



education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

FURTHER EDUCATION AND TRAINING

GRADE 11

ACCOUNTING
PAPER 1

JUNE 2025 stanmorephysics.com

MARKS: 150

TIME: 2 hours

**This question paper consists of 12 pages and a formula sheet
and 9 pages 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 for financial indicators is attached to this question paper. You may use it 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.

QUESTION 1: 30 marks; 25 minutes	
Topic of the question:	This question integrates:
Fixed assets	Concepts Fixed assets Internal control

QUESTION 2: 45 marks; 35 minutes	
Topic of the question:	This question integrates:
GAAP and Financial statements	GAAP and Statement of comprehensive Income

QUESTION 3: 45 marks; 35 minutes	
Topic of the question:	This question integrates:
Financial Statements	Concepts Partnership Ledger accounts Notes to financial statements Statement of financial position

QUESTION 4: 30 marks; 25 minutes	
Topic of the question:	This question integrates:
Analysis and interpretation	Concepts Analysis and interpretation of financial statements

QUESTION 1: FIXED ASSETS

(30 marks; 25 minutes)

1.1 Indicate whether the following statements are TRUE or FALSE. Write only 'true' or 'false' next to the question numbers (1.1.1–1.1.3) in the ANSWER BOOK.

- 1.1.1 The historical-cost principle applies only to vehicles and equipment.
- 1.1.2 Land and buildings purchased will be recorded as a disposal in the fixed asset-note.
- 1.1.3 Depreciation refers to the decrease in the value of an asset.

(3x1) (3)

1.2 KW CARPENTERS

The following information for the year ended on 28 February 2025 relates to KW Carpenters, a partnership between Sally and Mateo

REQUIRED:

1.2.1 Refer to information A:

Do a calculation to prove that the diminished balance-method of depreciation is used for vehicles.

(3)

1.2.2 Refer to information D:

- Calculate the missing figures denoted by (i) to (iv). (12)
- Indicate if a profit or loss was made on the disposal of the vehicle. Do a calculation to support your answer. (6)

1.2.3 Refer to Information E:

- Calculate the percentage increase in the value of the property, as at 28 February 2025. (4)
- Explain why you would not agree with this partner. Provide ONE point with reference to a GAAP principle. (2)

INFORMATION:

A. Fixed Asset Register (Motor vehicles):

Units: 2			
Make: Toyota Hilux 2.4 (2022)			
Date of purchase: 30 June 2022			
Cost: R780 000			
Depreciation: 10% p.a. on diminishing balance-method			
Date	Depreciation	Accumulated depreciation	Carrying Value
28 Feb 2023	52 000	52 000	?
28 Feb 2024	72 800	124 800	?

- B. Extension to buildings was made on 1 September 2024.
- C. One of the vehicles was sold at R310 000 on 30 November 2024
- D. **Fixed Asset Note:**

	LAND AND BUILDINGS	VEHICLES	EQUIPMENT
Carrying value at the beginning		(i)	40 000
Cost	(ii)	780 000	300 000
Accumulated depreciation		?	(260 000)
Movements			
Additions at cost	750 000		250 000
Disposal at Carrying value		?	
Depreciation for the year		(iii)	(60 500)
Carrying value at the end	3 000 000		(iv)

- E. The land and buildings were bought three years ago. The market value of the property as at 28 February 2025 is estimated at R3 450 000. One of the partners is of the opinion that this amount should be reflected in the books of the business.

QUESTION 2: GAAP AND STATEMENT OF COMPREHENSIVE INCOME

(45 marks; 35 minutes)

2.1 GAAP principles are provided as options for each of the following statements.

Choose the GAAP principle and write only the letter (A–D) next to the question numbers (2.1.1–2.1.3) in the ANSWER BOOK, for example 2.1.4 E.

A	Materiality	
B	Matching	
C	Going concern	
D	Business entity	

2.1.1 Significant information must be included in financial statements.

2.1.2 The financial activities of a business are kept separately from those of the owner.

2.1.3 Income and expenses are recognised and recorded in the current financial period.

(3x1) (3)

2.2 TAIRA PRIVATE HOSPITAL

A group of doctors owns this hospital. The information relates to the financial year ended 28 February 2025.

