



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

LIMPOPO DEPARTMENT OF EDUCATION

NATIONAL SENIOR CERTIFICATE

GRADE 11

Stanmorephysics.com
ACCOUNTING P1

JUNE 2026

Stanmorephysics.com

MARKS: 150

TIME: 2 hours

This question paper consists of 11 pages,
a formula sheet and a 10-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 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 the 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	Statement of Comprehensive Income	50	40
2	Notes and Statement of financial position	40	30
3	Interpretation of Financial information	35	30
4	Partnership Notes	25	20
TOTAL		150	120

QUESTION 1 STATEMENT OF COMPREHENSIVE INCOME

(50 marks; 40 minutes)

- 1.1 Choose the correct answer from the options given to match the statements. Write down only the answer next to the question number (1.1.1 to 1.1.4) in the **ANSWER BOOK**.

Asset disposal	Depreciation	Matching principle	Carrying value	Asset register
----------------	--------------	--------------------	----------------	----------------

- 1.1.1 A loss in value of asset in an accounting period
- 1.1.2 The account where sale of an asset is recorded, and the profit or loss are determined
- 1.1.3 Original cost price less the depreciation that has accumulated over the period in which the asset has been in the business
- 1.1.4 The principle that 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 Bonolo Traders. Their financial year ends on 30 June each year.

REQUIRED:

Refer to B (i) and calculate the following:

- 1.2.1 Profit or loss on sale of vehicles (5)
- 1.2.2 Total depreciation on vehicles for the year ended 30 June 2026. (6)
- 1.2.3 Prepare the Statement of Comprehensive Income for the year ended 30 June 2026. (35)

A. List of some of the balances and totals of Bonolo Traders on 30 June 2026

Loan	1 746 000
Trading stock	316 800
Vehicles	696 000
Equipment	540 000
Accumulated depreciation on vehicles (1/07/2025)	252 000
Accumulated depreciation on equipment (1/07/2025)	201 600
Fixed deposit: Tyme Bank (8,5%)	216 000
Provision for bad debts (1/07/2025)	11 155
Debtors control	201 720
Sales	9 876 240
Cost of sales	?
Salaries and wages	615 000
Water and electricity	19 800
Bad debts	8 520
Rent income	118 560
Insurance	107 520
Repairs	13 920
Interest on fixed deposit	4 800
Interest on loan	?

B. Adjustments and additional information:

- (i) On 28 February 2026, an old vehicle was traded-in for R117 600 for a new one costing R216 000. The vehicle was originally bought for R264 000 and its carrying value on 1 July 2025 amounted to R151 200. 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 amounted to R 107 280 must still be brought into account.

- (iii) A credit note for R2 640, issued to a debtor, A. Karl, for totally damaged goods in transit, was not recorded. Goods are marked up at 120% on cost.
- (iv) Several debtors have an overdue account. The business decided to write off their accounts to the value of R3 700.
Provision for bad debts must then be adjusted to 5% of debtors.
- (v) An amount of R4 560 paid for repairs done on the buildings was erroneously debited to land and buildings.
- (vi) Unused property was rented out on 1 September 2025. The tenant paid rent in advance for July and August because he was going on holiday.
NOTE: Rent was decreased by R480 per month from January 2026.
- (vii) Water and electricity bill of R486, for June 2026 was received, but not paid yet.
- (viii) An annual premium was paid to Botco Insurers on 1 October 2025. An increase 10% was effected from 1 February as per signed agreement.
- (ix) A new employee who joined the business on 1 June 2026 was left out of the salaries Journal.
Deductions calculated at 18% of his gross salary amounted to R4 320. The business contributes a total of R2 640 on behalf of this employee to the UIF and Pension Fund.
- (x) Physical stock count on 30 June 2026 revealed the following:
- Trading stock on hand, R311 400
 - Consumable stores to the value of R15 900 were used during the year.
- (xi) An additional fixed deposit of R72 000 was placed at Tyme Bank half-way through the year. This transaction was properly recorded. Provide outstanding interest.

