GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION
JUNE 2024

GRADE 11

ACCOUNTING
PAPER 1

TIME: **2 hours**

MARKS: **150**

11 pages + 1 formula sheet and an answer book of 9 pages

INSTRUCTIONS AND INFORMATION

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 provided at the back 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, blue or black pen 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	TIME IN MINUTES
1	GAAP Principles and Statement of Comprehensive Income	50	40 minutes
2	Partnership: Statement of Financial Position and Notes	45	36 minutes
3	Analyses and Interpretation	43	34 minutes
4	Problem solving	12	10 minutes
TOTAL		150	120 minutes

DRAFT

QUESTION 1: GAAP PRINCIPLES AND STATEMENT OF COMPREHENSIVE INCOME (50 marks; 40 minutes)

1.1 Choose ONE word/term for each of the following statements by choosing a GAAP principle from the list below. Write only the answer next to the question numbers (1.1.1 – 1.1.4) in the ANSWER BOOK.

Going concern; Prudence; Historical cost; Materiality; Business Entity; Matching

1.1.1 Business expects to make a profit of R80 000 on the sale of part of the building, it will not be entered in the books until the transfer of the land has been concluded.

1.1.2 Insurance R2 300, is paid in advance. This amount is not reflected in the statement of comprehensive income.

1.1.3 The business will continue to operate in the future.

1.1.4 Interest expense should be disclosed separately in the financial statements. (04)

1.2 **HLAZO TRADERS**

REQUIRED:

The following information was taken from the books of Hlazo Traders on 29 February 2024. The business uses a mark-up of 80% on cost.

1.2.1 Prepare the Income Statement (Statement of Comprehensive Income) of Hlazo Traders for the year ending 29 February 2024. (42)

1.2.2 **Refer to information B(viii)**
Provide **TWO** possible reasons why the rent income decreased. (04)

IINFORMATION

A EXTRACT FROM THE PRE-ADJUSTMENT TRIAL BALANCE ON 29 FEBRUARY 2024

Equipment (cost price)	432 800
Accumulated depreciation on equipment	82 100
Loan: Tika Bank	611 300
Trading stock	212 000
Debtors' control	115 420
Provision for bad debts	11 950
Bank (Debit)	79 450
Sales	1 248 260
Cost of sales	?
Debtors' allowance	3 200
Sundry expense	86 700
Telephone	23 650
Salaries and wages	189 240
Insurance	42 840
Packing material	14 000
Bad debts	8 800
Depreciation	85 600
Rent income	78 200
Interest on fixed deposit (balancing figure)	?

B ADJUSTMENTS AND ADDITIONAL INFORMATION

(i) Goods with the cost price of R9 200 were sold on credit to P Smith. No entry has been made.

(ii) On 29 February 2024 the physical stock count revealed the following:

- Trading stock R196 450.
- Packing material used R7 900.

(iii) A debtor, T Naidoo, whose account was previously written off, paid R800. The bookkeeper incorrectly credited the amount to the bad debts account.

(iv) Provision for bad debts must be decreased by R5 000.

(v) One employee is omitted in the Salaries Journal for February 2024

Gross salary	Deductions	Net salary	UIF Contribution
?	R560 (7%)	?	160 (2%)

NOTE: The UIF contribution includes contributions made by the employers. All contributions form part of salaries and wages.

(vi) Insurance includes an annual policy for R57 840 taken out on 1 June 2023.

(vii) The loan statement received from Tika Bank reflected a closing balance of R630 800.

(viii) Rent income has been received for the period 1 March 2023 to 31 December 2023.

NOTE: Rent decreased by R400 per month as from 1 November 2023.

(ix) The bank statement revealed the following items that have not been recorded in the relevant cash journals:

- Transaction fees R340
- EFT charges R210

50

QUESTION 2: PARTNERSHIP: STATEMENT OF FINANCIAL POSITION AND NOTES

(45 marks:36 minutes)

ROSEY DAISY BLOOMS

The following information was extracted from the records of Rosey Daisy Blooms, a partnership owned by White Rose and Yellow Daisy.

REQUIRED:

2.1 Match the description in COLUMN A with the term in COLUMN B. Write only the correct letter to next to the question number in your answer book.

COLUMN A		COLUMN B	
2.1.1	Non-Current Assets	A	The amount is recorded under Current Liabilities.
2.1.2	Solvency	B	These Assets take more than 12 months to be converted into cash.
2.1.3	Current Assets	C	The ability to pay off current debts.
2.1.4	Liquidity	D	These assets can be converted into cash within 12 months.
2.1.5	Bank Overdraft	E	The business's ability to pay off all its debts.
		F	Gives an indication if the business is financed by its own capital or borrowed capital.

(05)

2.2 Prepare the Current Account Note to the Statement of Financial Position on 29 February 2024. (20)
Refer to information A & B

2.3 Prepare the Equity and Liability section of the Statement of Financial Position. (20)
Refer to information A To D

INFORMATION:

Extract from the Post-adjustment Trial Balance on 29 February 2024.

Capital: Rose	290 000
Capital: Daisy	280 000
Current Account : Rose (01 March 2023)	DR 67 000
Current Account : Daisy (01 March 2023)	CR 55 000
Drawings: Rose	?
Drawings: Daisy	85 000
Bank	178 000
Petty Cash	2 500
Debtors' Control	59 000
Loan : Tulip bank	?
Fixed deposit: Lilly bank	690 000
Creditors' control	160 000
Accrued income	16 000
Accrued expenses	3 500
Prepaid expenses	4 000

A. Rose has increased her capital by R20 000 halfway through the year, this has not yet been recorded. Daisy's capital remained the same throughout the year.