REQUIRED: Prepare the Statement of comprehensive income

A. Extract from Pre-adjustment trial balance on 28 February 2025

Fixed deposit: Impilo Bank @ 8% p.a.	370 000
Loan (Junkie Bank)	625 000
Trading stock	410 150
Debtors control	277 500
Provision for bad debts	12 980
Sales	1 290 450
Cost of Sales	1 032 350
Debtors allowance	18 200
Fee income	1 584 000
Rent Income	168 600
Salaries and wages	367 500
Consumable stores	72 790
Advertising	12 120
Sundry Expense	247 760
Employer's Contribution	33 210
Interest on loan	11 500

B. ADDITIONAL INFORMATION AND ADJUSTMENTS:

- i. Goods, which were due to be obsolete on 31 January 2025, were sold for cash, R18 900, which is 10% below cost. This transaction was not recorded.
- ii. Provision for bad debts will decrease by R150.
- iii. Stock counts on 28 February 2025 revealed the following on hand:
 - Trading stock: R389 230
 - Consumable stores: R9 950
- iv. The company had 8 tenants at the beginning of the year. Two new offices were built and occupied on 1 November 2024. All offices were renovated and the rent has been increased by 10% together with new offices. The new tenants paid their rent until April 2025

- v. Advertising is exceeded by a one-month premium of R3 120.
- vi. One employee was left out from the salaries journal for February 2025.

The details are as follows:

Employer's contributions			Deductions				NET SALARY
Pension fund	UIF	Medical aid	Pension fund	UIF	PAYE	Medical Aid	
R610	R90	R390	R610	R90	R870	R430	R8 500

- vii. Consultation fees for 12 patients have not been recorded yet. The fee is R660 per patient.
- viii. Depreciation for the year amounted to R25 000.
- ix. Interest on fixed deposit has not been recorded yet.

QUESTION 3: STATEMENT OF FINANCIAL POSITION AND NOTES

SAMA TRADERS

(45 marks, 35 minutes)

The information provided is for the year ended on 28 February 2025.

REQUIRED:

3.1 Complete the following general ledger accounts.

- Current account: Sally (17)
- Current account: Mateo (6)
- Trade and other receivables (6)

3.2 Complete the statement of financial position as at 28 February 2025. (22)

INFORMATION:

A. The following were extracted from the records on 28 February 2025

Capital: Sally	R300 000
Capital: Mateo	400 000
Current account: Sally (1 March 2024)	Dr 12 100
Current account: Mateo (1 March 2024)	Cr 10 200
Drawing: Sally	172 500
Drawing: Mateo	140 300
Fixed assets at cost	1 920 000
Accumulated depreciation	?
Fixed deposit: Impilo Bank	310 000
Trading stock	?
Debtors control	202 330
Bank (unfavourable balance)	14 400
Cash float	6 510
Creditors control	295 500
Provision for bad debts	2 450
Loan	?

- B. R50 000 of the investment will mature on 30 September 2025.
- C. A credit note for R2 400 (cost R1 500), issued for goods returned was not posted to the debtors control account.
- D. A debtor with an outstanding balance of R11 650 was declared insolvent. The estate has paid 80% of the amount which was recorded. The balance must still be written off as bad debts.
- E. Provision for bad debts must be increased by R250.

F Loan Statement from Impilo Bank

Balance on 1 March 2024	R900 000
Repayment including interest	R164 500
Interest capitalised	R90 000

The partners decided to pay R70 500 on the capital in the next financial year.

- G. Net profit for the year after adjustments and additional information, R378 300.
- The partnership agreement stipulates the following:
- Interest on capital:
The partners are entitled to interest at 15% per annum. Mateo has decreased his capital by R100 000 on 1 June 2024. This was recorded.
 - Partners' salaries:
Mateo earn R120 000 per year and Sally earns 10% less than Mateo
 - Profits are shared in favor of Mateo in the ratio 3: 2.

