KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 11

ACCOUNTING
PAPER 1

JUNE 2026

MARKS: 150

TIME : 2 Hours

N.B: This question paper consists of 10 pages and special answer booklet of 8 pages and the formula sheet.

INSTRUCTIONS AND INFORMATION

1. You are provided with a question paper and an ANSWERBOOK.
2. This question paper comprises of **FOUR** compulsory questions.
   Answer **ALL** the questions.
3. Use the format provided in the answer book in order to reflect your answers.
   DO NOT WRITE ON SHADED AREAS OF THE ANSWERBOOK.
4. Where applicable-workings must be shown in order to achieve part-marks.
5. You must attempt to comply with the suggested time allocation guide.
6. Non-programmable calculators may be used.
7. You may use dark pencil or blue/black ink to answer the questions.

QUESTION	TOPICS	MARKS	MINUTES
1	Statement of Comprehensive Income	45	36
2	Statement of Financial Position and Notes	55	44
3	Financial Indicators	25	20
4	Interpretation of Financial Information	25	20
TOTAL		**150**	**120**

QUESTION 1 **(45 Marks; 32 Minutes)**

STATEMENT OF COMPREHENSIVE INCOME

1.1 **CONCEPTS**

Choose the correct term to complete each of the following statements. Write only the term next to the question number (1.1.1–1.1.4) in the ANSWER BOOK.

cash and cash equivalents; current asset; non-current asset; income; net working capital; expense; current liability; non-current liability

1.1.1 Interest on a bank overdraft is a/an ...

1.1.2 Consumable stores on hand are a/an ...

1.1.3 The portion of a loan to be paid during the next financial year is regarded as a/an … in the Statement of Financial Position. Prepaid Expense

1.1.4 The difference between current assets and current liabilities is known as …

(4)

1.2 **STATEMENT OF COMPREHENSIVE INCOME**

You are provided with information relating to Fanyaza Traders for the financial year ended 30 June 2026. Stanmorephysics.com

REQUIRED:

Complete the Statement of Comprehensive Income on 30 June 2026 (41)

INFORMATION:

Figures extracted from the Pre-adjustment Trial Balance on 30 June 2026:

	R
Balance Sheet Accounts	
Mortgage loan: Pro Bank	833 000
Bank (favourable)	1 205 000
Debtors' control	291 250
Trading stock + 52 500 + 40 000	523 750
Provision for bad debts	9 330
Nominal Accounts	
Sales (less allowances)	11 943 250
Cost of sales	?
Salaries and wages	1 851 350
Sundry expenses	?
Depreciation	310 650
Repairs and motor expenses	307 500
Rent income	254 750
Interest income	71 200
Bad debts recovered	26 350
Packing material	34 000
Advertising	51 490
Loss of computer due to theft	23 250

Adjustments and additional information:

A. A credit note for R89 250 issued to a debtor, dated 28 June 2026, was not recorded. The cost price of these goods was R52 500. The goods were placed back into stock. Stanmorephysics.com

B. The business prices its goods at a mark-up of 70% on cost. Trade discount of R743 000 was allowed on invoices to certain customers.

C. Adjust the provision for bad debts of debtors to 4%.

D. Stock counts on 30 June 2026 revealed the following on hand:

- Trading stock, R563 750
- Packing material, R9 250

E. Repairs for R18 125 were still outstanding on 30 June 2026.

F. Interest on the loan is capitalised and has not been recorded yet. The loan statement from Pro Bank on 30 June 2026 reflected a closing balance of R932 300.

G. Corrections must be made in respect of a computer that was stolen on 31 March 2026.

The bookkeeper completed the following page in the Fixed Assets Register, using the incorrect method of depreciation:

SPAROW COMPUTER	**COST**	**DEPRECIATION**	**CARRYING VALUE**
1 July 2024	R105 000		R105 000
30 June 2025		R21 000	R84 000
31 March 2026	52 500	R15 750	R68 250
Insurance pay-out	R45 000		
Loss due to theft	R23 250		

Depreciation on this asset should have been calculated at 20% p.a. on the diminishing-balanced method, and not on the cost price method.

H. The monthly rent did not change during the year. During April 2026 the tenant paid R15 000 for repairs to the premises. He deducted this from his rent for May 2026, as repairs are the responsibility of the business. The repairs were not recorded. The rent for July 2026 was received and deposited during June 2026.

