

**ACCOUNTING**  
**GRADE 11**  
**TERM 2 CONTENT BOOKLET**

## TASK 1 PARTNERSHIP

The information given below is extracted from the books of Simunye Traders, a partnership business with Dan and Rox as partners. The financial period ends on the last day of February each year.

Balances / totals on 29 February 2020	
Capital: Dan	R208 000
Capital: Rox	184 000
Current account: Dan (01 March 2019)	(Cr) 2 500
Current account: Rox (01 March 2019)	(Dr)11 200
Drawings: Dan	87 500
Drawings: Rox	91 000

The net profit for the year, **before** the transactions below have been taken into account, amounted to R208 000.

### The following entries must still be taken into account:

- Dan made cash contribution on 29 February 2020, the proportion of his capital balance to Rox's is 3:2 **after** the contribution. No entry was made for this transaction in the books. The capital contribution of Rox remains unchanged.
- Rox returned the merchandise which was unsuitable for his personal use, before the stocktaking was completed, the cost price is R500. The records were not updated on goods returned.
- The salary of 6 500 paid to Dan for February 2020 was posted to the salaries and wages account by mistake and treated as a business expense. The error must be corrected.

### The partnership agreement provides for the following:

1. Each partner is entitled to the salary of R6 500 per month.
2. Interest on capital balances at the beginning of the financial year amounts to 8% p.a. On 01 December 2019 the partners increased the interest on capital to 12 % p.a.
3. The remaining profits and losses must be shared in proportion to their capital balances at the beginning of the year.



**TASK 2**

**PARTNERSHIP**

You are provided with the Pre-Adjustment trial balance of Supa Stores, a partnership with Chauke and Nkosi as partners.

**REQUIRED**

- Trading and Profit and Loss account
- The Current accounts
- Appropriation account

**INFORMATION**

<b>PRE- ADJUSTMENT OF SUPA STORES TRIAL BALANCE ON 28 FEBRUARY 2013</b>			
<b>BALANCE SHEET ACCOUNTS SECTION</b>		<b>DEBIT</b>	<b>CREDIT</b>
Capital : Chauke	B1		600 000
Capital : Nkosi	B2		300 000
Current A/c : Chauke	B3	24 000	
Current A/c : Nkosi	B4		33 000
Drawings :Chauke	B5	91 000	
Drawings :Nkosi	B6	109 000	
Loan from Mzansi Bank	B7		240 000
Land and buildings	B8	820 000	
Equipment (at cost)	B9	80 000	
Accumulated depreciation on equipment	B10		30 000
Fixed Deposit :Mzansi Bank	B11	80 800	
Savings account	B12	13 000	
Trading stock	B13	209 000	
Debtors control	B14	20 000	
Provision for bad debts	B15		1 400
Bank	B16	5 600	
Cash float	B17	1 000	
Creditors control	B18		25 100
<b>NOMINAL ACCOUNTS SECTION</b>			
Sales	N1		935 000
Debtors allowances	N2	5 000	
Cost of sales	N3	550 000	
Salaries and wages	N4	218 000	
Fee income (for services rendered)	N5		92 000
Advertising	N6	15 000	
Interest on investments	N7		3 800
Interest on current bank account	N8		700
Commission income	N9		36 200
Insurance	N10	7 000	
Bad debts	N11	2 400	
Interest on loan	N12	28 800	
Consumable stores	N13	4 800	
Sundry expenses	N14	12 800	
		<b>2297 200</b>	<b>2297 200</b>

## **Adjustments and additional information**

1. The following amounts are owed at year-end: Advertising R200; Sundry expenses R350.
2. Interest on fixed deposit has not been received, R300.
3. Three quarters of the fixed deposit will mature in June 2013.
4. Consumable stores on hand at year-end ,R800
5. The following amounts were prepaid at year –end: Insurance R400, Wages R650.
6. Commission owed to the business at year–end ,R1 400
7. Trading stock counted physically at the end of the year, R205 000.
8. The partners bought the computer on 01 September 2012, for R10 000.The transaction was properly recorded.
9. Provide for depreciation on equipment at 10% p.a.
- 10.The provision for bad is adjusted to 5% of debtors.
- 11.Each partner increased his capital contribution by R10 000 at the end of the year.  
(This entry has been recorded)
- 12.**The partnership agreement stipulates the following:**
  - Salary of R60 000 per year to Chauke and Nkosi
  - Bonus of R10 000 to Nkosi
  - Interest on capital at 8% p.a
  - Remaining profits to be in the ratio 2:1 between Chauke and Nkosi





**TASK 03 PARTNERSHIP**

You are provided with the Pre-Adjustment trial balance of Jozi Tiles, a partnership with B. Brown and D. Mulaudzi as partners.