H The current ratio at the end of the financial year is 1, 5: 1.

I The following are balancing figures:

- Fixed assets
- Inventories

**QUESTION 4: FINANCIAL INDICATORS AND INTERPRETATION OF
FINANCIAL STATEMENTS**

(30 marks; 25 minutes)

4.1 Calculate the following financial indicators as at 30 June 2025:

4.1.1 Acid-test ratio

(4)

4.1.2 Debt-equity ratio

(3)

4.1.3 Return earned by Kagiso

(6)

4.2 Provide figures, financial indicators or calculations in EACH case below to support your comments and explanations.

REQUIRED:

4.2.1 Comment on the liquidity of the business and explain in which year the working capital was managed more efficiently.

(6)

4.2.2 The partners decided to increase the loan during the financial year. Comment on this decision with reference to the degree of financial risk

(4)

4.2.3 Comment on Kagiso's return on his investment in the partnership.

- Provide ONE reason why he should be happy with his return.

(3)

- Provide ONE reasons why he should be concerned about his return on his investment and give an explanation

(4)

A. INFORMATION:

DR		Appropriation Account		CR	
2025 June 30	Interest on capital: Kagiso	47 250	2025 June 30	Profit and loss	502 200
	Interest on capital: Rabada	31 500			
	Salary: Kagiso	168 750			
	Salary: Rabada	205 200			
	Bonus to Rabada	17 100			
	Current account: Kagiso	16 200			
	Current account: Rabada	16 200			

B. Balances at the end of June 2025.

	2025	2024
Owners' equity	1 425 800	1 385 900
Capital: Kagiso	750 000	650 000
Capital: Rabada	675 000	700 000
Current account: Kagiso	Dr 15 500	10 750
Current account: Rabada	16 300	25 150
Current assets	303 300	530 250
Trade and other receivables	159 750	307 350
Cash and cash equivalents	49 800	32 650
Inventories	93 750	190 250
Non-current liabilities: Loan	450 000	250 000
Current liabilities	190 500	219 000

C. Financial Indicators as at 30 June 2025.

	2025	2024
Current ratio	1,5 : 1	2,4 : 1
Acid test ratio	?	1,6 : 1
Debt equity ratio	?	0,2 : 1
Return earned by Kagiso	?	36%
Return earned by Rabada	38%	39%
Return on partner's equity	36%	38%
Interest rate on alternative investments	8%	8%

30

GRAND TOTAL 150



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

NAME OF CANDIDATE

CLASS

**MAY 2025
 ACCOUNTING
 GRADE 11
 PAPER 1: FINANCIAL REPORTING & EVALUATION**

SPECIAL ANSWER BOOK

QUESTION	MARKS	INITIAL	MOD.
1			
2			
3			
TOTAL			

**QUESTION 1
 1.1. CONCEPTS**

NO	ANSWER
1.1.1.	
1.1.2.	
1.1.3.	
1.1.4.	
1.1.5.	

This answer book consists of 7 pages

1.2. INCOME STATEMENT

(40 marks; 35 minutes)

KHOZA TRADERS

Statement of Comprehensive Income for the year ended 30 June 2023.

Sales	
Cost of Sales	
Gross Profit	
Operating Income	
Gross Operating Income	
Operating Expenses	
Depreciation	71 680
Operating Income	
Interest income	
Profit before Interest expense	
Interest expense	
Net Profit for the year	

TOTAL MARKS
41

1.2 TRADE AND OTHER RECEIVABLES



TOTAL MARKS
55



QUESTION 2: PARTNERSHIP

2.1 CONCEPTS

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

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2.2. CURRENT ACCOUNTS NOTE OF PARTNERSHIP

	KOPANO	KUTLOANO
Partners' salaries		
Interest on capital		
Partners' bonuses		
Primary distribution operation		
Final distribution	125 000	
Net profit for the year		
Drawings	(25 000)	(30 000)
Undrawn profits		
Balance at the beginning		
Balance at the end	567 250	689 500

