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| Province of the  EASTERN CAPE  EDUCATION  **DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**  **HOME SCHOOLING SELF-STUDY**  **WORK SHEETS**   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **SUBJECT** | | ACCOUNTING | **GRADE** | 11 | **DATE** |  | | | | | **TOPIC** | Analysis and Interpretation of Financial statements: Consolidation | | | | | **Term** | 2 | **Week** | 8 | |

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| **WORKSHEET 1** | | | | | |  |
| **GRADE** | 11 | **TERM** | 2 | **WEEK** | 8 | |

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| **ACTIVITY 1** | |  |  |  |  |
|  | |  |  |  |  |
| 1.1.1 |  | |  |  |  |
| 1.1.2 |  | |  |  |  |
| 1.1.3 |  | |  |  |  |
| 1.1.4 |  | |  |  |  |
| 1.1.5 |  | |  |  |  |

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| |  |  | | --- | --- | | **1.2.1** | **Calculate the following, to ONE decimal place, for the year ending 29 February 2020:** | |
| * **Current Ratio** |
| * **Acid Test Ratio** |
| * **Debtors’ Average Collection Period (in days).** |
| * **Percentage return on Average Equity for 2020** |
| * **Debt Equity ratio** |

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| |  |  | | --- | --- | | **1.2.2** | **Comment on the liquidity of this businesses. Quote relevant financial indicators to justify your answer.** | |
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| |  |  | | --- | --- | | **1.2.3** | **Should the partners be satisfied with the percentage return earned by Nicks Traders in 2020. Give TWO reasons for your answer.** | |
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| |  |  | | --- | --- | | **1.2.4** | **If this business wanted to expand, should they increase their long-term liabilities? Give a reason for your answer.** | |
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| **WORKSHEET 2** | | | | | |  |
| **GRADE** | 11 | **TERM** | 2 | **WEEK** | 8 | |

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| **ACTIVITY 2** | | |  | |  | |  | |  |
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| **2.1** | |  | | | |  | |  |  | |
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| 2.1.1 | |  | | | |  | |  |  | |
| 2.1.2 | |  | | | |  | |  |  | |
| 2.1.3 | |  | | | |  | |  |  | |
| 2.1.4 | |  | | | |  | |  |  | |
| 2.1.5 | |  | | | |  | |  |  | |

**2.2**

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| **2.2.1 Calculate the mark-up achieved by the business.** |
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| **2.2.2 Is the business controlling its expenses effectively? Quote a figure or Financial indicator to support your answer.** |
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| **2.2.3 Calculate the following financial indicators for the year ended 30 September 2019:** |
| * **Current ratio** |
| * **Stock turnover rate** |
| * **Debtors collection period** |
| * **Return on average partners’ equity** |
| * **Debt equity ratio** |

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| **2.2.4 Comment on the liquidity of the business.**  **Quote THREE financial indicators to support your answer.** |
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| **2.2.5 Should the partners be satisfied with their return?**  **Quote figures to support your answer.** |
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| **2.2.6 The partners want to increase the loan by an additional R400 000 to make**  **Improvements to the existing buildings. What advice would you offer**  **them?**  **You must make reference to the financial indicators and figures to**  **support your answer.** |
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| **WORKSHEET 3** | | | | | |  |
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| **GRADE** | 11 | **TERM** | 2 | **WEEK** | 8 | |

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| **ACTIVITY 3** | |  |  |  |  |
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| **3.1 Explain the difference between Liquidity and Solvency.** |
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| **3.2 Calculate the following financial indicators for 2019:** |
| * **Acid test ratio** |
| * **Stock turnover rate** |
| * **Debt equity ratio** |
| * **Return earned by the business** |
| **3.3 Refer to the expected mark-up and actual mark-up percentages and answer the following:** |
| * **List TWO reasons why Zenzele Traders did not achieve the expected mark-up of 60%** |
| * **The partners are considering increasing the mark-up to 70% on cost. List TWO factors they should consider before implementing this strategy.** |

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| **3.4 Does the business have a liquidity problem?**  **Quote THREE relevant financial indicators with figures, percentages or**  **ratios to support**  **your answer.** |
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| **3.5 One of the partners is of the opinion that the Loan from Sharks Bank should**  **be paid off as quickly as possible. What advice would you offer him?**  **Discuss TWO relevant financial indicators to support your answer.** |
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| **3.6 Should the partners be satisfied with the performance of the business?**  **Explain and quote a financial indicator to support your answer.** | | | | | | |
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| **WORKSHEET 4** | | | | | | |  | |
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| **GRADE** | | 11 | **TERM** | 2 | **WEEK** | 8 | | |

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| **ACTIVITY 4** | |  |  |  |  |
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| **4.1 Calculate the following:** |
| **4.1.1 The total current liabilities** |
| **4.1.2 Percentage return earned by David** |
| **4.1.3 Debt equity ratio** |
| **4.1.4 Acid-test ratio** |

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| **4.2 Comment on the liquidity of the business.**  **Quote TWO financial indicators (with figures) in your answer.** |
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| **4.3 Do you think that David is satisfied with his return on investment? Explain.**  **Quote TWO relevant financial indicators (with figures) to support your answer,** |
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| **4.4 The partners want to expand the existing business and are considering increasing the loan. What advice would you offer them? Support your answer by making reference to TWO financial indicators (with figures).** |
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| **WORKSHEET 5** | | | | | |  |
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| **GRADE** | 11 | **TERM** | 2 | **WEEK** | 8 | |

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| **CLASS TEST** | |  |  |  |  |
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* 1. **CONCEPTS**

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| **Indicate whether the following statements are TRUE or FALSE. Write only True or False next to the question number 1.1.1 – 1.1.4 in work sheet.** | |
| 1.1.1 |  |
| 1.1.2 |  |
| 1.1.3 |  |
| 1.1.4 |  |

**1.2 COASTAL TRADERS**

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| **Calculate the following financial indicators for 31 October 2019** |
| * **Average creditors payment period** |
| * **Percentage operating profit on sales** |
| * **Debt equity ratio** |
| * **Solvency ratio** |
| * **Percentage return on average partners’ equity** |

**1.3 COMPARISON OF FINANCIAL INDICATORS OF TWO BUSINESSES**

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| **1.3.1 Mr Basil is of the opinion that LUNDI Traders has a better profitability and**  **operating efficiency. Quote TWO financial indicators with figures to**  **support Mr Basil’s opinion.** |
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| **1.3.2 Mr Basil feels that JIKA Traders has a better liquidity position. Do you**  **agree? Quote THREE relevant financial indicators and figures to support**  **your opinion.** |
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| **1.3.3 Which business would you advise Mr Basil to invest in?**  **Quote one relevant financial indicator together with figures to support**  **your answer.** |
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