I. Advertising consists of a monthly contract with the local newspaper for the entire financial year. Advertising was paid for 11 months only. From 1 April 2026, the contract rate was decreased by R380 per month.

J. Use the following percentages to calculate certain missing figures:

- Operating profit on sales: 15%

45

QUESTION 2 **(55 Marks; 44 Minutes)**

STATEMENT OF FINANCIAL POSITION AND NOTES

2 **GUMZSBA TRADERS**

The information relates to the financial year ended on 28 February 2026. The business is owned by partners Gumza and Sbahle

REQUIRED:

2.1 Complete the Current Account note on 28 February 2026 (18)

2.2 Complete the Statement of Financial Position on 28 February 2026. (37)

NOTE:

- Adjustments from Information C and D must be considered when completing the Statement of Financial Position.
- Show workings.
- Some amounts have been entered in the ANSWER BOOK.

INFORMATION:

A. Extract from the financial records on 28 February:

	2026 (R)	2025 (R)
Capital : Gumza	1 800 000	?
Capital : Sbahle	2 000 000	?
Current account : Gumza	?	139 200 (Cr)
Current account: Sbahle	?	115 600 (Dr)
Drawings: Gumza	636 800	
Drawings : Sbahle	354 400	
Mortgage loan: Dumbe Bank	?	3 227 200
Fixed assets (carrying value)	7 458 000	
Fixed deposit	560 000	
Trading stock	1 185 600	
Debtors control	904 000	
Provision for bad debts	28 000	
Cash float and petty cash	22 400	
Creditors control	479 200	
Bank overdraft	?	
Accrued expense	27 600	
SARS:PAYE	31 000	

B. Partnership agreement stipulates the following:

(i) The partners are entitled to 12% interest on their capitals. Gumza increased his capital by contributing R600 000 cash on 1 September 2025. This transaction was recorded into the books of the business.

(ii) Partners are entitled to a salary of R1 440 000 per annum. It was decided, however, to increase Sbahle's salary by R18 000 per month effective on 1 December 2025 due to extra office duties.

(iii) Partners receive their bonuses in December each year and they are entitled to a bonus equal to December salary.

(iv) Remaining profit or losses are shared between the partners using the ratio of their capital balances at the end of the year. Sbahle received R343 200 as her final division of profits.

C. Drawings:

No entries were made in the books for a computer taken by partner Sbahle on 28 February 2026. The following details were obtained from the Fixed Asset Register regarding this computer:

- Cost price, R72 000
- Accumulated depreciation on 1 March 2025, R36 000
- Depreciation for the current year ended on 28 February 2026, R5 600

D. Additional information:

(i) Debtor with credit balance of R15 200 must be transferred to the creditors ledger.

(ii) Unused stationery of R4 800 was revealed by physical stock taking on 28 February 2026.

(iii) On 24 February 2026, stock with the cost price of R72 000 was stolen. Insurance company agreed to pay R57 600 of the claim. The amount will be received on 15 March 2026. No entries were made in the books of the business. (Two entries)

(iv) R11 200 received from a debtor N. Khoza whose account was previously written off, was recorded in the debtors control column in the CRJ and posted as such.

(v) The loan statement received from Dumbe bank on 28 February 2026 reflected the following:

	R
Balance on 1 March 2025	3 227 200
Monthly repayments including interest (R76 800 p/m)	921 600 ?
Interest capitalised during the year	384 000
Balance on 28 February 2026	4532800 ?

N.B: the business plans to pay R240 000 off the loan balance during the next financial year.

(vi) The current ratio was calculated as 2,5:1 on 28 February 2026.

55

QUESTION 3: **(25 Marks; 12 Minutes)**

FINANCIAL INDICATORS

3.1 Choose the correct word from the list below which best suits each statement below. Write only the word next to the question numbers (3.1.1 to 3.1.3) in the ANSWER BOOK.

Liquidity, Gearing, Profitability, Solvency

3.1.1 Use of borrowed capital (loans) to finance the business

3.1.2 Ability of the business to pay short-term debts.

3.1.3 Ability to settle all debts using the assets of the business.

(3 x 1) (3)

3.2 **SANDITHEMBA TRADERS**

The information relates to the financial year ended 30 April 2026. The partnership business is owned by Sandile and Themba.

