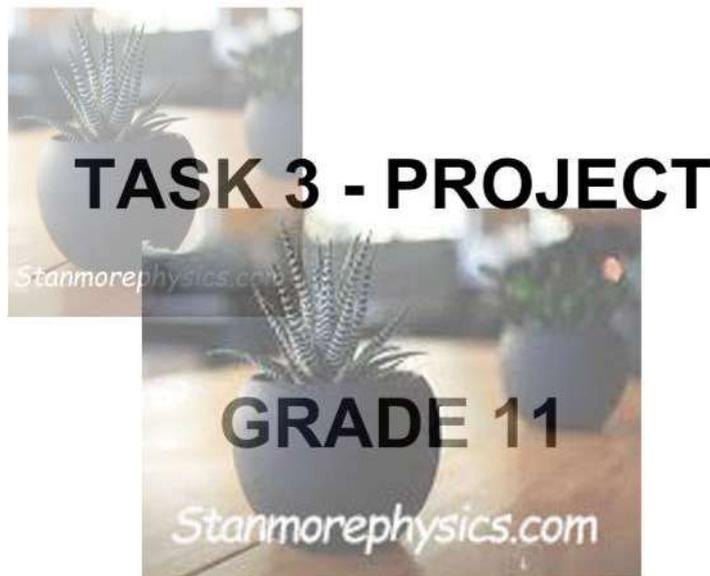




education

Department of
Education
FREE STATE PROVINCE

ACCOUNTING



2024

EXAMINER: Mr. J Valashiya
MODERATOR: Me. L.A Andrews

DURATION: 90 MINUTES
TOTAL: 90 MARKS (CONVERT TO 50)

SECTION: A VALASHIA TRADERS

The following information was taken from the books of Valashia Traders. The business has two partners, V. Valash and R. Ria. You are provided with information for the financial year ended 29 February 2024.

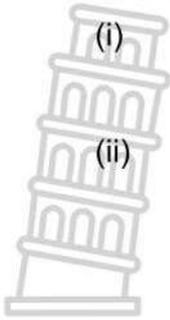
REQUIRED:

- 1.1 Complete the following for the financial year ended 29 February 2024:
 - 1.1.1 Statement of Comprehensive Income (Income Statement) (25)
 - 1.1.2 Notes to the Statement of Financial Position for:
 - Capital account (6)
 - Current account (20)
 - 1.1.3 Equity and Liabilities section of the Statement of Financial Position. (15)
- 1.2 Calculate the following on 29 February 2024 to the first decimal place:
 - 1.2.1 Operating profit on sales (3)
 - 1.2.2 Nett profit on sales (3)
 - 1.2.3 Debt/Equity ratio (3)
 - 1.2.4 Average percentage return on Partnership's Equity (6)
- 1.3 Comment on the following on 29 February 2024:
 - 1.3.1 Liquidity (6)
 - 1.3.2 Gearing (3)

INFORMATION:

A. Balances/Totals on 28 February:

	2024	2023
Capital: Valash	500 000	?
Capital: Ria	600 000	?
Current account: Valash	?	80 000 (dr)
Current account: Ria	?	29 000 (cr)
Drawings: Valash	360 800	
Drawings: Ria	205 200	
Loan: Balule Bank	795 000	
Trade creditors	121 225	
Trade debtors	589 000	
Inventory	740 000	
Bank overdraft	22 750	
Sales	8 800 000	
Cost of sales	?	
Rent income	278 800	
Salaries	1 581 000	
Advertising	180 800	
Sundry expenses (balancing figure)	?	
Interest on loan	133 000	
Interest on fixed deposit	?	

B. Adjustments and additional information:**(i) Sale of goods:**

The business maintains a mark-up of 60% on cost.

(ii) Rent income

A storeroom was rented out from 1 March 2023. Rent decreased by R1 800 per month as of 1 December 2023. The rent for March was received in advanced.

(iii) Salaries

The business has four workers who earn the same salary. On 1 November 2023 the business appointed a fifth worker at the same salary. He has not yet received his salary for February 2024. (Ignore deductions.)