**REQUIRED**

- 1 Prepare the Income Statement
- 2 Notes to the Income Statement
3. Balance sheet

<b>JOZI TILES</b>			
<b>PRE- ADJUSTMENT TRIAL BALANCE ON 28 FEBRUARY 2013</b>			
<b>BALANCE SHEET ACCOUNTS SECTION</b>		<b>DEBIT</b>	<b>CREDIT</b>
Capital :Brown	B1		600 000
Capital : Mulaudzi	B2		400 000
Current A/c : Brown	B3	41 000	
Current A/c : Mulaudzi	B4		50 000
Drawings :Brown	B5	185 000	
Drawings :Mulaudzi	B6	175 000	
Vehicles	B7	666 000	
Equipment (at cost)	B8	230 000	
Accumulated depreciation on vehicles	B9		299 700
Accumulated depreciation on equipment	B10		95 000
Loan : Bank of America	B11		205 000
Fixed Deposit : Bank of America	B12	150 000	
Trading stock	B13	667 000	
Debtors control	B14	265 000	
Provision for bad debts	B15		16 500
Bank	B16	66 000	
Cash float	B17	2 500	
Petty cash	B18	2 000	
Creditors control	B19		281 500
SARS -(PAYE)	B20		19 600
Medical Aid Fund	B21		6 200
UIF	B22		900
<b>NOMINAL ACCOUNTS SECTION</b>			
Sales	N1		3000 000
Debtors allowances	N2	500 000	
Cost of sales	N3	1810 000	
Fee income (for services rendered)	N4		1105 000
Rent expense	N5	95 400	
Salaries and wages	N6	765 176	
Employer's contribution to UIF and Medical Aid	N7	78 500	
Vehicles expenses	N8	95 000	
Bank charges	N9	28 600	
Bad debts	N10	4 800	
Electricity and water	N11	17 600	



Discount allowed	N12	3 500	
Telephone	N13	19 100	
Insurance	N14	28 800	
Printing and stationery	N15	17 200	
Consumable stores	N16	132 500	
Interest income (on current bank account)	N17		1 100
Sundry expenses	N18	34 824	
		6080 500	6080 500

## INFORMATION

### Adjustments and additional information

- The water and electricity account for February has not been paid, R1 300.
- A cash customer B.Ntuli paid R2 800 for installation fees in February but the job will be done in March 2013.
- The following items were stolen in February :
  - Trading stock (tiles ) R56 000
  - Consumable stores R2 500

ABI Insurers has agreed to pay out 90% of the loss, but this has not been received.

A debtor B.White complained about the defective tiles that were fitted in his house Jozi Tiles issued a credit note for the following ,but this has not been recorded in the books :

<b>JOZI TILES</b>	<b>CN 2200</b>
	<b>28 February</b>
2013	
Mr. White	
4544 Parkhurst	
2061	
Tiles returned ( cost price R 13 000)	R 21 500
Unsatisfactory fitting (Fee income)	2 500
	<b>24 000</b>

On closer inspection of the stock it was discovered that tiles costing R49 000 were defective. These tiles were returned to Imported Tiles Ltd, but no entry has been made.

- 4 The following appeared in the bank statement of Bank of America on 28 February 2013, the information has not been entered in the books:

Bank charges	R2 000
Interest on current account	R250
Dishonoured cheque from Bentley (in settlement of R5 100)	R4 800
Stop order for insurance for February 2013	R2 500

- 5 A physical stock count at the end of the year reflects the following on hand at cost price :

- Trading stock, R570 000
- Consumable stores, R18 000

- 6 Further bad debts of R3 000 are to be written off and the provision for bad debts is to be adjusted to 5% of trade debtors.

- 7 New equipment costing R54 000 was bought on 01 January 2013. This has been properly recorded. Depreciation is to be calculated at 10% p.a. on a diminishing balance method.

- 8 The business owned three identical vehicles which were all purchased on the same date. Depreciation is calculated at 20% p.a. on cost. On 30 November 2011 one of the vehicles was taken over by a partner Mulaudzi at the market value of R96 300. No entry has been made to record depreciation or the sale of the vehicle.

