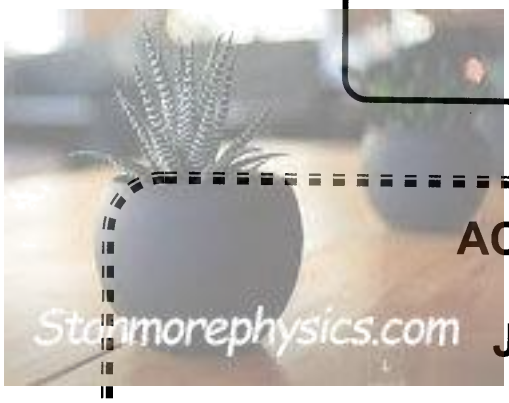
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KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA



NATIONAL SENIOR CERTIFICATE

GRADE 11



ACCOUNTING

JUNE 2021

COMMON TEST

MARKS: 100

TIME : 1.5 hours

N.B. This paper consists of 8 pages and an answer booklet of 4 pages.

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INSTRUCTIONS AND INFORMATION

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of 8 pages.
2. A special **ANSWER BOOK** consisting of 4 pages is provided in which to answer all the questions.
3. Answer **ALL** the questions.
4. **Workings must be shown in brackets in order to earn part marks.**
5. Non-programmable calculators may be used.
6. You may use dark pencil or black / blue pen to answer the questions.
7. Marks will be deducted for missing details and foreign entries.
8. Use the information in the table below as a guide when answering the question paper:

Question 1: 60 Marks, 54 Mins	
The topic of this question is:	**Content:**
Partnership Financial Statements	• Statement of Comprehensive Income • Adjustments • Trade and other Receivables calculation • Trade and other Payables calculation
Question 2: 40 Marks, 36 Mins	
The topic of this question is:	**Content:**
Partnership Analysis and Interpretation	• Capital and Current account notes to the Statement of Financial Position • Calculations • Comments • Ethics

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QUESTION 1 (60 Marks, 54 Minutes)



PARTNERSHIP FINANCIAL STATEMENTS

The information below was extracted from the accounting records of "SS Stationery Shop", a partnership with partners S. Sithebe and S. Sithole on 28 February 2021.

Required:

1.1 Complete the Statement of Comprehensive Income (Income Statement) for SS Stationery Shop for the year ended 28 February 2021. (45)

1.2 Calculate the final amounts that will appear in the Statement of Financial Position (Balance Sheet) for the year ended 28 February 2021:

1.2.1 Trade and other Receivables (9)

1.2.2 Trade and other Payables (6)

Information:

A. The following balances, amongst others, were extracted from the accounting records on 28 February 2021, **before** the adjustments and additional information were taken into account:

Balance Sheet Accounts Section	
Mortgage Loan	?
Debtors Control	98 750
Provision for Bad Debts	2 000
Trading Stock	209 500
Creditors Control	22 500
Nominal Accounts Section	
Sales	1 800 000
Cost of Sales	1 000 000
Rent Income	?
Consumable Stores	2 900
Advertising	16 300
Interest on Loan	?
Salaries and Wages	328 450
Sundry Expenses	13 400
Water and Electricity	22 000
Interest on Investments	13 180
Bad Debts	2 900

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C. Adjustments and additional information:

1 Included in the advertising cost for the year is a 6-month campaign that was launched on 1 December 2020 at a total cost of R15 000.

2 A debtor with an outstanding balance of R500 cannot be traced. The amount owed must be written off.

3 The water and electricity account of R2 200 still needs to be paid for February 2021.

4 The sundry expenses account has been incorrectly debited with an amount of R300. This was for the delivery of stationery to a debtor. The debtor needs to be charged for this expense.

5 The current Provision for Bad Debts must be increased to R5 000.

6 Depreciation for the year amounted to R17 800. Included in this amount is the depreciation of equipment costing R20 000 that was sold in February 2021 at a profit of R3 200.

7 The employer's contribution for February 2021 of R2 900 to Medical Aid was omitted from the Salaries Journal. The amount will be paid in March 2021. Contributions are debited to the Salaries and wages account.