(iv) Advertising

Advertising consists of a monthly contract with the newspaper for the entire financial year. Advertising was paid for 11 months only. From 1 November 2023, the contract rate was **increased** by 10%.

(v) Capital

- On 1 September 2023 partner Ria deposit an additional R200 000 capital to increase her contribution.
- On 1 December 2023 partner Valash withdrew R150 000 capital. Both transactions were recorded properly.

(vi) Distribution of profit:**Salaries**

- Valash received an annual salary of R180 000.
- Ria received R2 000 per month less than Valash.

Interest on Capital

Interest on capital at 12% p.a. on their capital for the year.

Bonus

Both partners are entitled to an annual bonus of 5% of their capital accounts at the end of the year.

Remaining profit

The remaining profit must be divided in the ratio 3:2 between Valash and Ria.

(vii) Loan

The loan from Balule Bank was obtained on 1 August 2021. The loan must be repaid in equal monthly instalments over a period of 7 years. Interest is not capitalised, and payments are all paid up to date.

C. Financial indicators on 28 February:

	2024	2023
% Operating profit on sales	?	8%
% Nett profit on sales	?	7,5%
Current ratio	3,1:1	2,7:1
Acid test ratio	1,8:1	1,9:1
Debt/Equity ratio	?	0,1:1
Stock turnover rate	6 times	4 times
Debtors Collection period	30 days	36 days
Average percentage return	?	29%

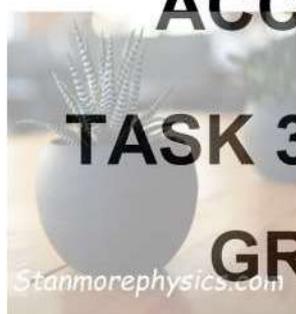


TOTAL: 90
CONVERT 50



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ACCOUNTING
TASK 3 – PROJECT
GRADE 11

ANSWER BOOK

SCHOOL: _____

SURNAME : _____

NAME: _____

TOTAL	90
CONVERTED	50

SECTION: A**1.1.1 VALASHIA TRADERS****STATEMENT OF COMPREHENSIVE INCOME – 29 FEBRUARY 2024**

Sales		
Cost of sales		
Gross profit		
Other operating income		
Rent income		
Gross operating income		
Operating expenses		
Salaries and wages		
Advertising		
Sundry expenses		
Operating profit	792 000	
Interest income		
Net profit before interest expense		
Interest expense		
Net profit for the year	800 000	

25

1.1.2 CAPITAL ACCOUNT

	VALASH	RIA
Balance at the beginning		
Additional capital contributed		
Withdrawal of capital		
Balance at the end	500 000	600 000

6

1.1.2

CURRENT ACCOUNT	VALASH	RIA
Salaries		
Interest on capital	73 500	
Bonus		
Primary distribution		
Final distribution		
Net profit for the year		
Drawings during the year		
Retained income for the year		
Balance at the beginning of the year		
Balance at the end of the year		

20

1.1.3

VALASHIA STORES
EQUITY AND LIABILITIES SECTION OF STATEMENT OF FINANCIAL POSITION

PARTNERS EQUITY		
Capital	1 100 000	
Current accounts		
NON-CURRENT LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables		
Short term loan		
Bank Overdraft		
TOTAL EQUITY AND LIABILITIES		