9

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BALANCE SHEET ON 30 SEPTEMBER 2022

EQUITY AND LIABILITIES	
Owners' equity	
Non-current liabilities	
Current liabilities	
TOTAL EQUITY AND LIABILITIES	



4

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

3.1

3.1.1	
3.1.2	
3.1.3	
3.1.4	

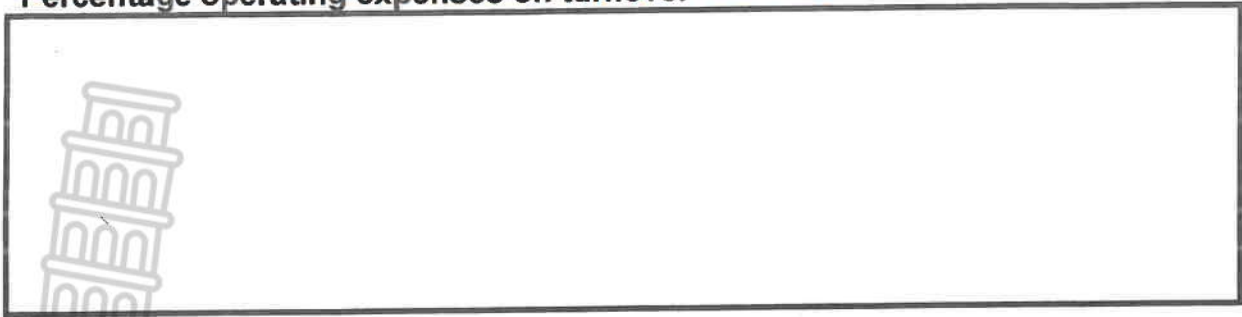
4

3.2.1 Percentage gross profit on cost of sales

3

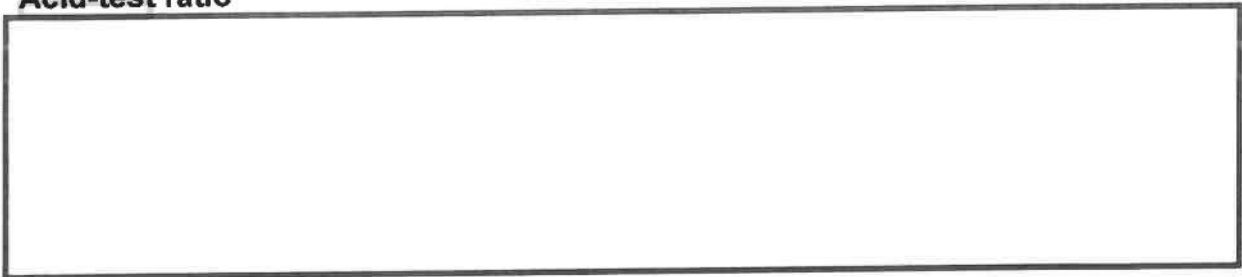
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3.2.2 Percentage operating expenses on turnover



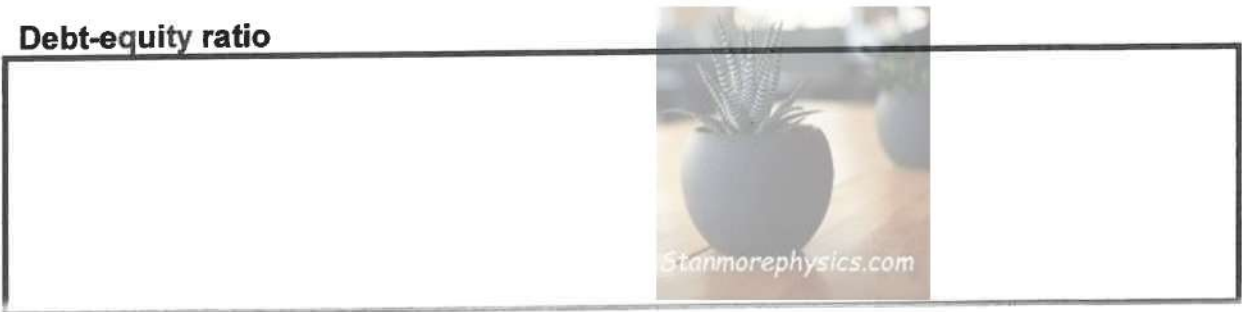
3

3.2.3 Acid-test ratio



4

3.2.4 Debt-equity ratio



3

- 3.3 Comment on the liquidity position of the business for 2023. Quote TWO financial indicators and figures to support your answer.



