



Province of the  
**EASTERN CAPE**  
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo  
Provinsie van die Oos Kaap: Departement van Onderwys  
Porafensie Ya Kapa Botjhabela: Lefapha la Thuto

# **NATIONAL SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2024**

**ACCOUNTING P1**

**MARKS: 150**

**TIME: 2 hours**



This question paper consists of 10 pages, including  
a formula sheet and a 7-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 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 (minutes)
1	Fixed assets and internal controls	25	20
2	Concepts and Statement of Comprehensive Income	50	40
3	Statement of Financial Position and Notes to Financial Statements	40	30
4	Financial Indicators and Interpretation of Financial Statements	35	30
<b>TOTAL</b>		<b>150</b>	<b>120</b>

**QUESTION 1: FIXED ASSETS AND INTERNAL CONTROLS (25 marks; 20 minutes)**

The following information relates to Asande Traders for the year ended 29 February 2024.

**REQUIRED:**

- 1.1 Calculate the missing figures denoted by (i) to (iv) in the fixed asset note. (12)
- 1.2 Prepare the Asset Disposal account. (7)
- 1.3 Calculate the percentage increase in the value of Land and Buildings if their market value as at 29 February 2024 amounts to R5 500 000. (4)
- 1.4 The owner notices that the mileage on one of the vehicles is extremely high. He therefore concluded that the driver is misusing the vehicle. Suggest TWO internal control measures that can be implemented to safeguard the business against the misuse of vehicles. (2)

**INFORMATION:****A. Fixed Asset note:**

	LAND AND BUILDINGS	EQUIPMENT	VEHICLES
Carrying value on 1 March 2023		(ii)	200 000
Cost	(i)	600 000	680 000
Accumulated depreciation		180 000	480 000
Additions at cost	750 000	90 000	120 000
Disposals at carrying value			(iv)
Depreciation for the year		(iii)	
Carrying value on 29 February 2024	4 000 000		
Cost	4 000 000	690 000	440 000
Accumulated depreciation			

**B. Information from the Fixed Asset register:**

- Depreciation is calculated as follows:
  - On equipment at 10% p.a. on diminishing-balance method.
  - On vehicles at 12% p.a. on cost.
- New equipment was purchased on 1 July 2023. No equipment was sold.
- No land and buildings were sold during the year.
- A delivery vehicle was sold for R115 000 cash on 31 December 2023.

**Details extracted from the asset register regarding this vehicle:**

Cost price	?
Accumulated depreciation on 1 March 2023	R215 000

**25**

**QUESTION 2: CONCEPTS AND STATEMENT OF COMPREHENSIVE INCOME****(50 marks; 40 minutes)**

- 2.1 Choose the concepts in COLUMN B that best suits the description in COLUMN A. Write only the letter (A–F) next to the question numbers (2.1.1 to 2.1.5) on the ANSWER BOOK, for example 2.1.6 G.

COLUMN A		COLUMN B	
2.1.1	A fixed amount of depreciation is written off every year on fixed assets	A	Carrying value
2.1.2	A separate record is kept for every asset in the business	B	Depreciation
2.1.3	The disposed asset will be reflected at this value in the accounting records	C	Depreciation on the cost price
2.1.4	The value of asset losses during the year	D	Historical cost Principle
2.1.5	In the note for fixed assets, the original cost price is shown	E	Fixed asset register
		F	Business entity rule

(5 x 1) (5)

- 2.2 The following information relates to Eshowe Traders. Their financial year ends on 30 June 2024.

**REQUIRED:**

Prepare the Statement of Comprehensive Income (Income statement) for the year ended 30 June 2024.

