



**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2023

ACCOUNTING P1

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages, including
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 in the table below as a guide when answering the question paper. Try NOT to deviate from it.

QUESTION	TOPIC	MARKS	TIME (minutes)
1	Accounting equation and fixed asset note	20	15
2	Statement of Comprehensive Income	45	40
3	Statement of Financial Position and Notes to Financial Statements	50	40
4	Financial Indicators and Interpretation of Financial Statements	35	25
TOTAL		150	120

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QUESTION 1: ACCOUNTING EQUATION AND FIXED ASSET NOTE**(20 marks; 15 minutes)****1.1 ACCOUNTING EQUATION****REQUIRED:**

Complete the table provided to indicate the effect on the accounting equation for the transactions listed below. Follow the example provided. (8)

NOTE: Assume that the bank balance is unfavourable and the perpetual inventory system is in use for all transactions.

Example: Purchase trading stock on credit.

- 1.1.1 The account of a debtor who could not be traced, must be written off as irrecoverable.
- 1.1.2 Charged interest on the overdue account of a debtor.
- 1.1.3 A partner, M Stick, took stationery from the office for his own use.
- 1.1.4 The credit balance of a debtor must be transferred to his account in the creditors' ledger.

1.2 FIXED (TANGIBLE) ASSETS

The information relates to SANDI BROTHERS for the financial year ended 28 February 2023.

REQUIRED:

Calculate the missing figures indicated by (i) to (iii) on the Fixed Asset Note. (12)

INFORMATION:

A. Note to the Statement of Financial Position:

FIXED ASSETS	BUILDINGS	VEHICLES	EQUIPMENT
Carrying value (1 March 2022)		1 190 000	360 000
Cost	(i)	1 950 000	970 000
Accumulated depreciation	0	(760 000)	(610 000)
Movements			
Additions	500 000	0	270 000
Disposals	0	(ii)	0
Depreciation	0	(270 000)	(iii)
Carrying value (28 Feb. 2023)			
Cost	6 150 000		
Accumulated depreciation			

B. Additional Information

- Depreciation is calculated as follows:
Equipment – 10% p.a. on carrying value.
Vehicles – 15% p.a. on cost.
- During the financial year, extensions to the buildings were completed.
- An old vehicle, cost price R300 000, was sold at carrying value on 31 August 2022. The accumulated depreciation on this vehicle was R240 000 on 1 March 2022.
- New equipment was purchased on 1 November 2022.

QUESTION 2: STATEMENT OF COMPREHENSIVE INCOME (45 marks; 40 minutes)

- 2.1 Choose a GAAP principle from COLUMN B that matches the description in COLUMN A. Write only the letter (A–E) next to the question numbers (2.1.1 to 2.1.4) in the ANSWER BOOK.

COLUMN A		COLUMN B	
2.1.1	Income and expenses must be recorded in the current financial year	A	Materiality
2.1.2	Affairs of the owner of a business must be kept separate from the records of the business	B	Business entity
2.1.3	Financial information relevant to a reader of financial statements must be disclosed separately	C	Matching
2.1.4	The assumption that the business will continue in future	D	Prudence
		E	Going concern

(4 x 1) (4)

2.2 GOVEA TRADERS

The information relates to the financial year ended 28 February 2023.

REQUIRED:

Complete the Statement of Comprehensive Income for the year ended 28 February 2023.

(41)

NOTE: Some amounts have been entered in the ANSWER BOOK.

INFORMATION:**A. Extract from the Pre-Adjustment Trial Balance on 28 February 2023**

Capital: Govner	595 750
Capital: Veaner	595 750
Trading stock	242 650
Debtors control	168 250
Provision for bad debts	10 150
Creditors control	225 600
Sales	5 701 320
Cost of Sales	3 563 350
Rent Income	82 100
Consumable Stores	41 450
Interest on Fixed Deposit	53 250
Interest on overdue account of debtors	4 250
Interest on loan	?
Insurance	43 150
Salaries and Wages (including employer's contribution)	896 250
Bad debts	8 990
Bad debts recovered	1 890

B. The following adjustments were not taken into account by the bookkeeper:

- (i) Damaged goods with a cost price of R3 500, were sold at a mark-up of 50% on cost.
- (ii) Stock to the value of R17 400 was stolen during a break-in on 15 February 2023. The insurance company agreed to pay 80% of the stock-value in March 2023.
- (iii) Stock count on 28 February 2023 revealed the following on hand:
 - Trading stock, R214 500
 - Consumable stores used during the financial year, R35 350.
- (iv) A debtor whose account was written off as irrecoverable paid the amount of R810. This was incorrectly credited to the bad debts account.
- (v) The provision for bad debts must be decreased to R 8 150.
- (vi) Insurance includes a premium of R4 950 for the period 1 January 2023 to 30 June 2023.
- (vii) Rent income include the rent for March 2023.
NOTE: Rent increased by R250 on 1 October 2022.
- (viii) An employee was omitted from the salaries journal in error. The details of his salary are as follows:

Net salary	Total deductions	Contributions
R24 500	30% of gross salary	R3 850

- (ix) Sundry expenses is the balancing figure.