8 The business has rented out their unused storeroom since 1 March 2019. The rent received at the beginning of the current financial year (1 March 2020) was R1 750 per month. The lease agreement stipulates an annual increase of 10% effective from 1 January each year. The rent for March 2021 has already been received.

9 Trading Stock valued at R18 000 was damaged due to a fire in the storeroom during February 2021. According to the current insurance policy with CBC Insurers, the excess payable by the business is R2 500. The remainer will be paid by the insurance company in March 2021.

10 As per a physical count, the following items were on hand on 28 February 2021:
- Consumable Stores, R180
- Trading Stock, R186 500

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11 The loan statement received from West Bank reflects the following:

Balance on 1 March 2020	76 500
Repayments made and recorded during the year, including interest	18 500
Balance on 28 February 2021	64 120

- Interest on loan of R? still needs to be recorded. Interest is capitalised.
- SS Stationery Shop plans to pay R30 000 of the capital portion of this loan during the financial year ended 28 February 2022.

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QUESTION 2 (40 Marks, 36 Minutes)

PARTNERSHIP ANALYSIS AND INTERPRETATION

"MM Medical Suppliers" is a partnership business with owners M. Moodley and M. Mkhize. This business supplies doctors with various items needed to assist their patients, such as surgical gloves, masks, dressings and other medical supplies.

Required:

Study the provided General Ledger accounts and answer the questions that follow.
Round off all answers to 1 decimal place.

2.1 Complete the missing amounts (labelled **A to G**) in the Capital and Current Account notes to the Balance Sheet. Show the figure in brackets where necessary. (10)

2.2 Refer to information A

2.2.1 Calculate the mark up percentage used by MM Medical Suppliers. (3)

2.2.2 The demand for surgical masks and gloves has increased due to Covid 19. Is it ethical for MM Medical Suppliers to increase their mark up on these items? Provide a reason for your answer. (3)

2.3 Refer to the interest earned by each partner for the financial year ended 28 February 2021:

2.3.1 Calculate the percentage interest earned by the Mkhize on his capital contribution. (3)

2.3.2 Should Mkhize be satisfied with the percentage interest earned on his capital in MM Medical Suppliers? Quote figures to support your answer. (3)

2.4 Identify the ratio in which partners Moodley and Mkhize share all profits and losses. (3)

2.5 Calculate the following for the year ended 28 February 2021:

2.5.1 Debt /equity ratio. (4)

2.5.2 Percentage Return on Equity earned by MM Medical Suppliers. (7)

2.5.3 Comment on the risk and gearing of MM Medical Suppliers for the year ended 28 February 2021. Quote figures to support your answer. (4)

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Information:

A Extract from the Statement of Comprehensive Income on 28 February 2021:

Sales	2 434 000
Cost of Sales	(1 947 200)
Gross Profit	486 800

B Extract from the Statement of Financial Position as at 28 February 2021:

Fixed deposit (6% p.a.)	31 800
Mortgage Loan ABC Bank (9.5% p.a.)	263 700

C Capital Account note to the Balance Sheet as at 28 February 2021:

	Moodley	Mkhize	Total
Balance at the beginning of the year	170 000	140 000	310 000
Contribution of Capital during the year	0	**A**	
Withdrawal of Capital during the year	**B**	0	
Balance at the end of the year	150 000	240 000	390 000

- Note that Mkhize contributed additional capital on 28 February 2021

D Current Account note to the Balance Sheet as at 28 February 2021:

	Moodley	Mkhize	Total
Profit per Income Statement	99 800	**C**	
Partners' Salaries	**D**	78 000	
Interest on Capital	12 800	11 200	
Primary distribution of profits	84 800	89 200	
Final distribution of profits	15 000	30 000	
Drawings	**E**	(115 000)	
Retained Income for the year	14 800	4 200	
Retained Income at the beginning of the year	**F**	37 800	30 500
Retained Income at the end of the year	7 500	**G**	49 500