REQUIRED:

3.2.1 Calculate the following financial indicators on 30 April 2026.

- % Operating expenses on sales (3)
- Acid-test ratio (4)
- Stock turn-over rate (4)
- Debt-equity ratio (6)
- % Return on average partners equity (5)

INFORMATION:

A. Extract from the Statement of Comprehensive Income on 30 April 2026

	R
Sales	19 128 900
Cost of sales	12 752 600
Operating expenses	3 825 780
Interest expense	468 000
Net profit for the year	3 825 780

B. Extract from the Statement of Financial Position on 30 April:

	2026 R	2025 R
Fixed assets (carrying value)	24 569 400	22 980 000
Financial assets	1 140 000	
Inventories	4 324 800	3 120 000
Trade and other receivables	1 440 000	2 136 000
Cash and cash equivalents	333 600	39 000
Partners' equity	?	30 748 800
Capital account: Sandile	16 746 000	16 934 400
Capital account: Themba	16 746 000	11 289 600
Current account: Sandile	Cr 1 680 000	
Current account: Themba	Dr 420 000	
Non-current liabilities	17 376 000	12 680 000
Trade and other payables		542 640
Bank overdraft	0	230 400
Current liabilities	2 164 200	2 582 400

25

QUESTION 4: (25 marks; 20 minutes)
INTERPRETATION OF FINANCIAL INFORMATION

KASONGO & SONS

The information relates to the financial year ended on 28 February 2026.

REQUIRED:

NOTE: Provide figures, trends, financial indicators or calculations in EACH case to support your comments and explanations.

4.1 The business total sales increased from 2025 to 2026 and the operating activities have been better controlled in 2026.

- Quote and explain TWO financial indicators, with figures indicate better control over operating activities. (6)
- Quote and explain ONE relevant indicator, with a figure directly contributed to the increase in sales. (3)

4.2 Quote TWO financial indicators, which indicate an improvement in the liquidity of the business. (6)

4.3 The partners decided to increase the loan at the beginning of 2026. Explain why you agree with their decision. Quote ONE financial indicator with trends. (5)

4.4 The partners are satisfied with the returns they earned in 2026 financial year. Quote and explain ONE financial indicator to support their opinion. (5)

INFORMATION:

A. Financial indicators calculated on 28 February:

	2026	2025
Mark-up % achieved	55%	70%
% operating expenses on sales	17,3%	21,2%
% operating profit on sales	22.1%	16,5%
% net profit on sales	17.2%	13,9%
Debtors' collection period	31 days	44 days
Stock holding period	65 days	62 days
Creditors' payment period	62 days	45 days
% return on partners' equity (ROPE)	19,5%	17,6 %
Debt-equity ratio	0,4:1	0,3:1

B. Additional information on 28 February:

	2026	2025
Interest on loans	10%	10%
Interest on alternative investments	6%	6%

25

TOTAL MARKS: 150

GRADE 11 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET	
$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$
$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$	
Total assets : Total liabilities	current ratio Current assets : Current liabilities
Acid test ratio (Current assets – Inventories) : Current liabilities	Debt equity ratio Non-current liabilities : Partners' equity
(Trade & other receivables + Cash & cash equivalents) : Current liabilities	
$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$	$\frac{\text{Cost of sales}}{\text{Average trading stock}}$
$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$	$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$
$\frac{\text{Net profit}}{\text{Average partners' equity}} \times \frac{100}{1}$	$\frac{\text{Amount earned by partner}}{\text{Average of partner's equity}} \times \frac{100}{1}$
$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$	

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PROVINCIAL STANDARDISED ASSESSMENT

GRADE 11

ACCOUNTING
PAPER 1
SPECIAL ANSWER BOOK
JUNE 2026

MARKS: 150

TIME : 2 Hours

Name: ______________________________ **Grade:** __________

Question	Marks	Learners Mark	School Mod	Cluster Mod	District Mod
1	45				
2	55				
3	25				
4	25				
TOTAL	150				

N.B. This special answer booklet consists of 8 pages.