4

- 3.4 The business changed their policy with regards to the profit mark-up from 2022 to 2023. What was the change in policy? What are the risks associated with this and what effect did this change have on the business income?



4

- 3.5 Does the business have good control over their expenses? Quote ONE financial indicator and figures to support your answer.



3



**FURTHER EDUCATION
AND TRAINING**

GRADE 11

ACCOUNTING P1

JUNE 2025

MARKING GUIDELINES

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MARKING PRINCIPLES:

1. Unless otherwise indicated 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. Full marks for correct answer. If the answer is 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 marking guidelines 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.
7. Where penalties are applied, the marks for that section of the question cannot be a final negative.
8. Where method marks are awarded for operation, the marker must inspect the reasonableness of the answer.
9. 'Operation' means 'check operation'. 'one part correct' means 'operation and one part correct'.
Note: Check operation must be +, -, x, ÷, or as per marking guidelines.
10. In calculations, do not award marks for workings if numerator & denominator are swapped – this also applies to ratios.
11. 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 ☒.
12. Be aware of candidates who provide valid alternatives beyond the marking guideline. Note that one comment could contain different aspects.
13. Codes: f = foreign item; p = placement/presentation.

This marking guidelines consists of 10 pages.

QUESTION 1: FIXED ASSETS

1.1.1	False ✓
1.1.2	False ✓
1.1.3	True ✓

3
3

1.2.1 Do a calculation to prove that the diminished balance-method of depreciation is used for vehicles.

WORKINGS	ANSWER
$(780\ 000 - 52\ 000)$ two marks ✓ <input checked="" type="checkbox"/> 728 000 x ✓ 10%	72 800

3
3

1.2.2 Calculate the missing figures denoted by (i) to (iv).

	WORKINGS	ANSWER
(i)	780 000 – 124 800	✓✓ 655 200
(ii)	3 000 000 – 750 000	✓✓ 2 250 000
(iii)	See (i) above $655\ 200 \div 2 = 327\ 600$ Remaining vehicle: $327\ 600 \times 10\% = 32\ 760$ ✓✓ Vehicle sold: See above $327\ 600 \times 10\% \times 9 = 24\ 570$ ✓✓ <small>12</small>	<input checked="" type="checkbox"/> 57 330 one part correct
(iv)	40 000 + 250 000 – 60 500	✓✓ 229 500

12
12

Indicate if a profit or loss was made on the disposal of the vehicle. Do a calculation to support your answer.

WORKINGS	ANSWER
Profit/Loss depending on calculations ✓ $310\ 000$ ✓ – $(390\ 000$ ✓ – $62\ 400$ ✓ – <input checked="" type="checkbox"/> 24 570)	<input checked="" type="checkbox"/> 6 970 *one part correct

6
6

1.2.3

Calculate the percentage increase in the value of the property as at 28 February 2025.	
WORKINGS	ANSWER
450 000 ✓✓ ÷ 3 000 000 ✓ x 100	<input checked="" type="checkbox"/> 15% *one part correct

4
4

Explain why would you not agree with this partner. Provide ONE point with reference to a GAAP principle.
Any valid point with reference to the GAAP principle ✓✓ Part marks for incomplete / partial answer
All fixed assets should be recorded at their original cost and not their estimated worth, according to the historical cost rule.