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FORMULAE SHEET: GRADE 11

$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross Profit}}{\text{COS}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total Earnings By Partner}}{\text{Partners' Average Equity}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Av Partners' Equity}} \times \frac{100}{1}$	
Current Assets : Current Liabilities	(CA – Inventory) : Current Liabilities	
$\frac{\text{Average Debtors}}{\text{Credit Sales}} \times \frac{365 \text{ (or } 12)}{1}$	$\frac{\text{Average Creditors}}{\text{Credit Purchases}} \times \frac{365 \text{ (or } 12)}{1}$	
$\frac{\text{Average Inventories}}{\text{Cost of Sales}} \times \frac{365 \text{ (or } 12)}{1}$	$\frac{\text{Cost of Sales}}{\text{Average Trading Stock}}$	
Non-Current Liabilities : Owners' Equity	Total Assets : Total Liabilities	

TOTAL MARKS: [100]

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NATIONAL SENIOR CERTIFICATE

GRADE 11

ACCOUNTING

ANSWER BOOK

JUNE 2021

COMMON TEST

MARKS : 100

TIME : 1.5 hours

Name: _____ **Grade:** _____

Question	Topic	Learners Mark	Moderators Mark
1	Partnership Financial Statements		
2	Partnership Analysis and Interpretation		

N.B. This answer book consists of 4 pages.

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QUESTION 1 (60 Marks, 54 Minutes)

PARTNERSHIP FINANCIAL STATEMENTS

1.1 Statement of Comprehensive Income for the year ended 28 February 2021.

Sales	**1 800 000**
Cost of sales	**(1 000 000)**
Gross profit	**800 000**
Other operating income	
Gross operating income	
Operating expenses	
Operating profit	
Interest income	
Net profit before interest expense	
Interest expense	
Net profit for the year	

45

1.2 Calculate the final amounts that will appear in the Statement of Financial Position (Balance Sheet) for the year ended 28 February 2021:

1.2.1 Trader and other Receivables

	9

1.2.2 Trade and other Payables

	6

QUESTION 2 (40 Marks, 36 Minutes)

PARTNERSHIP ANALYSIS AND INTERPRETATION

2.1

A		
B		
C		
D		
E		
F		
G		10

2.2 Refer to information A

2.2.1 Calculate the mark up percentage used by MM Medical Suppliers.

	3

2.2.2 The demand for surgical masks and gloves has increased due to Covid 19. Is it ethical for MM Medical Suppliers to increase their mark up on these items? Provide a reason for your answer.

	3

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2.3 Refer to the interest earned by each partner for the financial year ended 28 February 2021:

2.3.1 Calculate the percentage interest earned by the Mkhize on his capital contribution.

3

2.3.2 Should Mkhize be satisfied with the percentage interest earned on his capital in MM Medical Suppliers? Quote figures to support your answer.

3

2.4 Identify the ratio in which partners Moodley and Mkhize share all profits and losses.

3

2.5 Calculate the following for the year ended 28 February 2021:

2.5.1 Debt /equity ratio.



4

2.5.2 Percentage Return on Equity earned by MM Medical Suppliers.

7

2.5.3 Comment on the risk and gearing of MM Medical Suppliers for the year ended 28 February 2021. Quote figures to support your answer.

4

TOTAL MARKS: [100]

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GRADE 11

ACCOUNTING

MARKING GUIDELINE

JUNE 2021

COMMON TEST



MARKS : 100

TIME : 1.5 hours

Question	Topic	Marks	Minutes
1	Partnership Financial Statements	60	54
2	Partnership Analysis and Interpretation	40	36
		100	90

N.B. This memorandum consists of 4 pages.

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QUESTION 1 (60 Marks, 54 Minutes)

