 Province of the

 EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF-STUDY MARKING GUIDELINES**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SUBJECT** | **ACCOUNTING** | **GRADE** | 11 | **DATE** | 18 May –2020 |
| **TOPIC** | **Analysis and interpretation of financial statements** |  **Term 2** |

**MEMORANDUM**

**ACTIVITY 1: Financial indicators**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No**  | **Description**  | **Formula**  | **Source**  | **Profitability & efficiency**  | **Liquidity**  | **Solvency**  | **Risk**  | **Returns**  |
| 1. | % gross profit on sales | Gross profit/sales x 100 | I.S | **X** |  |  |  |  |
| 2. | Net assets | Assets –Liabilities=Equity  | B.S |  |  | **X** |  |  |
| 3.  | Current ratio | Current assets: current liabilities | B.S |  | **X** |  |  |  |
| 4. | % operating profit on sales | Operating profit : sales x100 | I.S | **X** |  |  |  |  |
| 5. | Solvency ratio | Total assets : Total liabilities | B.S |  |  | **X** |  |  |
| 6. | Acid test ratio | Current assets-Inventory :Current liabilities | B.S |  | **X** |  |  |  |
| 7. | % net profit on sales | Net profit: sales x 100 | I.S | **X** |  |  |  |  |
| 8. | Net current assets | Current assets-current liabilities | B.S |  | **X** |  |  |  |
| 9. | % operating expenses on sales | Operating expenses : Sales x100 | I.S | **X** |  |  |  |  |
| 10 | Debtors’ collection period | Average debtors: credit sales x 365or 12 | I.S&B.S |  | **X** |  |  |  |
| 11. | % gross profit on cost of sales | Gross profit : Cost of sales x100 | I.S | **X** |  |  |  |  |
| 12. | Creditors payment period | Average creditors : credit purchases x365 or 12 | B.S&I.S |  | **X** |  |  |  |
| 13. | *% return on partners equity* | *Net profit: average partners’ equity x100* | *I.S&B.S* |  |  |  |  | ***X*** |
| 14. | *Debt equity ratio* | *Non –current liabilities: Partners equity* | *B.S* |  |  |  | ***X*** |  |
| 15. | *Total amount earned by each partner* | *Partners’ salary+interest on capital+bonus+share of remaining profit or – share of remaining loss* | *B.S* |  |  |  |  | ***X*** |