QUESTION 1

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 **FANYAZA TRADERS**
STATEMENT OF COMPREHENSIVE INCOME ON 30 JUNE 2026

Sales	
Cost of sales	
Gross profit	
Other income	
Rent income (**254 750**	
Bad debts recovered	
Provision for bad debts adj.	
Gross operating profit	
Operating expenses	
Salaries and wages	**1 851 350**
Sundry expenses	
Operating profit	
Interest income	
Profit before interest expense	
Interest expense	
Net profit for the year	

41

TOTAL MARKS
45

QUESTION 2

2.1 CURRENT ACCOUNT NOTE ON 28 FEBRUARY 2026.

GUMZSBA TRADERS	GUMZA	SBAHLE
Partners salaries	1 440 000	
Interest on capital		240 000
Bonus to partner		
Primary Distribution		
Final division of profit or loss		343 200
Net profit for the year		
Drawings	(636 800)	
Balance at the beginning of the year	139 200	(115 600)
Balance at the end of the year		

18

2.2 **GUMZSBA TRADERS**
STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS	
NON-CURRENT ASSETS	
Fixed assets	
Financial assets	
CURRENT ASSETS	
Inventories (1 185 600	
Trade and other receivables (904 000	
Cash and cash equivalents	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
PARTNERS' EQUITY	
Capital account	
Current accounts	
NON-CURRENT LIABILITIES	
Mortgage loan	
CURRENT LIABILITIES	
Trade and other payables (479 200	
Bank overdraft	
TOTAL EQUITY AND LIABILITIES	

37

TOTAL MARKS
55

QUESTION 3

3.1

3.1.1	
3.1.2	
3.1.3	

3

3.2 SANDITHEMBA TRADERS

3.2.1

Calculate: % Operating expenses on sales	
WORKINGS	**ANSWER**

3

Calculate: Acid-test ratio	
WORKINGS	**ANSWER**

4

Calculate: Stock turn-over rate	
WORKINGS	**ANSWER**

4

Calculate: Debt-equity ratio	
WORKINGS	**ANSWER**

6

Calculate: % Return on average partners' equity	
WORKINGS	**ANSWER**

5

TOTAL MARKS
25

QUESTION 4

4.1 The business total sales increased from 2025 to 2026 and the operating activities have been better controlled in 2026.

Quote and explain TWO financial indicators with figures, which indicate better control of operating activities.
Quote and explain ONE relevant indicator with a figure, which directly contributed to the increase in sales.

6

3

4.2

Quote TWO financial indicators, which indicate an improvement in the liquidity of the business.

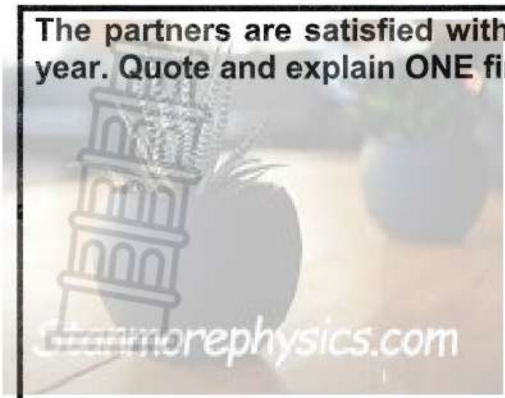
6

4.3

The partners decided to increase the loan at the beginning of 2026. Explain why you agree with their decision. Quote ONE financial indicator with trends.

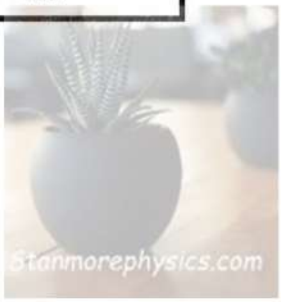
5

4.4 **The partners are satisfied with the returns they earned in 2026 financial year. Quote and explain ONE financial indicator to support their opinion.**



5

TOTAL MARKS
25



TOTAL MARKS: 150

FINAL

KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

ACCOUNTING
PAPER 1
MARKING GUIDELINES

JUNE 2026

GRADE 11

Marks: 150

TIME: 2 Hours

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 as a working mark 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 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.
8. This marking guidelines 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 the reasonableness of the answer.
11. 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.
12. In calculations, do not award marks for workings if numerator and denominator are swapped – this also applies to financial indicators.
13. In awarding method marks, ensure that candidates do not get full marks for any item that is incorrect at least in part. Indicate by 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