- 9 The loan statement from the Bank of America reflects the following:

Balance at the beginning of the year: 01 March 2012	R 275 000
Interest capitalized	?
Repayments during the year including interest	70 000
Balance at the end of the year: 28 February 2013	230 000

All the repayments have been debited to the loan account in the ledger but no entry has been made to record interest. According to the loan agreement the loan will be reduced by R47 000 over the next 12 months.

- 10 The interest of R9 000 has been earned on fixed deposit, but no entry has been made. The interest is capitalised, one of the fixed deposit valued at R35 000 will mature at 30 April 2013.

- 11 **The partnership agreement provides for the following :**

- Salary to Brown, R108 000 p.a.
- Salary to Mulaudzi, R84 000 p.a.
- Interest on capital at 7% p.a.
- Remaining profits to be in the ratio 3:2 between Brown and Mulaudzi.

**JOZI TILES**  
**INCOME STATEMENT FOR 28 FEBRUARY 2013**

	Note	
<b>Gross Profit</b>		
<b>Other Operating Income</b>		
<b>Gross Operating income</b>		
<b>Operating Expenses</b>		
<b>Operating Profit</b>		
<b>Profit Before Interest Expense</b>		
	2	
<b>Net Profit for the year</b>	8	

**NOTES TO THE INCOME STATEMENTS**

<b>1 Interest income</b>	

<b>2 Interest Expense /Finance cost</b>	

## TASK 04 PARTNERSHIP

You are provided with the Pre-adjustment Trial Balance of Phakama Traders, the partnership business owned by N.Ndlovu and C.Dube, their accounting period ends on the last day of February each year.

### REQUIREMENTS

1. Complete the Income Statement
2. Appropriation Account
3. Current account of Dube

### INFORMATION

<b>PRE- ADJUSTMENT TRIAL BALANCE OF PHAKAMA TRADERS ON 28 FEBRUARY 2013</b>			
<b>BALANCE SHEET ACCOUNTS SECTION</b>		<b>DEBIT</b>	<b>CREDIT</b>
Capital :Ndlovu			500 000
Capital :Dube			480 000
Current account : Ndlovu		24 000	
Current account : Dube			55 000
Drawings : Ndlovu		300 000	
Drawings : Dube		61 000	
Land And Buildings		870 000	
Equipment		300 000	
Accumulated Depreciation On Equipment			75 000
Fixed Deposit : ABSA Bank @10% p.a.		60 000	
Mortgage Loan : Unity Bank @15% p.a.			200 000
Trading stock		206 000	
Debtors Control		28 600	
Provision For Bad Debts			1 500
Accrued expenses – Telephone (01 March 2012)			350
Prepaid expenses – Electricity (01 March 2012)		600	
<b>NOMINAL ACCOUNTS SECTION</b>			1300 000
Sales		85 000	
Debtors Allowances		690 000	
Cost of sales			3 500
Interest income		550	
Interest expense			42 500
Rent Income		18 000	
Packing Material		140 000	
Salaries and Wages		15 500	
Advertising		18 000	
Bad debts		8 500	
Telephone		11 200	
Bank Charges		6 300	
Electricity		13 000	
Insurance			

## Adjustments and additional information

1. Insurance for March 2013 has been paid in advance.
2. The following accounts for February 2013 have not yet been paid:
  - Telephone ,R650
  - Electricity ,R400The bookkeeper forgot to reverse these accounts at the beginning of the year.
3. Rent for March 2013 has been paid by the tenant. Rent was increased by R500 on 01 September 2012.
4. A debtor S.Pillay returned the goods, the selling price was R5 000 and the markup was 60% on cost.
5. Trading stock costing R6 000 was taken by Dube for personal use, and the stock costing R2 500 was donated to the local orphanage.
6. The physical stock count revealed the following on hand on 28 February 2013:
  - Trading stock ,R196 000
  - Packing material ,R4 200
7. Interest on fixed deposit is capitalized. Interest for February has not yet been recorded.
8. The bookkeeper omitted the following amounts on the bank statement :
  - Bank charges ,1 200
  - Interest on favourable current account balance ,R300
9. Provide for depreciation on equipment,R22 500
10. The provision for bad debts is adjusted to ,R1 350
11. The interest on loan, R23 500, has not been brought into account.
12. **The partnership agreement provides for the following :**
  - Salary to Ndlovu, R96 000 p.a.
  - Salary to Dube, R102 000 p.a.
  - Bonus to Dube amounts to 80% of his monthly salary.
  - Interest on capital at 6% p.a. (Dube increased his capital by R80 000 on 01 January 2013,this was properly recorded)
  - Remaining profits to be shared in the ratio 5:4 between Ndlovu and Dube.







