 Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY**

**MARKING GUIDELINES**

|  |  |  |  |  |  |  |  |  |  |  |
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| **SUBJECT** | ACCOUNTING | | **GRADE** | | 11 | **DATE** |  | | | |
| **TOPIC** | PARTNERSHIP | | | | | | **Term** | 2 | **Week** | 9 |
| **TIME ALLOCATION** | | 2 DAYS | | |  |  | | --- | --- | | **TIPS TO KEEP HEALTHY** | | |  |  | | 1. | **WASH YOUR HANDS** thoroughly with soap and water for at least 20 seconds. Alternatively, use hand sanitizer with an alcohol content of at least 60%. | |  |  | | 2. | **PRACTICE SOCIAL DISTANCING** – keep a distance of 1m away from other people. | |  |  | | 3. | **PRACTISE GOOD RESPIRATORY HYGIENE**: cough or sneeze into your elbow or tissue and dispose of the tissue immediately after use. | |  |  | | 4. | **WEAR A MASK AND TRY NOT TO TOUCH YOUR FACE.** The virus can be transferred from your hands to your nose, mouth and eyes. It can then enter your body and make you sick. | |  |  | | 5. | **STAY AT HOME.** | | | | | | | |
| **INSTRUCTIONS** | See requirements per activity | | |
| **RESOURCES** | **USE YOUR TEXTBOOK(S) & PREVIOUS ACTIVITIES** | | | | | | | | | |

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| **ACTIVITY: SOLUTION** |

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| **NTSANE TILES**  **INCOME STATEMENT FOR 29 FEBRUARY 2020** | | |
| Sales [3000 000 – 500 000 – 21 500] |  | 2478 500 |
| Cost of sales [1810 000 – 13 000] |  | (1797 000) |
| **Gross Profit** |  | 681 500 |
| **Other Operating Income** |  | 1111 545 |
| Fee income [1105 000 -2 800 -2 500] |  | 1099 700 |
| Provision for bad debts adjustment 16 500 – (243 100 x 5%) **Check the Ledger** |  | 4 345 |
| Profit on sale of an asset [222 000 – 133 200 – 96 300] **Check the Ledger** |  | 7 500 |
| **Gross Operating income** |  | 1793 045 |
| **Operating Expenses** |  | (1450 950) |
| Water and lights [17 600 + 1 300] |  | 18 900 |
| Loss due to theft (56 000 x 10%) + (2 500 x 10%) or [5 600 +250] |  | 5 850 |
| Bank charges [28 600 + 2 000] |  | 30 600 |
| Discount allowed [3 500 - 300] |  | 3 200 |
| Insurance [28 800 + 2 500] |  | 31 300 |
| Stock deficit **Check the Trading stock A/C** |  | 5 000 |
| Consumable stores **Check the Trading stock A/C** |  | 112 000 |
| Bad debts [4 800 + 3 000] |  | 7 800 |
| Depreciation [9 000 +122 100] **Check calculations** |  | 131 100 |
| Rent expense |  | 95 400 |
| Salaries and wages |  | 765 176 |
| Employer’s contribution |  | 78 500 |
| Vehicle expenses |  | 95 000 |
| Telephone |  | 19 100 |
| Printing and stationery |  | 17 200 |
| Sundry expenses |  | 34 824 |
| **Operating Profit** |  | 342 095 |
| Interest Income [1 100 + 250 + 9 000] | **1** | 10 350 |
| **Profit Before Interest Expense** |  | 352 445 |
| Interest Expense **Check the Loan A/C** | **2** | (25 000) |
| **Net Profit for the year** | **8** | 327 445 |

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| **NTSANE TILES**  **BALANCE SHEET ON 29 FEBRUARY 2020** | | |
|  | **Note** |  |
| **ASSETS** |  |  |
| **Non-current assets** |  | **396 400** |
| Tangible/Fixed assets | **3** | 281 400 |
| Financial Assets - Fixed Deposit :Bank of Africa [150 000 -35 000] |  | 115 000 |
|  |  |  |
| **Current assets** |  | **977 045** |
| Inventories | **4** | 588 000 |
| Trade and other receivables | **5** | 283 595 |
| Cash and cash equivalents | **6** | 105 450 |
| **Total assets** |  | **1373 445** |
|  |  |  |
| **EQUITY AND LIABILITIES** |  |  |
|  |  |  |
| **Capital and Reserves /Owners Equity** |  | **880 145** |
| Capital | **7** | 1000 000 |
| Current Accounts | **8** | (119 855**)** |
|  |  |  |
| **Non-current liabilities** |  | **183 000** |
| Loan:Mzansi Bank [230 000 – 47 000] |  | 183 000 |
|  |  |  |
| **Current liabilities** |  | **310 300** |
| Trade and other payables | **9** | 310 300 |
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| **Total Equity and Liabilities** |  | **1373 445** |
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**NOTES TO THE FINANCIAL STATEMENTS**