QUESTION 2 : NOTES AND STATEMENT OF FINANCIAL POSITION (40 marks; 30 minutes)

The following information was extracted from the accounting records of Polly Traders, with Partners Poppy and Lobisi, for the year ended 28 February 2026.

REQUIRED:

2.1 Complete the following notes to the Statement of Financial position, as at 28 February 2026

2.1.1 Trade and other Receivables (9)

2.1.2 Trade and other Payables

NOTE: Show all short-term liabilities except bank overdraft and current portion of the loan on this note. (14)

2.2 Complete the Equity and liability section of the Statement of Financial Position as at 28 February 2026. Show all workings to earn part marks. (17)

INFORMATION:

A. EXTRACT FROM THE FINANCIAL RECORDS ON 28 FEBRUARY 2026.

	R
Capital: Polly	845 000
Capital: Lobisi	676 000
Current Account: polly	?
Current Account : Lobisi	?
Mortgage loan : OG Bank	636 350
Fixed asset at cost	1 892 800
Accumulated Depreciation on fixed Assets	1 026 350
Fixed deposit: ABC Bank	71 500
Bank overdraft	40 950
Cash float	10 400
Petty cash	15 600
Trade Creditors	108 160
Accrued expenses	11 310
Accrued Income	8 820
Income received in advance	6 045
Prepaid expenses	12 740
Debtors control	?
Provision for bad debts	29 692

B. ADDITIONAL INFORMATION:

- (i) The current provision for bad debts needs to be decreased by R2 457.
The provision for bad debts is calculated at 5% of book debts.
- (ii) The following statement was received from OG Bank:

	R
Balance on 1 March 2025	494 000
Interest capitalised	?
Repayments during the year, including interest	101 400
Balance on 28 February 2026	429 000

NOTE: The capital portion of the loan that will be paid in the next financial year will increase by R10 000

- (iii) The current fixed deposit matures on 30 June 2026. The business plans to re-invest 80% of the current amount for a further 2 years.
- (iv) **Extract from the Salaries Journal for February 2026:**

Gross salary	Deductions			Net salary
	Pension	UIF	SARS (PAYE)	
84 500	7 150	845	12 675	?

NOTE: The business contributes in the ratio of 2:1 for pension fund and 1% towards the UIF. The money due will be paid on 2 March 2026.

- (v) An EFT payment of R19 500 was made, and debited, in error to the Temba Traders. The business is no longer a creditor. After consultation with the Temba Traders, the money was refunded by means of a deposit into the bank account of Polly Traders. No entry has been made.

QUESTION 3: ANALYSIS AND INTERPRETATION

(35 marks; 30 minutes)

Beachley Traders is a partnership owned by Bongzi and Cate. The financial year ended 28 February 2026. They make use of a 20% mark-up on cost of sales.

REQUIRED:

3.1 Calculate the following financial indicators for the year ended 29 February 2026. Convert to ONE decimal point.

- %Gross Profit on sales (03)
- Acid-test ratio (03)
- Average percentage return earned by Cate (06)
- Debt/equity ratio (04)
- Solvency ratio (03)

3.2 Profitability

Bongzi and Cate received an offer from a potential 3rd partner. The partner is mostly interested in how profitable the partnership is.

- 3.2.1** Do you think Beachley Traders' profitability is good. Quote TWO financial indicators with figures to support your answer. (05)
- 3.2.2** The business did not achieve the intended mark-up of 20%. Provide TWO possible reasons for not achieving the mark-up. (04)

3.3 Liquidity

Comment on the liquidity of the business. Refer to TWO relevant indicators with figures to support your answer (05)

3.4 Return

Cate is happy with the returns that she received, explain by quoting figures (02)

INFORMATION:

A. Extract from the statement of Comprehensive Income for the year ended 28 February 2026

Sales	R2 196 000
Cost of sales	1 932 480
Gross profit	?
Net profit	268 650

B. Extract taken from the Statement of Financial Position on 28 February 2026

	2026	2025
Non-Current Assets	1 650 780	
Fixed deposit	?	240 000
Current Assets	702 600	885 600
Inventory	204 600	285 600
Trade and other receivables	288 000	420 000
Cash and Cash equivalents	210 000	180 000
Partners equity	?	?
Capital :Bongi	720 000	576 000
Capital :Cate	744 000	588 000
Current account: Bongi	CR 50 400	CR 93 600
Current Account: Cate	DR 16 200	CR 44 400
Non-current liability	503 880	720 000
Current liability	351 300	369 000

C. Financial Indicators and additional information:

	2026	2025
Operating profit on sales	16%	23%
Operating expenses on sales	19%	12%
Current ratio	2 : 1	2,4 : 1
Acid-test ratio	?	1,63 : 1
Debtors collection period	32 days	40 days
Debt equity ratio	?	0,6 : 1
Total earnings by Bongji		
Total earning by Cate	179 100	
Return on partners equity	14%	20%
Interest on other investments	10%	10%

QUESTION 4 PARTNERSHIPS AND NOTES

(25 marks; 20 minutes)

The information relates to Penina Traders for the year ended 28 February 2026
 The business is owned by Partners Pat and Neo

REQUIRED:

- 4.1 Prepare the following notes to the financial statements:
 - 4.1.1 Capital (6)
 - 4.1.2 Current account (17)
- 4.2 Explain **TWO** disadvantages of a partnership business (2)

INFORMATION:

Extract from the Trial balance on 28 February 2026

	Debit	Credit
Capital : Pat		240 000
Capital : Neo (1/03/2025)		216 000
Current account: Pat (1/03/2025)		4 800
Current account: Neo(1/03/2026)	4 200	
Drawings: Pat	156 000	
Drawings: Neo	168 000	
Profit and loss account (Net profit)		480 000

Additional information:

The partnership agreement stipulate the following:

1. Partners were entitled to the following monthly salaries:
 Pat: R14 400, Neo: R9 600
2. Pat was granted an annual bonus of R24 000 for working during December holiday.
3. Partners are entitled to interest on capital at the rate of 10% per annum. Capital changes during the year. The details are as follows:
 - Pat increased his capital contribution by R24 000 on 31 August 2025, this was correctly recorded
 - Neo decreased his capital by R36 000 on 1 January 2026, this was not recorded.
4. Remaining profit/losses are shared equally.

25

TOTAL: 150

GRADE 11 ACCOUNTING: FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Total earnings by partner}}{\text{Partner's average equity}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Average owners' equity}} \times \frac{100}{1}$
Current assets : Current liabilities	(Current assets – Inventories) : Current liabilities
(Trade and other receivables + Cash and cash equivalents) : Current liabilities	
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$ (See Note 2 below)
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$ (See Note 1 below)	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
Non-current liabilities : Owners' equity	Total assets : Total liabilities
$\frac{\text{Total fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$	
<p>Note:</p> <ol style="list-style-type: none"> Trading stock at the end of a financial year may be used if required in a question. 365 days is applicable only if relevant to the whole year. Credit purchases may be used instead of cost of sales (figures will be the same if stock is constant). 	



**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

ACCOUNTING P1

JUNE 2026
ANSWER BOOK

Name of learner: _____

Name of school: _____

QUESTION	MAX. MARKS	MARKS OBTAINED	SCHOOL MOD.	DISTRICT MOD.	PROVINCE MOD.
1	50				
2	40				
3	35				
4	25				
TOTAL	150				

This Answer Book consists of 10 pages

QUESTION 1


1.1 CONCEPTS

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 Calculate the following:

1.2.1

Profit or loss on sale of the vehicle	
WORKINGS	ANSWER
	

5

1.2.2

Total depreciation on vehicles for the year ended 30 June 2026	
WORKINGS	ANSWER

6

**1.2.3 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
30 JUNE 2026**

Sales (9 876 240	
Cost of sales	
Gross profit	
Other operating Income	100 506
Gross operating income	
Operating expenses	
Salaries and wages (615 000	
Water and electricity	
Bad debts	
Insurance (107 520	
Repairs (13 920	
Consumable stores	15 900
Depreciation	
Trading stock deficit	
Operating profit	
Interest income (4 800	
Profit before interest expense	
Interest expense	
Net profit for the year	4 307 120

35

TOTAL MARKS
50

2.1.3 EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION

Equity and liabilities	
Partners' equity	
Capital	
Current accounts	
Non- Current liabilities	
Mortgage loan OG Bank	
Current liabilities	
Total Equity and Liabilities	2 585 882

17

TOTAL MARKS
40

QUESTION 3

3.1 Calculate the following:

%Gross profit on sales	
WORKINGS	ANSWER

3

Acid- test ratio	
WORKINGS	ANSWER
	


3

Average percentage return earned by Cate	
WORKINGS	ANSWER

6

Debt equity ratio	
WORKINGS	ANSWER

4

Solvency	
WORKINGS	ANSWER
	

3

3.2.1

Do you think Beachley Traders' profitability is good? Quote TWO financial indicators with figures to support your answer


--

5


3.2.2

The business did not achieve the intended mark-up of 20%. Provide TWO possible reasons for not achieving the mark-up.



4

3.3

Comment on the liquidity of the business. Refer to TWO relevant indicators with figures to support your answer


5

3.4

Cate is happy with the returns that she received, explain by quoting figures


2

TOTAL MARKS
35

QUESTION 4

4.1 CAPITAL

	PAT	NEO
Balance at beginning of year		
Contributions during the year		
Withdrawals during the year		
Balance at end of the year		

6

4.2 CURRENT ACCOUNT

	PAT	NEO
Profit per the Income Statement		
Salaries		
Bonus		
Interest on capital		
Primary distribution of profits	219 600	136 200
Final distribution of profits		
Drawings		
Retained income for the year		
Retained income at beginning of year	4 800	(4 200)
Retained income at the end of the year		

17

4.3

Explain TWO disadvantages of a partnership


2

TOTAL MARKS
25



TOTAL: 150



NATIONAL
SENIOR CERTIFICATE

GRADE 11

ACCOUNTING P1

JUNE 2026
MARKING GUIDELINES

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 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 earning full marks not related to Q (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 10 pages

QUESTION 1

1.1 CONCEPTS

1.1.1	Depreciation ✓
1.1.2	Asset disposal ✓
1.1.3	Carrying value ✓
1.1.4	Matching ✓

4

1.2 Calculate the following:

1.2.1

Profit or loss on sale of the vehicle	
WORKINGS	ANSWER
$151\,200 \times 20\% \times 8/12 = 20\,160$ ✓✓	
$CV = 151\,200 - 20\,160 = 131\,040$	$(13\,440)$ ✓*
$Profit\ or\ loss = 117\,600$ ✓ $- 131\,040$ ✓	

5

OR

ASSET DISPOSAL ACCOUNT	
Vehicles 264 000	Accumulated depreciation $(112\,800 + 20\,160) = 132\,960$ ✓*
	Creditors 117 600 ✓
	Loss on sale of asset 13 440 ✓*
264 000	264 000

5

*One part correct, mark one option only

1.2.2

Total depreciation on vehicles for the year ended 30 June 2026	
WORKINGS	ANSWER
Sold = $20\,160$ ✓ see 1.2.1	$93\,120$ ✓#
Old = $(696\,000 - 252\,000 - 151\,200) \times 20\% = 58\,560$ ✓ ✓*	
New = $216\,000 \times 20\% \times 4/12 = 14\,400$ ✓ ✓*	
OR $(696\,000 - 264\,000) - (252\,000 - 112\,800) \times 20\%$ New = $216\,000 \times 20\% \times 4/12 = 14\,400$	