## **TASK 05      PARTNERSHIP**

The following information was taken from the books of Magix Traders, owned by B.Naidoo and S .Williams. Their financial year ends on the 28 of February 2013.

### **REQUIRED**

- Prepare the Balance sheet
- Prepare the following notes:
  - Tangible assets
  - Trade and other receivables
  - Cash and cash equivalents
  - Trade and other payables
  - Capital and Current accounts

## INFORMATION

<b>LIST OF BALANCES ON 28 FEBRUARY 2013</b>	
Capital :Naidoo (28 February 2013)	150 000
Capital : Williams (28 February 2013)	300 000
Current A/c : Naidoo (01 March 2012 )	Cr 11 500
Current A/c : Williams (01 March 2012 )	Dr 17 400
Drawings :Naidoo	170 000
Drawings :Williams	105 000
Vehicles at cost	332 000
Equipment (at cost)	164 000
Accumulated depreciation on vehicles (28 February 2013)	149 400
Accumulated depreciation on equipment (28 February 2013)	39 900
Mortgage bond: Future bank (15% p.a.)	50 000
Fixed Deposit :Future Bank	110 000
Trading stock	75 400
Consumable stores on hand	1 660
Debtors control	35 200
Provision for bad debts	1 770
Creditors control	42 000
Savings account	34 000
Bank overdraft	6 000
Petty cash	1 000
Accrued income	10 450
Income received in advance	900
Accrued expenses	1 590
Prepaid expenses	7 800
Creditors for salaries	12 050
SARS –PAYE	2 800

### Adjustments and additional information

- 1 A debtor with a credit balance of R 1 200 must be transferred to the creditors ledger.

- 2 A cheque of R3 000 dated 20 March 2013, had been issued to a creditor and recorded.
- 2 40% of the fixed deposit with Future Bank will mature on 31 May 2013.
- 3 A vehicle sold on 28 February 2013, was properly recorded Details were: cost price, R112 000 and accumulated depreciation to date of sale, R50 400.
- 4 Depreciation for the year on vehicles ,R66 600 and equipment,R12 540
- 5 On 01 September 2012 Naidoo increased his capital by R30 000 ad Williams reduced his capital by R20 000.
- 6 The amount of R12 000 on mortgage bond is payable on 30 June 2013.
- 7 **The net profit of R296 000 was appropriated as follows:**
  - Salaries: Naidoo is R13 000 per month, and Williams R7 000 per month.
  - Interest on capital at 8% p.a.
  - Remaining profits to be shared in the ratio of their capital balances at the end of the year.

**TASK 05**

**ANSWER SHEET**

<b>MAGIX TRADERS</b>		
<b>BALANCE SHEET ON 28 FEBRUARY 2013</b>		
<b>ASSETS</b>	<b>Note</b>	
<b>Non-current assets</b>		
Tangible/Fixed assets	<b>3</b>	
<b>Financial Assets</b>		
Fixed Deposit		
<b>Current assets</b>		
Inventories	<b>4</b>	
Trade and other receivables	<b>5</b>	
Cash and cash equivalents	<b>6</b>	
<b>Total assets</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves /Owners Equity</b>		
Capital	<b>7</b>	
Current Accounts	<b>8</b>	
<b>Non-current liabilities</b>		
Loan		
<b>Current liabilities</b>		
Trade and other payables	<b>9</b>	
Bank overdraft		
<b>Total Equity and Liabilities</b>		







## TASK 06 PARTNERSHIP

### BALANCE SHEET

The following information was extracted from the accounting records of Ikageng Traders, a partnership business owned by B.Moloi and S.Kubheka. Their financial year ends on 28 February 2013.