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| **1.Interest income** | |
| Interest on fixed deposit **[1 100 + 9 000]** | 10 100 |
| Interest on current account | 250 |
|  | 10 350 |

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| **2.Interest Expense /Finance cost** | |
| Interest on loan | 25 000 |
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**NOTE 3**

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| **TANGIBLE ASSETS** | **Vehicles** | **Equipment** | **Total** |
| Carrying Value ( beginning of the year) | **366 300** | **81 000** | **447 300** |
| Cost [230 000- 54 000 =176 000] | 666 000 | 176 000 | 842 000 |
| Accumulated Depreciation | (299 700) | (95 000) | (394 700) |
| **Movements** | **(210 900)** | **45 000** | **(165 900)** |
| Additions at Cost |  | 54 000 | 54 000 |
| Disposal at Carrying Value [222 000 – 133 200] | (88 800) | - | (88 800) |
| Depreciation for the year | (122 100) | (9 000) | (131 100) |
| Carrying Value (end of the year) | **155 400** | **126 000** | **281 400** |
| Cost Veh[666 000-222 000] Equip [176 000 + 54 000] | 444 000 | 230 000 | 674 000 |
| Accumulated Depreciation [299 700 +122 100-133 200] | (288 600) | (104 000) | (392 600) |

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| **4 Inventories** | |
| Trading stock | 570 000 |
| Consumable stores on hand | 18 000 |
|  | **588 000** |

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| **5 Trade and other receivables** | |
| Net trade debtors **Check the Ledger** | 230 945 |
| Trade debtors | 243 100 |
| Provision for bad debts (243 100 x 5%) | (12 155) |
| Income receivable or accrued [50 400 + 2 250] | 52 650 |
| Expenses prepaid | - |
|  | **283 595** |

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| **6 Cash and cash equivalents** | |
| Fixed Deposits (maturing within 12 months) | 35 000 |
| Bank **Check the Ledger** | 65 950 |
| Petty cash | 2 000 |
| Cash float | 2 500 |
|  | **105 450** |

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| **7.Capital Accounts** | |  |  |  |  | **Istain** | **Knowballa** |  |
| Balance at the beginning of the year | | |  |  |  | 600 000 | 400 000 | 1000 000 |
| Contribution of capital during the financial year | | | | |  | - | - | - |
| Withdrawal of capital during the year | | | |  |  | - | - | - |
| Balance at the end of the year | | |  |  |  | **600 000** | **400 000** | **1000 000** |
|  |  |  |  |  |  |  |  |  |
| **8.Current Accounts** | |  |  |  |  | **Istain** | **Knowballa** |  |
| Appropriation of net profit | | |  |  |  |  |  |  |
| Salaries |  |  |  |  |  | 108 000 | 84 000 | 192 000 |
| Interest on capital | |  |  |  |  | 42 000 | 28 000 | 70 000 |
| Bonus | |  |  |  |  | - | - | - |
| Primary division of profits | | |  |  |  | 150 000 | 112 000 | 262 000 |
| Final division of profits | | |  |  |  | 39 267 | 26 178 | 65 445 |
| Profit per income statement | | |  |  |  | 189 267 | 138 178 | 327 445 |
| Drawings during the year [175 000+96 300] | | |  |  |  | (185 000) | (271 300) | (456 300) |
| Retained income /loss for the year | | |  |  |  | 4 267 | (133 122) | (128 855) |
| Balance at the beginning of the year | | |  |  |  | (41 000) | 50 000 | 9 000 |
| Balance at the end of the year | | |  |  |  | **(36 733)** | **(83 122)** | **(119 855)** |

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| **9 Trade and other payables** | |
| Trade creditors [281 500 – 49 000] | 232 500 |
| Expenses payable / accrued | 1 300 |
| Income received in advance | 2 800 |
| SARS-PAYE | 19 600 |
| Medical Aid Fund | 6 200 |
| UIF | 900 |
| Short -term loan | 47 000 |
|  | **310 300** |