(45)

**A. INFORMATION:**

List of some of the balances and totals of Eshowe Traders on 30 June 2024.	R
Trading stock	371 000
Equipment	118 000
Vehicles	450 000
Debtors control	88 480
Fixed deposit: AC Bank	120 000
Provision for bad debts (1 July 2023)	4 444
Loan: Amazing Bank	?
Sales	1 696 080
Cost of sales	998 000
Salaries and wages	156 000
Insurance	56 400
Telephone	18 000
Rent income	95 600
Packing materials	21 450
Bad debts recovered	640
Employer's contributions	54 000
Bad debts	3 450
Bank charges	5 800
Discount allowed	1 200
Interest on fixed deposit	?
Sundry expenses	34 000

**B Adjustments and additional information:**

- (i) A credit note for goods costing R2 800, issued to a debtor was not recorded. Goods were sold at a mark-up of 60% on cost. Goods were placed back on the shelves.
- (ii) A fire occurred in the storeroom and destroyed goods costing R18 000. The insurance company agreed to pay 85% of the total claim. No entries have been made.
- (iii) Stock count on 30 June 2024 revealed the following on hand:  
Trading stock R358 000  
Packing materials R4 000
- (iv) A debtor A. Susan was declared insolvent. Her estate paid R480, which represented 30 cents in the rand from the insolvent estate which was properly recorded. The balance must still be written off as irrecoverable.
- (v) Provision for bad debts must be calculated at 5% of good book debtors.
- (vi) Included in the amount for insurance is R4 800 paid for the second and third quarters of 2024.
- (vii) Rent was received until 31 August 2024. The monthly rent was increased by 8% on 1 April 2024.
- (viii) 20% of the telephone account was still outstanding.
- (ix) The salary of an employee, Mr. Osana, was omitted from the June 2024 salaries journal. His salary details are as follows:  
Net salary R7 800  
Deductions R1 200  
Employer's contribution to the UIF is 1% of the gross salary.
- (x) The following information appeared in the bank statement received from IFM bank:
  - Internet banking fees, R420
  - Service fees, R880
- (xi) The following loan statement was received from Africa Bank:

Balance on 1 July 2023	280 000
Monthly repayments made during the year (including interest)	4 500
Interest capitalised	?
Balance on 30 June 2024	249 800

- (xii) Provide for depreciation of R17 250.
- (xiii) The following financial indicator was calculated at the end of the financial year, after all the above adjustments were recorded:  
Percentage Net profit on sales 22%.

**QUESTION 3: STATEMENT OF FINANCIAL POSITION AND NOTES****(40 marks; 30 minutes)****3.1 Tiny-Tony Traders**

The following information relates to Tiny-Tony Traders for the financial year ending 30 September 2024.

**REQUIRED:**

3.1.1 Prepare the Trade and Other Receivables Note. (5)

3.1.2 Prepare the Equity and Liabilities section of the Statement of Financial Position on 30 September 2024. (17)

**INFORMATION:**

A. The following balances appeared amongst others in the General Ledger of Tiny-Tony Traders on 30 September 2024.

Capital: Tiny (01/10/2023)	210 000
Capital: Tony (01/10/2023)	230 000
Current Account: Tiny (Cr)	15 600
Current Account: Tony (Dr)	3 600
Trading Stock	125 600
Debtors Control	85 800
Loan: AMP Bank	180 000
Creditors Control	79 500
Equipment	107 900
Bank (Cr)	5 250
Petty Cash	580
Accrued income	1 200
SARS: PAYE	3 980
Deposit for electricity	620
Accrued expenses	450
Pension fund	1 210
Income received in advance	990

**B. Adjustments and additional information:**

- (i) The debit balance of A. Sign, R800, in the debtors' ledger must be transferred to their account in the creditors' ledger.
- (ii) The loan from AMP Bank was originally received on 1 October 2022 and was to be repaid in equal monthly instalments over 5 years. Repayments were made and recorded to date. Interest is not capitalised.
- (iii) Tiny contributed additional equipment to the value of R40 000 into the partnership halfway through the year. No entries were made in the books for this transaction.

### 3.2 BECO TRADERS

The following information was extracted from the accounting records of BECO Traders. The store is owned by Ben and Collin.