6

*one part correct

#Award if the three depreciations are added (sold, old and new are added), mark one option

1.2.3 Statement of Comprehensive Income for the year ended 30 June 2026

Sales (9 876 240 – 2 640✓)		9 873 600✓
Cost of sales (9 873 600 x 100/220)		(4 488 000) ✓☑*
Gross profit	5	5 385 600☑#
Other operating Income	7	100 506
Rent income (118 560 ✓-19 440✓✓)		99 120☑*
Provision for bad debts adj (11 155 – 9 769✓)		1 386☑*
Gross operating income		5 486 106☑#
Operating expenses		(1 007 566) ☑#
Salaries and wages (615 000+ 24 000✓✓ + 2 640✓)		641 640☑*
Water and electricity (19 800 + 486)		20 286✓
Bad debts (8 520 + 3 700)		12 220✓✓
Insurance (107 520 - 27 720✓✓)		79 800☑#
Repairs (13 920 + 4 560)		18 480✓✓
Consumable stores		15 900
Depreciation (93 120☑ *+ 107 280✓) see 1.2.2		200 400☑*
Trading stock deficit (316 800 – 311 400)		5 400✓
Loss on sale of asset see 1.2.1	18	13 440☑
Operating profit		4 478 540☑#
Interest income (4 800 + 10 500✓)		15 300✓
Profit before interest expense		4 493 840☑#
Interest expense balancing figure		(186 720) ☑#
Net profit for the year	5	4 307 120

*One part correct # operation
-1 foreign items (max 2)

35

TOTAL MARKS

50

QUESTION 2**2.1.1 TRADE AND OTHER RECEIVABLES**

	R
Debtors control $\frac{27\,235}{5} \times 100$	544 700 ✓✓*
Provision for bad debts (29 692✓ - 2 457✓)	(27 235) ✓*
Net Trade debtors	517 465✓*
Prepaid expense	12 740✓
Accrued Income	8 820✓
	539 025 ✓*

9

*One part correct

2.1.2 TRADE AND OTHER PAYABLES

	R
Trade Creditors (108 160 ✓ - 19 500✓)	88 660 ✓
Accrued expenses	11 310✓
Income received in advance	6 045✓
Creditors for salaries	63 830✓✓
Pension fund (7 150 ✓ + 14 300✓✓)	21 450✓*
Unemployment insurance fund	1 690✓
SARS (PAYE)	12 675✓
	205 660✓*

14

OR**TRADE AND OTHER PAYABLES**

	R
Trade Creditors (108 160 ✓ - 19 500✓)	88 660 ✓
Accrued expenses	11 310✓
Income received in advance	6 045✓
Creditors for salaries (84 500✓ + 845✓✓ + 14 300✓✓✓✓)	99 645✓*
	205 660✓*

14

*One part correct , mark one option

2.1.3 EQUITY AND LIABILITIES SECTION OF THE STATEMENT OF FINANCIAL POSITION

Equity and liabilities		
Partners equity TE & L – CL - NCL		1 890 772☑#
Capital (845 000✓ + 676 000✓)		1 521 000☑☑*
Current accounts	<i>balancing figure</i>	369 772✓☑
Non- Current liabilities		354 000
	<i>75 000 three marks</i>	
Mortgage loan OG Bank (429 000✓ – (65 000✓✓ + 10 000✓)		354 000☑*
	5	
Current liabilities		321 610☑#
Trade and other payables	<i>see 2.1.2</i>	205 660☑
Bank overdraft		40 950✓
Current portion of loan		75 000✓☑
Total Equity and Liabilities	5	2 566 382

*One part correct, # operation

17

TOTAL MARKS	40
--------------------	-----------

QUESTION 3

3.1 Calculate the following:

%Gross profit on sales	
WORKINGS	ANSWER
$\frac{263\,520 \text{ one mark}}{(2\,196\,000 - 1\,932\,480) \checkmark} \times \frac{100}{2\,196\,000 \checkmark} \times \frac{100}{1}$	12% <input checked="" type="checkbox"/> *