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| Workings |

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| **Trading stock** | | | | **Consumable stores** | | | |
| Balance b/d | 667 000 | Creditors’ Control | 49 000 | Total b/d | 132 500 | Accrued Inc. | 2 250 |
| Cost of sales | 13 000 | Accrued income | 50 400 |  |  | Loss of stock | 2**50** |
|  |  | Loss of stock | 5 600 |  |  | Profit & loss | 112 000 |
|  |  | Stock deficit | 5 000 |  |  | Consumable |  |
|  |  | Balance c/d | 570 000 |  |  | store on hand | 18 000 |
|  | 680 000 |  | 680 000 |  | 132 500 |  | 132 500 |
| Balance b/d | 570 000 |  |  |  |  |  |  |
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| **Debtors control** | | | | **Bank** | | | |
| Balance b/d | 265 000 | Debtors |  | Balance b/d | 66 000 | Bank charges | 2 000 |
| Bank and |  | allowance | 21 500 | Interest on |  | Debtors Cont. | 4 800 |
| discount | 5 100 | Fee income | 2 500 | current a/c | 250 | Insurance | 2 500 |
| [4 800+300] |  | Bad debts | 3 000 | Int on fixed dep | 9 000 | Balance c/d | 65 950 |
|  |  | Balance c/d | 243 100 |  | **75 250** |  | **75 250** |
|  | **270 100** |  | 270 100 | Balance b/d | 65 950 |  |  |
| Balance c/d | 243 100 |  |  |  |  |  |  |
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| **Loan : Bank of Africa** | | | | **Loan : Bank of Africa** | | | |
| Bank | 70 000 | Balance b/d | 275 000 |  |  | Balance b/d | 205 000 |
| Balance c/d | 230 000 | Interest on loan | 25 000 | Balance c/d | 230 000 | Interest on loan | 25 000 |
|  | **300 000** |  | **300 000** |  | **230 000** |  | **230 000** |
|  |  | Balance b/d | 230 000 |  |  | Balance b/d | 230 000 |
|  |  |  |  |  |  |  |  |
| The information is extracted from the Loan statement | | | | The Loan in the Trial balance is R205 000  [275 000 – 70 000]  The interest of 25 000 was updated after reconciling our records with the bank statement | | | |

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| Accumulated depreciation  299 700 ÷ 3 = 99 900  99 900 + 33 300 =133 200 |

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| **Depreciation : Equipment** | **Depreciation: Vehicles** |
| **New**  54 000 x 10% x 2/12 = 900  **Old**  230 000 – 54 000 = 176 000  176 000 - 95 000 = 81 000  81 000 x 10 % = 8 100  **900 + 8 100 = 9 000** | 666 000 ÷ 3 = 222 000  **Disposed vehicle**  222 000 x 20% x 9/12 = 33 300  **Remaining vehicles**  444 000 x 20 % 88 800  **33 300 + 88 800 = 122 100** |

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| **Asset disposal** | | | |
| Vehicle | 222 000 | Acc dep on |  |
| Profit on sale | 7 500 | vehicles | 133 200 |
|  |  | Drawings: |  |
|  |  | Knowballa | 96 300 |
|  | **229 500** |  | **229 500** |
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| **3.1. Comment on the following accounts:** |
| **Debtors allowances** |
| * Allowances are 17 % of sales ,too much stock is returned by the debtors .[R521 500] |
| **Partners’ Drawings** |
| * The partners’ drawings are high, and their current accounts have debit balances, Istain’s |
| balance is R36 733 and Knowballa’s is R83 122. |
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| **3.2. What internal control procedures can be applied to minimise the problems above?** |
| **Debtors allowances** |
| * The business must implement the code system for returned goods e.g. code 1 for |
| incorrect supply, code 2 for damaged goods etc. |
| * The goods must be kept in a safe environment to avoid damage. |
| * The business will have to change the supplier if most of the returns are as a result of factory |
| defects. |
| * The business should review their pricing policies continuously, goods might be returned by |
| customers because they are offered cheaper by the competitors. |
| **Partners’ Drawings** |
| * Re-negotiate the partnership agreement, because if Drawings are not properly controlled |
| the business will have cash flow problems and that will have impact on profits. |
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