1.1.1	Expense ✓	Accept recognisable abbreviations
1.1.2	Current asset ✓	
1.1.3	Current liabilities ✓	
1.1.4	Net working capital ✓	

4

1.2 **FANYAZA TRADERS**
STATEMENT OF COMPREHENSIVE INCOME ON 30 JUNE 2026

Sales (11 943 250 ✓– 89 250 ✓)	One part correct	11 854 000☑	
Cost of sales [11 854 000 + 743 000] (12 597 000 ÷ 1.7✓)	see sales above	(7 410 000) ☑	
Gross profit	One part correct, COS must be subtracted	4 444 000☑	6
Other income	Operation	276 600☑	
Rent income (**254 750** + 15 000 ✓ – 20 750 ✓✓) -5 750 three marks	One part correct	249 000☑	
Bad debts recovered		26 350✓	
Provision for bad debts adj. (9 330 – 8 080)	One part correct	1 250✓☑	8
Gross operating profit		4 720 600	
Operating expenses	GOP - OP	(2 942 500) ☑	
Salaries and wages		**1 851 350**	
Sundry expenses	Balancing figure	323 525☑	
Depreciation (**310 650** – 15 750✓ + 12 600✓✓) –3 150 three marks	One part correct	307 500☑	
Repairs and motor expenses (**307 500** + 15 000✓+ 18 125✓)	One part correct	340 625☑	
Packing material (34 000 – 9 250)		24 740✓✓	
Advertising (**51 490** + 4 370✓✓)	One part correct	55 860✓☑	
Loss due to theft (**23 250** +3 150)	See depr adj above; opposite sign	26 400☑☑	
Trading stock deficit (**523 750** + 52 500 ✓ – 563 750✓)	One part correct but not 225 500	12 500☑	20
Operating profit	Check = Sales x 0,15	1 778 100☑	
Interest income		71 200✓	
Profit before interest expense	Operation	1 849 300☑	
Interest expense (932 300✓ – 833 000✓)	one part correct	(99 300) ☑	
Net profit for the year	Operation- interest Exp	1 750 000☑	7

Foreign items –1 (max –2) ** Award marks to workings if item misplaced

41

TOTAL MARKS
45

QUESTION 2

2.1 CURRENT ACCOUNT NOTE ON 28 FEBRUARY 2026.

GUMZSBA TRADERS	GUMZA	SBAHLE
Partners salaries	**1 440 000**	1 494 000✓✓
Interest on capital	180 000✓✓	**240 000**
Bonus to partner	120 000✓	138 000✓
Primary Distribution one part correct	1 740 000☑	1 872 000☑
Final division of profit or loss	308 880✓✓	**343 200**
Net profit for the year operation	2 048 880☑	2 215 200☑
Drawings	**(636 800)**	(384 800)✓✓
operation	1 412 080☑	1 830 400☑
Balance at the beginning of the year	**139 200**	**(115 600)**
Balance at the end of the year operation	1 551 280☑	1 714 800☑

18

2.2 GUMZSBA TRADERS
STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2026

ASSETS			
NON-CURRENT ASSETS			
Fixed assets (7 458 000✓ - 30 400✓ - 5 600✓)	one part correct	7 422 000☑	
Financial assets		560 000✓	5
CURRENT ASSETS	operation	2 100 800☑	
Inventories (**1 185 600** + 4 800✓ - 72 000✓)		1 118 400☑	
Trade and other receivables (**904 000**+15 200✓+11 200✓- 28 000✓+ 57 600✓)	one part correct	960 000☑	
Cash and cash equivalents		22 400✓	10
TOTAL ASSETS			
EQUITY AND LIABILITIES			
PARTNERS' EQUITY	operation	7 066 080☑	
Capital account (1 800 000✓ +2 000 000✓)		3 800 000✓	
Current accounts (1 551 280☑ + 1 714 800☑)	See 2.1; operation	3 266 080☑	7
NON-CURRENT LIABILITIES		2 449 600☑	
Mortgage loan [76 800 x 12] (3 227 200✓+ 384 000✓ – 921 600✓✓- 240 000✓)	one part correct	2 449 600☑	7
CURRENT LIABILITIES	See CA (2 100 800 ÷2.5)	840 320✓☑	
Trade and other payables (**479 200** +15 200✓+27 600✓+31 000✓)	one part correct	553 000☑	
Current portion of loan#	see loan above	240 000☑	
Bank overdraft	Balancing figure	47 320☑	8
TOTAL EQUITY AND LIABILITIES			37