B. The partnership agreement stipulates the following:

- Interest on capital is calculated at 10% of capital balances.
- Daisy's Bonus is 50% more than that of Rose's.
- The total salary paid to Rose amounted to R159 000, this included her salary for March 2024. Daisy's salary for the year amounted to R182 000. Both partners are entitled to a R1 000 increase p.m. on 01 January each year which has been taken into account.
- The Net profit for the year amounted to R600 000 and the remaining profit is shared between Rose and Daisy in the ratio of 2:3 respectively.
- Daisy's drawings amounted R85 000, Rose withdraws 50% more than Daisy.

C. A Creditor with a credit balance of R2 000 needs to be transferred to the debtor's ledger.

D. The interest on loan is capitalised. Below is the loan statement received from Tulip bank.

TULIP BANK LOAN STATEMENT ON 29 FEBRUARY 2024	
Balance on 01 March 2023	380 000
Interest for the year	
Repayments including interest (R6 500 X 12)	78 000
Balance on 29 February 2024	**330 000**

The capital portion of the loan that will be paid in the next financial year will increase by R15 000.

45

QUESTION 3: ANALYSIS AND INTERPRETATION (**43 marks; 32 minutes)**

FAIRYTALE PALACE TRADERS

Fairytale Palace Traders is a partnership owned by Cinderelli and Snowy. The financial year ended 29 February 2024. 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 2024.

3.1.1 Gross Profit on Sales. (04)

3.1.2 Acid test ratio. (04)

3.1.3 Average percentage return earned by Snowy. (07)

3.1.4 Debt/Equity ratio. (04)

3.1.5 Solvency ratio. (04)

Profitability

3.2 Cinderelli and Snowy received an offer from a potential 3rd partner. The partner is mostly interested in how profitable the partnership is. Do you think Fairytale Palace's profitability is good? Provide two indicators with figures to support your answer. (05)

3.3 The business didn't achieve the intended markup of 20%. Provide TWO possible reasons for not achieving the markup (04)

Liquidity

3.4 Comment on the liquidity of the business. Refer to **TWO** relevant indicators with figures to support your answer. (04)

Risk

3.5 The partners have decided to start offering delivery services. They are considering taking an additional loan to finance the purchase of a new vehicle. Is it wise for them to increase their loan? Quote one financial indicator with figures to support your answer. (04)

Return

3.6 Snowy is happy with the returns that she received, explain why by quoting figures. (03)

INFORMATION

A. Extract from the Statement of Comprehensive Income for the year ended 29 February 2024.

Sales	R1 830 000
Cost of sales	R1 610 400
Gross profit	?
Net profit	R 223 875

B. Extract taken from the Statement of Financial Position on 29 February 2024.

	2024	2023
Non-Current Assets	**1 375 650**	
Fixed deposit @ 10% p.a.	?	200 000
Current Assets	**585 500**	**738 000**
Inventory	170 500	238 000
Trade and other receivables	240 000	350 000
Cash and Cash Equivalents	175 000	150 000
Partners equity	**?**	**?**
Capital: Cinderelli	600 000	480 000
Capital: Snowy	620 000	490 000
Current Account: Cinderelli	CR 42 000	CR 78 000
Current Account: Snowy	DR 13 500	CR 37 000
Non-current Liability	**419 900**	**600 000**
Current Liability	**292 750**	**307 500**

C. Financial Indicators and Additional Information

	2024	2023
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	?	0,6: 1
Total Earnings by Cinderelli		
Total Earnings by Snowy	149 250	
Return on partners equity	14%	20%

QUESTION 4: FIXED ASSET MANAGEMENT (12 marks; 10 minutes)

PROBLEM SOLVING

Jones Mahlaba owns three taxis. She is concerned about the performance of this business.

REQUIRED

4.1 Identify ONE major problem related to each taxi. Quote figures and provide solutions to the problems identified. (12)

INFORMATION:

Information from the business records of 31 May 2024, the financial year end.

	TAXI 1	TAXI 2	TAXI 3
Date purchased	1 June 2009	1 July 2021	1 April 2023
Cost of vehicle	R140 700	R276 000	R432 000
Accumulated depreciation	R140 699	R234 600	R100 800
Total revenue from taxi fares	R1 462 500	R720 000	R480 900
Kilometres covered	97 500 km	49 000 km	32 060 km
Fare per kilometre	R15	R15	R15
Fuel and repair costs	R843 375	R303 800	R92 974
Fuel and repair cost per kilometre	R8,65	6,20	2,90

12

TOTAL: 150

END

ANNEXURE

FORMULA SHEET

$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Gross profit}}{\text{Cost of Sales}} \times \frac{100}{1}$	$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$
$\frac{\text{Operating Expenses}}{\text{Sales}} \times \frac{100}{1}$	$\frac{\text{Operating Profit}}{\text{Sales}} \times \frac{100}{1}$	
$\frac{\text{Total Earnings by Partner}}{\text{Average Partner's Equity}} \times \frac{100}{1}$	$\frac{\text{Net Profit}}{\text{Average Partner's Equity}} \times \frac{100}{1}$	
Current Assets : Current Liabilities	Current Assets − Inventories : Current Liabilities	
Trade and Other Receivables + Cash and Cash Equivalents : Current Liabilities		
$\frac{\text{Average Debtors}}{\text{Credit Sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	$\frac{\text{Average Creditors}}{\text{Credit Purchases or Cost of Sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	
$\frac{\text{Average Inventories}}{\text{Cost of Sales}} \times \frac{365}{1}$ or $\frac{12}{1}$	$\frac{\text{Cost of Sales}}{\text{Average Inventories}}$	
Non Current Liabilities : Partner's Equity	Total Assets : Total Libilities	
$\frac{\text{Fixed Costs}}{\text{Selling price per unit} - \text{variable costs per unit}}$		