2
2

TOTAL MARKS
30
30



SECTION 2: GAAP STATEMENT

2.1.1	A ✓
2.1.2	D ✓
2.1.3	B ✓

3
3

TIARA PRIVATE HOSPITAL STATEMENT OF THE COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2025

Sales	1 290 450 + 18 900 ✓ - 18 200 ✓	1 291 150	<input checked="" type="checkbox"/> *
Cost of sales	1 032 350 + 21 000 ✓✓	(1 053 350)	<input checked="" type="checkbox"/> *
Gross profit	Sales - COS	237 800	<input checked="" type="checkbox"/> 7
Other operating Income		1 751 150	
Rent income	168 600 ✓ - 6 600 ✓✓	162 000	<input checked="" type="checkbox"/> *
Fee income	1 584 000 ✓ + 7 920 ✓✓	1 591 920	<input checked="" type="checkbox"/> *
Provision for bad debts-adjustment		150	<input checked="" type="checkbox"/>
Trading stock surplus	see COS above 410 150 - 21 000 ✓ - 389 230 ✓	80	<input checked="" type="checkbox"/> *
Gross operating Income	GP + OOI	1 991 950	13 <input checked="" type="checkbox"/>
Operating expenses		(756 900)	<input checked="" type="checkbox"/> *
Consumable stores	72 790 ✓ - 9 950 ✓	62 840	<input checked="" type="checkbox"/>
Advertising	12 120 ✓ - 3 120 ✓	9 000	<input checked="" type="checkbox"/> *
Salaries and wages	367 500 ✓ + 10 500 ✓✓	378 000	<input checked="" type="checkbox"/> *
Employers contributions	33 210 ✓ + 1 090 ✓✓	34 300	<input checked="" type="checkbox"/> *
Depreciation		25 000	<input checked="" type="checkbox"/>
Sundry Expenses		247 760	
Operating profit	GOI - OE	1 235 050	17 <input checked="" type="checkbox"/>
Interest income	370 000 x 8%	29 600	<input checked="" type="checkbox"/>
Profit before interest expense	Operation	1 264 650	<input checked="" type="checkbox"/>
Interest expense		(11 500)	<input checked="" type="checkbox"/>
Net profit for the year	PbIE - Int exp.	1 253 150	<input checked="" type="checkbox"/> 5

*One part correct

42

TOTAL MARKS
45

QUESTION 3:

GENERAL LEDGER ACCOUNT

Current account: Sally

2024 Mar	1	Balance	b/d	12100✓	2025 Feb	28	Interest on Capital		45000✓
2025 Feb	28	Drawings		172 500✓			Salary		108000✓
							Appropriation		16620✓✓
							Balance	c/d	14 980 ✓
				184 600					184 600
2024 Mar	1	Balance	b/d	14 980 ✓					

8

Current account: Mateo

2024 Mar	28	Drawings		140300✓	2025 Feb	28	Balance	b/d	10200
2025 Feb		Balance	c/d	78 580✓			Salary		120 000✓
							Appropriation		24 930✓✓
							Interest on Capital (18750✓ + 45000✓)		63 750✓
				218 880					218 880
					2019 Mar	1	Balance	b/d	78 580✓

9

Net profit

$378\ 300 - 153\ 000 - 193\ 750 = 41\ 550$

** $41\ 550 \times 2 \div 5 = 16\ 620$ two marks

*** $41\ 550 \times 3 \div 5 = 24\ 930$ two marks

• TRADE AND OTHER RECEIVABLES

Trade debtors	202 330 - 2 330✓ - 2400✓	✓* 197 600
Provision for bad debts	2 450 + 250	*✓ ✓ (2 700)
Net trade debtors operation		✓ 194 900