TOTAL MARKS
55

QUESTION 3

3.1

3.1.1	Gearing ✓
3.1.2	Liquidity ✓
3.1.3	Solvency ✓

3

3.2 SANDITHEMBA TRADERS

3.2.1

Calculate: % Operating expenses on sales

WORKINGS	ANSWER
$\frac{3\ 825\ 780 \checkmark}{19\ 128\ 900 \checkmark} \times 100$	20% ☑ one part correct; Must be x100 % sing not necessary

3

Calculate: Acid-test ratio

WORKINGS	ANSWER
(1 440 000+ 333 600) two marks together 1 773 600 ✓✓ : 2 164 200 ✓	0,8 : 1 ☑ one part correct; in the form x : 1 don't accept 0,82 : 1

4

Calculate: Stock turn-over rate

WORKINGS	ANSWER
$\frac{12\ 752\ 600 \checkmark}{½\ (4\ 324\ 800 \checkmark + 3\ 120\ 000 \checkmark)}$ 3 722 400 two marks	3,4 times ☑ one part correct; don't accept 3,42/3 times

4

Calculate: Debt-equity ratio

WORKINGS	ANSWER
one m one m one m one m (16 746 000+16 746 000+1 680 000 - 420 000) 17 376 000 ✓ : 34 752 000 ✓✓✓✓	0,5 : 1 ☑ one part correct; in the form x : 1

6

Calculate: % Return on average partners' equity

WORKINGS	ANSWER
3 825 780 ✓ / ½✓ (34 752 000☑ + 30 748 800✓) x 100 See DER 32 750 400 three marks	11,7% ☑ one part correct; don't accept 11,68%/12% Must be x100 % sing not necessary

5

TOTAL MARKS
25

QUESTION 4

4.1 The business total sales increased from 2025 to 2026 and the operating activities have been better controlled in 2026.

Quote and explain TWO financial indicators with figures, which indicate better control of operating activities.

Any TWO financial Indicators ✓ ✓ with comparative figures with trends ✓✓ ✓✓

% operating expenses on sales decreased/improved (from 21,2%) to 17,3%.
% operating profit on sales increased/improved (from 16,5%) to 22,1%
% net profit on sales increased/improved (from 13,9) to 17,2%

* Mark-up % is a deliberate decision; ignore if mentioned

6

Quote and explain ONE relevant indicator with a figure, which directly contributed to the increase in sales.

Financial indicator ✓ comparative figures with trends ✓✓

- Mark-up % achieved decreased (from 70%) to 55%.
- Reducing the mark-up % to 55% resulted in goods being cheaper; attracted more customers.

3

4.2 Quote TWO financial indicators, which indicate an improvement in the liquidity of the business.

TWO financial indicators ✓ ✓ comparative figures with trends ✓✓ ✓✓

Debtors' collection period – 31 days (improved from 44 days)
Creditors payment period – 62 days (was 45 days)

6

4.3 The partners decided to increase the loan at the beginning of 2026. Explain why you agree with their decision. Quote ONE financial indicator with trends.

Financial indicator ✓ Figures with trends ✓✓
Explanation for risk ✓✓

- Debt-equity ratio increased or deteriorated (from 0,3 : 1) to 0,4 : 1

Explanation for risk:

- Although the debt-equity ratio increased, the business is lowly geared / low financial risk / do not rely too much on borrowed capital.

5

4.4 **The partners are satisfied with the returns they earned in 2026 financial year. Quote and explain ONE financial indicator to support their opinion.**

Financial indicators ✓ Figures with trends ✓ ✓
Explanation (compared to interest rate on other investments) ✓✓

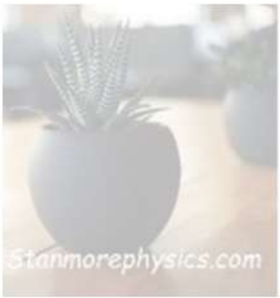
- % return on average partners equity increased / improved from17,6% to 19,5%

Comparison with interest rate on other investments:

- The return is above 6% interest rate on other investments.

5

TOTAL MARKS
25



TOTAL MARKS: 150