QUESTION 3: STATEMENT OF FINANCIAL POSITION AND NOTES TO FINANCIAL STATEMENTS (50 marks; 40 minutes)

Partners H. Hockey and T. Tennis are owners of the business Ball Sport Traders. You are provided with information for the financial year ended 28 February 2023.

REQUIRED:

- 3.1 Calculate the Interest on Capital of Partner Hockey. (4)
- 3.2 Complete the Current Account note on 28 February 2023. (17)
- 3.3 Complete the Statement of Financial Position on 28 February 2023. (29)

NOTE: Some amounts have been entered in the ANSWER BOOK.

INFORMATION:

A. Extract from the records on 28 February 2023

Capital: Hockey	R 1 680 000
Capital: Tennis	1 120 000
Current account: Hockey Dr)	32 670
Current account: Tennis (Cr)	58 030
Drawings: Hockey	623 150
Drawings: Tennis	563 250
Mortgage loan	?
SARS (PAYE)	75 330
Fixed assets at carrying value	?
Fixed deposit: Gold Bank	582 000
Inventory	286 400
Debtors control	204 600
Provision for bad debts	10 230
Bank (Cr)	101 500
Cash float	20 200
Pension fund	75 330
Prepaid expenses	62 420
Accrued expenses	32 700
Creditors control	763 860
Profit and Loss	1 490 120

B. The partnership agreement makes provision for the following:

- (i) Partners received an annual salary of R480 000. However, the workload of T. Tennis was reduced from 1 January 2023 and therefore his salary was reduced by R15 000 p.m. from that date.
- (ii) Partner Hockey is entitled to a bonus of 80% of his monthly salary.
- (iii) Interest on capital must be calculated at 12% p.a.

Note that Partner Hockey increased his capital contribution with R200 000 on 1 September 2022. This transaction was recorded during the year.

- (iv) The remaining profit / loss must be shared equally between the partners.

C. Drawings:

Partner Hockey took trading stock for his own use. The cost price of these goods was R3 500 but was recorded as R5 300. This must be corrected.

D. Additional Information:

- (i) 20% of the fixed deposit matures on 30 June 2023.
- (ii) The loan statement received on 28 February 2023 reflected the following:

Opening balance at the beginning of the year	R 710 500
Interest capitalised during the year	78 200
Repayments, including interest, during the year	178 900
Closing balance at the end of the year	?

The business plans to pay off 15% of the loan balance over the next financial year.

- E.** Fixed assets at carrying value is the balancing figure.

QUESTION 4: FINANCIAL INDICATORS AND INTERPRETATION OF FINANCIAL STATEMENTS**(35 marks; 25 minutes)**

You are provided with the information of Yoyo Partners for the financial year ended 28 February 2023.

REQUIRED:

4.1 Calculate the following financial indicators on 28 February 2023:

- % Operating expenses on sales (2)
- Acid-test ratio (4)
- Debt-equity ratio (3)
- % Return on average partners (owners') equity (5)

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

- 4.2 Explain whether the business is managing its expenses effectively. Identify TWO financial indicators (with figures) to support your explanation. (6)
- 4.3 Partner Yozo is concerned about the liquidity position. Explain whether he is justified or not. Quote TWO financial indicators, with figures. (6)
- 4.4 The partners have increased the monthly instalments on the loan. Explain the effect of this on the financial risk of the business. Quote ONE financial indicator with figures to support your explanation. (4)
- 4.5 Explain whether the partners should be happy with the % return earned by their investment in this partnership. Quote ONE financial indicator, with figures. (5)

INFORMATION:**A. Extract from the Statement of Comprehensive Income for the year ended 28 February:**

	2023	2022
Sales	3 380 400	2 670 000
Gross profit	1 352 160	1 201 500
Operating expenses	845 100	774 300
Net profit for the year	591 570	347 100

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

	2023	2022
Current Assets	557 800	656 480
Inventory (trading stock only)	231 800	350 600
Trade and other receivables	183 400	142 600
Cash and cash equivalents	142 600	163 280
Partners Equity	2 176 210	1 945 920
Capital: Yoza	1 520 000	1 100 000
Capital: Yoga	600 000	800 000
Current account: Yoza	36 010	20 000
Current account: Yoga	20 200	25 920
Loan: Komani bank	1 300 200	1 500 000
Current liabilities	278 900	410 300

C. Financial indicators calculated on 28 February:

	2023	2022
% gross profit on sales	40%	45%
% operating expense on sales	?	29%
% Net profit on sales	17,5%	13%
Current ratio	2 : 1	1,6 : 1
Acid-test ratio	?	0,7 : 1
Debtors' collection period	29 days	36 days
Debt-equity Ratio	?	0,7 : 1
% Return on partners' (owners') equity	?	17,8%

D. Additional Information:

Interest on loan	11%	11%
Interest on fixed deposit	8%	8%

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