### REQUIRED

- Prepare the Balance Sheet on 28 February 2013.
- Prepare the Appropriation Account
- Calculate the closing balance on the Current account of Kubheka

**Note:** Adjustments and workings must be shown in brackets on the balance sheet.

### INFORMATION

LIST OF BALANCES ON 28 FEBRUARY 2013	
Capital: B.Moloi	200 000
Capital: S.Kubheka	300 000
Current Account: B.Moloi (01 March 2012)	Dr 1 600
Current Account: S.Kubheka (01 March 2012)	Cr 10 200
Drawings : B.Moloi	105 000
Drawings : S.Kubheka	125 000
Tangible Assets at carrying value	361 890
Fixed Deposit: Unity Bank – 8.5% p.a.	120 000
Loan: Unity Bank – 12% p.a.	?
Trading Stock	84 000
Consumable stores on hand	1 000
Debtors Control	86 500
Creditors' Control	17 000
SARS: PAYE	1 200
Bank [Credit]	Cr 4 500
Petty Cash	1 250
Cash Float	500
Provision for bad debts	3 440
Pension Fund	800
Income Received in Advance	1 700
Deposit-Water and electricity	1 200
Prepaid expenses	4 400
Accrued expenses	3 500
Net profit for the year	290 000



## Adjustments and additional information

1. Office furniture was delivered to the business premises on 28 February 2013, the invoice received from Quality Furnitures amounted to R15 500, and the transaction has not been recorded.
2. The partners have agreed to pay R15 000 (25% of the outstanding loan) to Unity Bank on the 15<sup>th</sup> of April 2013.
3. The fixed deposit amounting to R50 000 will mature on the 31 of March 2013.
4. Partner, S.Kubheka took goods for personal use, R4 500.No entry has been made.
5. The accountant omitted the following information from the bank statement:

Extracted from the statement of Unity Bank – February 2013	
Bank charges	R500
Interest on overdraft	R400
Deposit by C.Maningi (his account has been written off)	R300
Unpaid cheque (Debtor – D.Venter)	R600

6. **The partnership agreement stipulates the following :**
  - Each partner is entitled to a salary of R102 000 p.a.
  - B.Moloi is entitled to a bonus of R8 000.
  - The interest on capital was 8% p.a. on 01 March 2012.The partners increased the interest to 9% p.a. on 01 December 2012.
  - The remaining profit is to be shared to the ratio of their capital balances.

TASK 06

ANSWER SHEET

IKAGENG TRADERS		
BALANCE SHEET ON 28 FEBRUARY 2013		
	Note	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible/Fixed assets	3	
Financial Assets – Fixed Deposit :Unity bank		
<b>Current assets</b>		
Inventories	4	
	5	
	6	
<b>Total assets</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves /Owners Equity</b>		
Capital	7	
Current Accounts [34 360 +.....]	8	
<b>Non-current liabilities</b>		
Mortgage loan		
<b>Current liabilities</b>		
	9	
<b>Total Equity and Liabilities</b>		

GENERAL LEDGER OF IKAGENG TRADERS

Final Accounts Section

Dr		APPROPRIATION ACCOUNT						F3	Cr

Current account of Kubheka on 28 February 2013	
Balance (01 March 2012)	10 200

Calculation of the correct Net Profit

## TASK 07 PARTNERSHIP

### REQUIRED

Use the information below to calculate and comment on the following ratios:

- 1 Gross profit % on sales
- 2 Gross profit % on cost of sales
- 3 Operating profit % on sales
- 4 Operating expenses % on sales
- 5 Net profit % on sales
- 6 Current ratio
- 7 Acid test ratio
- 8 Stock turnover rate
- 9 Stock holding period
- 10 Debtors collection period
- 11 Creditors payment period
- 12 Solvency ratio
- 13 % return on partners' equity

### INFORMATION

The following information relates to the financial records of Bigfoot Traders with partners B Big and F Foot.

#### INCOME STATEMENT ON 28 FEBRUARY FOR BIGFOOT TRADERS

	2013	2012
Sales	1 828 000	1 650 000
Cost of sales	(1 040 000)	(860 000)
<b>Gross profit</b>	788 000	790 000
<b>Other operating income</b>	206 560	193 120
Current income	204 000	190 000
Provision for bad debt adjustment	2 560	3 120
<b>Gross operating profit</b>	994 560	983 120
<b>Operating expenses</b>	(530 800)	(493 600)
Advertising	25 000	19 600
Insurance	13 700	11 000
Bad debts	5 800	7 000
Water and electricity	24 000	22 800
Salaries and wages	360 000	328 000
Stationery	2 000	1 600
Sundry expenses	84 300	89 600
Trading deficit	2 000	0
Depreciation	14 000	14 000
<b>Operating profit</b>	463 760	489 520
Interest income	7 300	5 000
<b>Profit before interest expense</b>	471 060	494 520
Interest expense	(34 000)	(30 000)
<b>Net profit for the year</b>	437 060	464 520