15

1.2.1 Calculate the following on 29 February 2024:
Operating profit on sales

3

1.2.2 Nett profit on sales

3

1.2.3 Debt: Equity ratio

3

1.2.4 Percentage return on Partnership's Equity



6

1.3.1 Comment on the following on 29 February 2024:
Liquidity

6

1.3.2 Gearing

3

TOTAL MARKS
90
50
CONVERT



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GRADE 11

ACCOUNTING

TASK 3 - PROJECT

2024

MARKING GUIDELINE



SECTION: A

1.1.1 VALASHIA TRADERS

STATEMENT OF COMPREHENSIVE INCOME – 29 FEBRUARY 2024

Sales		8 800 000	✓
Cost of sales (8 800 000 x 100/160)		(5 500 000)	✓✓
Gross profit	Operation 4	3 300 000	☑
Other operating income		258 600	
Rent income 278 800✓ – 20 200 ✓✓✓		258 600	☑*
Gross operating income	Operation 6	3 558 600	☑
Operating expenses	Operation GI - OP	(2 766 600)	☑*
Salaries and wages 1 581 000 ✓ + 31 000 ✓✓✓		1 612 000	☑*
Advertising 180 800✓ + 17 600✓✓✓		198 400	☑*
Sundry expenses	balancing figure	956 200	☑
Operating profit	12	792 000	
Interest income	balancing figure	141 000	☑
Net profit before interest expense	Operation	933 000	☑
Interest expense		(133 000)	✓
Net profit for the year	3	800 000	

25

1.1.2 CAPITAL ACCOUNT

	VALASH	RIA
Balance at the beginning	650 000✓	400 000✓
Additional capital contributed		200 000 ✓✓
Withdrawal of capital	(150 000)✓✓	
Balance at the end	500 000	600 000

6

1.1.2

CURRENT ACCOUNT	VALASH	RIA
Salaries	180 000 ✓	156 000 ✓✓
Interest on capital 24 000✓ + 36 000✓	73 500	60 000 ☑
Bonus	25 000 ✓	30 000 ✓
Primary distribution	278 500 *☑	246 000 *☑
Final distribution 3:2	165 300 ☑	110 200 ☑
Net profit for the year	443 800	356 200
Drawings during the year	(360 800) ✓	(205 200) ✓
Retained income for the year	83 000 *☑	151 000 *☑
Balance at the beginning of the year	(80 000) ✓	29 000 ✓
Balance at the end of the year	3 000 *☑	180 000 *☑
*☑ operation one part correct		

20

1.1.3 VALASHIA TRADERS
EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION

PARTNERS EQUITY	operation	1 283 000	☑
Capital		1 100 000	
Current accounts	see 1.1.2 2	183 000	☑
NON-CURRENT LIABILITIES		615 000	
Loan: Balule Bank (795 000 ✓ – 180 000✓✓)	one part correct 4	615 000	*☑
CURRENT LIABILITIES	operation	392 775	☑
Trade and other payables (121 225✓ + 31 000☑ + 17 600☑ + 20 200☑) Salaries Advertising Rent income	one part correct	190 025	*☑
Short term loan	see loan above	180 000	☑
Bank Overdraft		22 750	✓
TOTAL EQUITY AND LIABILITIES	operation, one part correct 9	2 290 775	*☑

15

**1.2.1 Calculate the following on 29 February 2024:
Operating profit on sales**

792 000 ✓ / 8 800 000 ✓ x 100 = 9% ✓ operation one part correct

3

1.2.2 Nett profit on sales

800 000 ✓ / 8 800 000 ✓ x 100 = 9,1 ✓ operation one part correct

3

1.2.3 Debt: Equity ratio

See 1.1.3 See 1.1.3
615 000 ✓ : 1 283 000 ✓
0,48 : 1 ✓ operation one part correct accept 0,5:1

3

1.2.4 Percentage return on Partnership's Equity

$$\frac{800\,000 \checkmark}{1\,150\,000 \checkmark + 1\,000\,000 \checkmark + 77\,000 \checkmark + 209\,000 \checkmark} \times \frac{100}{1}$$

(650 000 + 500 000) + (400 000 + 600 000) + (-80 000 + 3 000) + (29 000 + 180 000)

$$\frac{800\,000}{2\,282\,000} \times \frac{100}{1} = 35,1\% \checkmark \text{ one part correct accept } 35\%$$

Four marks

6

**1.3.1 Comment on the following on 29 February 2024:
Liquidity**

Three ratios/Indicators ✓✓ ✓✓ ✓✓

- Current ratio increase from 2,7:1 to 3,1:1
- Acid test ratio decrease from 1,9:1 to 1,8:1
- Stock turnover increase from 4 times to 6 times / by 50%
- Debtors' collection improves from 36 days to 30 days / 6 days.

6

1.3.2 Gearing

One ratio/Indicator

- Debt equity ✓ increase from 0,1 : 1 to 0,48 : 1. ✓✓

3

TOTAL MARKS
90
50
CONVERT