presentation.

This marking guideline consists of 8 pages.

QUESTION 1**1.1 CONCEPTS**

1.1.1	Generally Accepted Accounting Practice (GAAP) ✓
1.1.2	Depreciation ✓
1.1.3	Scrap value / residual value ✓
1.1.4	Matching ✓

4

1.2.1 Calculate the profit or loss on sale of the vehicle.

WORKINGS	ANSWER
$126\ 000 \times 20\% \times 8/12 = 16\ 800 \checkmark \checkmark$ $CV = 126\ 000 - 16\ 800 = 109\ 200$ $P/L = 98\ 000 \checkmark - 109\ 200 \checkmark$	$(11\ 200) \checkmark$ One part correct May not be in brackets

5

1.2.2 Calculate total depreciation on vehicles for the year ended 30 June 2025.

WORKINGS	ANSWER
Sold = 16 800 <input checked="" type="checkbox"/> see 1.2.1 $Old = (580\ 000 - 210\ 000 - 126\ 000) \times 20\% = 48\ 800 \checkmark \checkmark$ OR $(580\ 000 - 220\ 000) - (210\ 000 - 94\ 000) \times 20\%$ $New = 180\ 000 \times 20\% \times 4/12 \checkmark = 12\ 000 \checkmark$	77 600 <input checked="" type="checkbox"/> one part correct

6

1.3 Statement of Comprehensive Income for the year ended 30 June 2025.

Sales (8 230 200 – 2 200 ✓)	8 228 000	<input checked="" type="checkbox"/>	
Cost of sales (8 230 200 x 100/220)	(3 741 000)	<input checked="" type="checkbox"/>	
Gross profit	4 487 000	<input checked="" type="checkbox"/>	
Other operating income	88 855	<input checked="" type="checkbox"/>	
Bad debts recovered	5 100		
Rent income (98 800 ✓ – 16 200 ✓✓)	82 600	<input checked="" type="checkbox"/>	
#Provision for bad debts adj. (9 296 – 8 141)	1 155	<input checked="" type="checkbox"/>	
Gross operating income	4 575 855	<input checked="" type="checkbox"/>	
Operating expenses	(1 014 135)	<input checked="" type="checkbox"/>	
Salaries and wages (512 500 + 20 000 ✓✓ + 2 200✓)	534 700	<input checked="" type="checkbox"/>	
Sundry expenses	174 500		
Water and electricity (16 500 + 405)	16 905	<input checked="" type="checkbox"/>	
Bad debts (7 100 + 3 080)	10 180	<input checked="" type="checkbox"/>	
Insurance (89 600 – 23 100 ✓✓)	66 500	<input checked="" type="checkbox"/>	
Repairs (11 600 + 3 800 ✓)	15 400	<input checked="" type="checkbox"/>	
Consumable stores	13 250	<input checked="" type="checkbox"/>	
\$Loss on sale of asset	see 1.2.1	11 200	<input checked="" type="checkbox"/>
Depreciation (77 600 ✓ + 89 400 ✓)	167 000	<input checked="" type="checkbox"/>	
see 1.2.2	must add 89 400		
Trading stock deficit (264 000 – 259 500)	4 500	<input checked="" type="checkbox"/>	
Operating profit	3 561 720	<input checked="" type="checkbox"/>	
Interest income (4000 + 8 750 ✓)	12 750	<input checked="" type="checkbox"/>	
Profit before interest expense	3 574 470	<input checked="" type="checkbox"/>	
Interest expense	balancing figure	(170 000)	<input checked="" type="checkbox"/>
Net profit for the year	3 404 470		

one part correct #can be shown as exp. Check learner's workings
\$ can be shown as income, check workings in 1.2.1

40

QUESTION 2**OSLO TRADERS****2.1 TRADE AND OTHER RECEIVABLES NOTE**

Trade debtors (226 000 + 3 800 ✓ + 2 800 ✓)	232 600	<input checked="" type="checkbox"/>
Provision for bad debts	(7 000)	<input checked="" type="checkbox"/>
Net Trade debtors	225 600	
Accrued income (insurance claim) (18 000 x 80%)	14 400	<input checked="" type="checkbox"/>
	240 000	<input checked="" type="checkbox"/>

7

2.2 CURRENT ACCOUNT NOTE ON 28 FEBRUARY 2025.

OSLO TRADERS	Osna	Long
Partner's salaries	360 000	373 500 ✓✓
Bonus	30 000 ✓	34 500 ✓
Interest on capital	45 000 ✓✓	60 000
Primary distribution	435 000 <input checked="" type="checkbox"/>	468 000 <input checked="" type="checkbox"/>
Secondary distribution	77 220 ✓✓	85 800
Net profit as per SOCI	512 220 <input checked="" type="checkbox"/>	553 800 <input checked="" type="checkbox"/>
Drawings	(159 200)	(96 200) ✓✓
Retained earnings	353 020 <input checked="" type="checkbox"/>	457 600 <input checked="" type="checkbox"/>
Balance at the beginning of the year	34 800	(28 900)
Balance at the end of the year	387 820 <input checked="" type="checkbox"/>	428 700 <input checked="" type="checkbox"/>