PARTNERSHIP FINANCIAL STATEMENTS

1.1 Statement of Comprehensive Income for the year ended 28 February 2021. (45)

Sales		**1 800 000**
Cost of sales		**(1 000 000)**
Gross profit		**800 000**
Other operating income	Operation	24 550☑
Rent Income (17 500✓ + 5 775✓ – 1 925✓)	or 3 850✓✓	21 350☑
Profit on Sale of Asset		3 200✓
Gross operating income	Operation	824 550☑
Operating expenses		(411 870)☑
Consumable stores (2 900✓ – 180✓)		2 720✓
Advertising (16 300✓ – 7 500✓✓)		8 800☑
Salaries and wages (328 450 ✓ + 2 900 ✓)		331 350✓
Sundry expenses (13 400✓ - 300✓)		13 100✓
Bad debts (2 900✓ + 500✓)		3 400✓
Loss due to fire		2 500✓✓
Trading stock deficit (209 500✓ – 18 000✓ – 186 500✓)		5 000☑
Provision for bad debts adjustment		3 000✓✓
Water and Electricity (22 000✓ + 2 200✓)		24 200✓
Depreciation		17 800✓
Operating profit		412 680☑
Interest income		13 180✓
Net profit before interest expense	Operation	425 860☑
Interest expense (76 500✓ - 18 500✓ - 64 120✓)		(6 120)☑
Net profit for the year	Operation	419 740 ✓☑

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1.2 Calculate the final amounts that will appear in the Statement of Financial Position (Balance Sheet) for the year ended 28 February 2021:

1.2.1 Trader and other Receivables (9)

98 750✓ – 500✓ (-5000 ✓✓) - 3 000✓ - 2 000✓ + 18 000✓ (15 500✓) - 2500✓ + 7 500✓ + 300✓
= 116 550☑

1.2.2 Trade and other Payables (6)

22 500✓ + 1 925✓ + 2 900✓ + 2 200✓ + 30 000✓
= 59 525☑

QUESTION 2 (40 Marks, 36 Minutes)

PARTNERSHIP ANALYSIS AND INTERPRETATION

2.1 (10)

A	100 000✓
B	(20 000)✓☑ (☑ only if amount is shown in bracket)
C	119 200✓
D	72 000✓
E	(85 000)✓☑ (☑ only if amount is shown in bracket)
F	(7 300)✓☑ (☑ only if amount is shown in bracket)
G	42 000✓



2.2 Refer to information A

2.2.1 Calculate the mark up percentage used by MM Medical Suppliers. (3)

486 800✓
1 947 200✓ X 100
= 25%☑

2.2.2 The demand for surgical masks and gloves has increased due to Covid 19. Is it ethical for MM Medical Suppliers to increase their mark up on these items? Provide a reason for your answer. (3)

- No / unethical✓
- These are essential medical supplies that people need to keep themselves safe.✓✓
- Businesses were reported for increasing the price of necessities during the outbreak.

2.3 Refer to the interest earned by each partner for the financial year ended 28 February 2021:

2.3.1 Calculate the percentage interest earned by the Mkhize on his capital contribution. (3)

11 200✓
140 000✓ X 100
= 8%☑

2.3.2 Should Mkhize be satisfied with the percentage interest earned on his capital in MM Medical Suppliers? Quote figures to support your answer. (3)

- Yes / No✓
- The current interest rate on the business fixed deposit is 6%✓. He is earning 8% on his capital. ✓ (refer to question 1.3.1)

2.4 Identify the ratio in which partners Moodley and Mkhize share all profits and losses. (3)

15 000✓ : 30 000✓
0.5 : 1☑

2.5 Calculate the following for the year ended 28 February 2021:

2.5.1 Debt /equity ratio. (4)

263 700✓ : 390 000✓ + 49 500✓
263 700 : 439 500
0.6 : 1☑

2.5.2 Percentage Return on Equity earned by MM Medical Suppliers. (7)

99 800✓ + 119 200☑ (refer to qu 1.1C)
(170 000 + 140 000 + 150 000 + 240 000 + 7 300 + 37 800 + 7 500 + 42 000)/2 X 100

219 000
(310 000✓ + 390 000✓ + 30 500✓ + 49 500✓)/2 X 100
219 000
390 000 X 100
= 56.2%☑ (51.15%)

2.5.3 Comment on the risk and gearing of MM Medical Suppliers for the year ended 28 February 2021. Quote figures to support your answer. (4)

- The current risk is moderate to low✓ as the debt equity ratio is 0.6: 1✓
- MM Medical Suppliers is however positively geared✓ as the current return on Equity of 56.2% is larger than the interest paid on loans of 9.5%✓

TOTAL MARKS: [100]