3

Acid- test ratio	
WORKINGS	ANSWER
$(702\,600 - 204\,600) \checkmark : 351\,300 \checkmark$ <p>OR</p> $\frac{(288\,000 + 210\,000) \checkmark}{351\,300 \checkmark}$	1,4 : 1 <input checked="" type="checkbox"/> *

3

Average percentage return earned by Cate	
WORKINGS	ANSWER
$\frac{179\,100 \checkmark}{\frac{1}{2} \checkmark (744\,000 + 588\,000) \checkmark + (44\,400 \checkmark - 16\,200 \checkmark)} \times \frac{100}{680\,100 \text{ three marks}}$	26,8% <input checked="" type="checkbox"/> *

6

Debt equity ratio	
WORKINGS	ANSWER
$503\,280 \checkmark : 1\,498\,200 \checkmark \checkmark$ <p>Partners equity $(720\,000 + 744\,000) + (50\,400 - 16\,200)$ $1\,464\,000 \quad + \quad 34\,200$ <i>one mark</i> <i>one mark</i></p>	0,3 : 1 <input checked="" type="checkbox"/> *

4

Solvency	
WORKINGS	ANSWER
$(1\ 650\ 780 + 702\ 600) \checkmark : (503\ 880 + 351\ 300) \checkmark$ $2\ 353\ 380 \quad : \quad 855\ 180$	2,8 : 1 <input checked="" type="checkbox"/> *

3

* One part correct

3.2.1 Do you think Beachley Traders' profitability is good? Quote TWO financial indicators with figures to support your answer

Financial indicator figures (with trend)

No

Operating profit on sales has decreased from 23% to 16%

Operating expenses on sales have increased from 12% to 19%

5

3.2.2 The business did not achieve the intended mark-up of 20%. Provide TWO possible reasons for not achieving the mark-up.

Any two valid points

High Debtors' allowances

Sales at reduced prices

Trade discount

Error on documentation

4

3.3 Comment on the liquidity of the business. Refer to TWO relevant indicators with figures to support your answer

Financial indicator Figures (with trend)

The current ratio decreased from 2,4 :1 to 2,1

The acid test ratio decreased from 1,63 to 1,4 : 1 see 3.1

Business will still struggle to meet its short-term obligations

5

3.4

Cate is happy with the returns that she received, explain by quoting figures

Financial indicator ✓ *Figures (with trend)* ✓

The return earned is 26,8%, which is greater than the interest in the fixed deposit of 10% and the return on partners equity of 14%

2

TOTAL MARKS	35
--------------------	-----------



QUESTION 4

4.1 CAPITAL

	PAT	NEO
Balance at beginning of year	216 000✓	216 000✓
Contributions during the year	24 000✓	-
Withdrawals during the year		(36 000) ✓
Balance at end of the year	240 000✓	180 000✓

6

4.2 CURRENT ACCOUNT

	PAT	NEO
Profit per the Income Statement	281 700☒#	198 300☒#
Salaries	172 800✓	115 200✓
Bonus	24 000✓	-
Interest on capital	22 800✓✓	21 000✓✓
Primary distribution of profits	219 600	136 200
Final distribution of profits	62 100✓	62 100✓
Drawings	156 000✓	168 000✓
Retained income for the year	125 700☒*	30 300☒*
Retained income at beginning of year	4 800	(4 200)
Retained income at the end of the year	130 500☒*	26 100☒*

17

*one part correct

#Profit per income statement = (Primary + final distribution of profits)

4.3

Explain TWO disadvantages of a partnership
Any two valid points ✓ ✓
A partnership is not a legal entity
Unlimited liability
Share in the profit
Continuity lacks because the partnership must dissolve in the event of the death or retirement of a partner

2

TOTAL MARKS	25
--------------------	-----------

TOTAL: 150