18

✓ check operation

2.3 Statement of Financial Position on 28 February 2025

	R	
Assets		
Non- current assets		
Fixed assets (1 864 500 - 7 600 ✓ - 1 400 ✓)	1 855 500	<input checked="" type="checkbox"/> *
Financial assets: Fixed deposit		
Current assets	665 200	<input checked="" type="checkbox"/> *
Inventories (296 400 + 1 200 ✓ - 18 000 ✓)	279 600	<input checked="" type="checkbox"/> *
Trade and other receivables see 2.1	240 000	<input checked="" type="checkbox"/>
Cash and cash equivalents (140 000 ✓ + 5 600 ✓)	145 600	<input checked="" type="checkbox"/>
Total assets		
Equity and Liabilities		
Owners' Equity	1 766 520	<input checked="" type="checkbox"/> *
Capital	950 000	<input checked="" type="checkbox"/>
Current accounts (387 820 + 428 700) see 2.2	816 520	<input checked="" type="checkbox"/>
Non-current liabilities	614 200	
Loan	614 200	<input checked="" type="checkbox"/> *
(808 600 - 230 400 ✓ + 96 000 ✓ - 60 000 ✓)		
Current liabilities (665 200 see current assets ÷ 2.5)	266 080	<input checked="" type="checkbox"/>
Trade and other payables	138 250	<input checked="" type="checkbox"/>
(119 800 + 3 800 ✓ + 6 900 ✓ + 7 750 ✓)		
Bank overdraft balancing figure	67 830	<input checked="" type="checkbox"/> *
Current portion of loan	60 000	<input checked="" type="checkbox"/>
Total equity and liabilities		

*one part correct

25

QUESTION 3**3.1 CONCEPTS**

3.1.1	Return on equity ✓
3.1.2	Operating efficiency ✓
3.1.3	Gearing ✓
3.1.4	Solvency ✓

4

3.2 Calculate the following financial indicators for the year ended 31 December 2025. Show all calculations.**3.2.1 Operating expenses on sales**

WORKINGS	ANSWER
$\frac{334\ 400}{1\ 760\ 000} \times 100$	19% <input checked="" type="checkbox"/> one part correct

3

3.2.2 Acid-test ratio

WORKINGS	ANSWER
$\frac{236\ 000 + 165\ 600}{596\ 000}$	0,67 : 1 / 0,7:1 <input checked="" type="checkbox"/> one part correct, must be x:1

4

3.2.3 Stock-turnover rate

WORKINGS	ANSWER
$\frac{1\ 760\ 000 - 660\ 000}{1\ 100\ 000}$ $\frac{1}{2} \sqrt{(304\ 000 + 256\ 000)}$	3,9 times <input checked="" type="checkbox"/> one part correct

5

3.3.1 Comment on whether the decision taken by the partners regarding the mark-up % achieved, benefitted the business or not. Quote figures.

One valid point relating to sales with figures ✓✓

It benefited the business, sales increased from 1 410 000 to 1 760 000/ by 350 000/ by 24,8%

2

3.3.2 Comment on the stock-holding period of the business and its average debtors' collection period.

Figures and trends ✓ ✓

- Stock-holding period increased from 68 days to 94 days.
- Average debtors' collection period increased from 32 days to 45 days.

Suggest ways in which these can be improved in future.

	Any one valid point relating to stock-holding period ✓✓
Point 1	Advertise stock / Sales promotions / Reduce selling price or mark-up to increase sales / Purchase these products according to orders.
Point 2	Any one valid point relating to debtors' collection period ✓✓ Send reminders to debtors / charge interest for late payments / offer discount for early payments / Stop selling on account to debtors until they settle outstanding amounts.

6

3.3.3 Partner Asmal is of the opinion that it was beneficial to the business to pay the loan during the year.

Comment on how this decision has affected the risk of the business. Quote ONE financial indicator.

Financial indicator ✓ figures and trend ✓ effect on risk ✓

Debt equity ratio decreased from 0,7:1 to 0,6 :1. Still in high financial risk.

3

Besides paying off the loan, what other avenues can partners explore that will impact positively on the financial risk of the business? State TWO points.

Any two valid points ✓✓ ✓✓

- Increase their capital contributions
- Taking on a new partner/s

4

3.3.4 Should partner Yamiz be satisfied with the returns he is getting from the partnership? Comment and quote one financial indicator.

Comment on return earned by Yamiz ✓✓ Comparison to interest on alternative investment ✓✓

Return earned by Yamiz increased from 20,4% to 25%.

Return earned by Yamiz (25%) is above interest on fixed deposit of 12,5% which indicates that investment in the business is better.

4

QUESTION 4**4.1****Explain what is meant by the term 'Business Ethics'?**

Any one valid point ✓✓

Business ethics are sets of rules and conduct that provides a distinction between right and wrong behavior in the business environment.

2**4.2**

Which GAAP principle did Roman contravene when he took a laptop from the business, but did not record this transaction. Briefly explain this principle to support your answer.

Identification of correct GAAP principle ✓

Explanation relating to the correct principle identified ✓

Business entity rule:

Business affairs should be kept or recorded separately from the financial affairs of the owners / When goods or cash are taken by the owner for personal use, these should be recorded as drawings in the books of the business.

2**4.3**

Explain what concerns should Jose have when he finds out about his partner's actions. State THREE points.

Open-ended question:

Any THREE valid points ✓✓ ✓✓ ✓✓

Part marks for unclear/ incomplete answers

- Roman acted in an unethical manner for his personal gain/conflict of interest and should face disciplinary measures.
- Roman caused financial loss to the business for his selfish benefit/He should pay back the money he unlawfully benefited from, at the expense of the business.
- He did not follow business code of conduct and ethics/Criminal charges should be placed against him

6**10****TOTAL: 150**