6

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2025

ASSETS			
NON-CURRENT ASSETS	TA - CA	1 322 400	<input checked="" type="checkbox"/>
Fixed assets	Balancing figure	1 068 400	<input checked="" type="checkbox"/>
Financial assets	310 000 – 50 000	260 000	<input checked="" type="checkbox"/>
CURRENT ASSETS	CL x 1.5	570 600	<input checked="" type="checkbox"/>
Inventories	Balancing figure	319 190	<input checked="" type="checkbox"/>
Trade and other receivables	see note above	194 900	<input checked="" type="checkbox"/>
Cash and cash equivalents	6 510 + 50 000 see Fin assets	56 510	<input checked="" type="checkbox"/>
TOTAL ASSETS	See TE + L	1 899 000	<input checked="" type="checkbox"/>
EQUITY AND LIABILITIES			
PARTNERS EQUITY	Operation		
Capital	300 000 + 400 000	700 000	<input checked="" type="checkbox"/>
Current accounts	78 580 - 14980 see note above	63 600	<input checked="" type="checkbox"/>
NON-CURRENT LIABILITIES		755 000	
Loan	825 500 ✓✓ – 70 500 ✓	755 000	<input checked="" type="checkbox"/>
CURRENT LIABILITIES		380 400	<input checked="" type="checkbox"/>
Trade creditors		295 500	
Current Portion of Loan	See loan above	70 500	<input checked="" type="checkbox"/>
Bank overdraft		14 400	<input checked="" type="checkbox"/>
TOTAL EQUITY AND LIABILITY		1 899 000	<input checked="" type="checkbox"/>

-

22

TOTAL MARKS

45

QUESTION 4: FINANCIAL INDICATORS AND INTERPRETATION OF FINANCIAL INFORMATION

1. Calculate the following financial indicators as at 30 June 2025:

4.1.1

Acid-test ratio	
WORKINGS	ANSWER
159 750 + 49 800 two marks or 303 300 – 93 750 two marks 209 550 ✓✓ : 190 500 ✓	1,1 : 1 <input checked="" type="checkbox"/> One part correct

4

4.1.2

Debt-equity ratio	
WORKINGS	ANSWER
450 000 ✓ : 1 425 800 ✓	0,3 : 1 <input checked="" type="checkbox"/> One part correct

3
3

4.1.3

Return earned by Kagiso	
WORKINGS	ANSWER
232 200 two marks $\frac{(47\,250 + 168\,750 + 16\,200) \checkmark\checkmark}{\frac{1}{2} \checkmark (750\,000 - 15\,500 + 650\,000 + 10\,750) \checkmark\checkmark} \times 100$ 1 395 250 two marks 697 625 three marks	33,3% <input checked="" type="checkbox"/> Accept 33% One part correct

6
6

4.2.1

Comment on the liquidity of the business and explain in which year the working capital was managed more efficiently.

Financial indicators ✓✓ Figures and trend ✓✓

-1 for additional irrelevant financial indicators

Current ratio decreased from 2,4 : 1 in 2024 to 1,5 : 1 in 2025.

Acid-test ratio decreased from 1,6 : 1 in 2024 to 1,1 : 1 (see 4.1.1) in 2025. Comment on the year ✓✓

In 2025 it appears that working capital were managed more efficiently by ensuring that stock was moving.

OR

In 2024 working capital was managed less efficiently. They were holding too much stock which may have contributed to low profitability.

6
6

4.2.2

The partners decided to increase the loan during the financial year. Comment on this decision with reference to the degree of financial risk.

Financial indicator ✓ Figures and trend ✓

Debt / equity ratio increased from 0,2 : 1 to 0,3 : 1 (see 4.1.2)

Comment: ✓✓

Although the debt-equity ratio increased, the risk is still low as the business is mainly financed by own capital.

4
4

4.2.3

Comment on Kagiso's return on his investment in the partnership.	
<ul style="list-style-type: none"> • Provide ONE reason why he should be happy with his return. 	
<p>Compare with reference to alternative investments ✓✓ Figures ✓</p> <p>Although his return dropped from 36% to 33% see 4.1.3 it is still better than the return on alternative investments of 8%</p>	
<ul style="list-style-type: none"> • Provide ONE reason why he should be concerned about his return on his investment and give an explanation. 	
REASON ✓✓ <small>Compare partners earnings with figures</small>	EXPLANATION ✓✓ <small>Compare change in capital with figures</small>
At 33% it is still less than Rabada's return of 38%.	Kagiso increased his capital contribution by R100 000 while Rabada decreased his capital contribution by R25 000

7
7

TOTAL MARKS
30
30

GRAND TOTAL 150