#### REQUIRED:

Prepare the Current Account Note as it would appear in the notes to the financial statements for the year ending 30 September 2024.

(18)

#### INFORMATION:

**A. The following balances appeared in the ledger of BECO Traders on 30 September 2024:**

Capital: Ben	160 000
Capital: Collin	190 000
Current Account: Ben (01/10/2023) (Dr)	13 500
Current Account: Collin (01/10/2023) (Cr)	29 000
Drawings: Ben	119 600
Drawings: Collin	105 550
Profit and Loss	?

**B. Adjustments and additional information:**

- (i) Ben decreased his capital contribution by R40 000 cash on 31 May 2024. This was recorded in their books.
- (ii) Collin returned the merchandise that was not suitable for his personal use before the stocktaking was completed. The cost price was R750. No entry was made in the books for the goods returned.

**C. Partnership agreement:**

- (i) **Partners' salaries:**  
Ben is earning a monthly salary of R8 500. Collin is earning 8% less than Ben.
- (ii) **Interest on capital:**  
Interest on capital is calculated at 15% p.a. Note information B (i).
- (iii) **Bonus to partners:**  
Only Ben is entitled to receive a bonus of R15 300 at the end of the financial year.
- (iv) **Remaining profits/losses:**  
The remaining profits/losses are shared between Ben and Collin in the ratio 3 : 2 respectively. Collin's secondary distribution amounted to R23 980.

**QUESTION 4: ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS**  
**(35 marks; 30 minutes)**

The following information was extracted from the accounting records of Mila Traders, a partnership between Mills and Langa. Their financial year ends on the last day of February each year.

**REQUIRED:**

- 4.1 Calculate the following financial indicators for the year ended 29 February 2024:
- 4.1.1 % Operating expenses on turnover (3)
  - 4.1.2 Acid test ratio (4)
  - 4.1.3 % Return on average equity earned by partners (5)
- 4.2 Explain whether the business is managing its operating activities efficiently. Quote TWO financial indicators with figures. (4)
- Explain how the business can improve their sales in future. Quote ONE financial indicator. (2)
- 4.3 The partners decided to increase their business activities in 2024 and agreed to take up a loan. Explain how their decision affected the financial risk of the business. Quote ONE financial indicator with figures. (4)
- Provide TWO suggestions that the partners can consider instead of increasing the loan. (2)
- 4.4 Should the partners be satisfied with the % return on their investment? Explain and provide TWO points with relevant figures. (5)
- 4.5 Comment on the liquidity position of the business for 2024. Quote TWO financial indicators with comparative figures. (6)

**INFORMATION:**

**A. Extract from the Statement of Comprehensive Income:**

	2024	2023
Sales	3 459 000	3 450 000
Cost of sales	2 161 875	2 156 250
Operating expenses	585 000	621 000
Interest expense	83 100	64 500
Net profit for the year	629 025	608 250



**B. Extract from the Statement of Financial Position:**

	<b>2024</b>	<b>2023</b>
Non-current assets (fixed assets)	810 000	670 000
Inventories	323 100	300 000
Trade and other receivables	223 100	175 000
Cash and cash equivalents	100 000	25 000
Capital accounts	2 550 000	1 830 000
Current accounts	120 000	140 000
Mortgage loan	1 869 000	591 000
Current liabilities	359 000	250 000

**C. Financial indicators:**

	<b>2024</b>	<b>2023</b>
% operating profit on sales	22,2%	19,5%
% gross profit on cost of sales	60%	60%
% operating expenses on sales	?	18%
Current ratio	1,8 : 1	2 : 1
Acid-test ratio	?	0,8 : 1
Stock turnover rate	5,2 times	8 times
Debtors' collection period	56 days	32 days
Creditors payment period	35 days	40 days
Debt equity ratio	0,7 : 1	0,3 : 1
% Return on partner's equity	?	22%
Interest on fixed deposit	8,5%	7,5%

**35****TOTAL: 150**

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