## BALANCE SHEET ON 28 FEBRUARY

	2013	2012
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	2 062 000	1 996 000
Tangible Assets/ Property/Plant/ Equipment	1 986 000	1 922 000
<b>Financial Assets</b>		
Fixed Deposit	76 000	74 000
<b>CURRENT ASSETS</b>	732 660	665 600
Inventory	420 800	398 600
Trade and other receivables	159 660	156 600
Cash and cash equivalents	152 200	110 400
<b>TOTAL ASSETS</b>	<b>2 776 660</b>	<b>2 661 600</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	2 247 060	2 008 000
Capital	2 200 000	2 000 000
Current accounts	47 060	8 000
<b>NON-CURRENT LIABILITIES</b>	400 000	424 000
Mortgage loan	400 000	424 000
<b>CURRENT LIABILITIES</b>	129 600	229 600
Trade and other payables	129 600	229 600
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 776 660</b>	<b>2 661 600</b>

### Additional information

- 1 The following were totals for 2011:

	2011
Trading stock	360 000
Trade and other receivables	169 400
Trade and other payables	230 400

- 2 The following were balances for 2012 and 2013

	2012	2013
Total earnings: B Big	206 040	243 036
Total earnings: F Foot	258 480	194 024
Average equity: B Big	1 708 000	1 897 518
Average equity: F Foot	760 000	830 012

- 3 All sales were on credit.
- 4 The mark-up used by the business is 100% on cost price.
- 5 The business sells bedroom furniture.

**TASK 07**

**ANSWER SHEET**

<b>Percentage gross profit on sales</b>	
<b>2013</b>	<b>2012</b>

<b>Percentage gross profit on cost of sales (mark-up %)</b>	
<b>2013</b>	<b>2012</b>

<b>Percentage operating profit on sales</b>	
<b>2013</b>	<b>2012</b>

Percentage operating expenses on sales	
2013	2012

Percentage net profit on sales	
2013	2012

Solvency ratio	
2013	2012

Current ratio	
2013	2012

Acid-test ratio	
2013	2012

Average debtors collection period	
2013	2012



Average creditors payment period	
2013	2012

Rate of stock turnover	
2013	2012

Stock holding period	
2013	2012

Debt / Equity ratio (gearing ratio)	
2013	2012

Partners' earnings	
2013	2012
<b>B Big</b>	<b>B Big</b>
<b>F Foot</b>	<b>F Foot</b>

## TASK 8 PARTNERSHIP

S Sun and R Rise are partners in a business called Sunrise Shoe Stores. They have a mark-up of 80% on cost. Debtors are given 32 days to pay their accounts but they have negotiated 45 days from their creditors.

### INFORMATION:

The following figures have been taken from the books of Bigfoot Shoe Stores for the financial year ended on 28 February 2011.

	28 Feb 2013	28 Feb 2012
Sales (50% on credit)	3 000 000	
Cost of sales (90% on credit)	1 800 000	
Interest on non-current loans	70 000	
Inventories	370 000	340 000
Debtor's	240 000	280 000
Cash & cash equivalents	82 000	62 000
Creditors	150 000	120 000
Non-current liabilities (interest rate 12% p.a.)	520 000	540 000

### Notes to the financial statements

CAPITAL	SUN	RISE
Opening balance	400 000	600 000
Additions 31 August 2012	100 000	
Withdrawals 30 November 2012		(100 000)
Closing balance	500 000	500 000

<b>CURRENT ACCOUNTS</b>	<b>SUN</b>	<b>RISE</b>
Partners' salaries	70 000	90 000
Interest on Capital	25 000	30 000
Primary distribution	95 000	120 000
Final distribution	55 000	180 000
Profit as per Income statement	150 000	300 000
Drawings	(147 000)	(165 000)
	3 000	135 000
Balance beginning of the year	12 000	18 000
Balance end of the year	15 000	153 000

## REQUIRED

Using the information above, answer the following questions:

### ROUND OFF CORRECT TO 2 DECIMAL PLACES.

- 1 Calculate the % gross profit on cost of sales.
- 2 Should the owners be happy with the mark-up achieved? Quote figures to support your answer.
- 3 Calculate the average debtors' collection period in days. Comment on your answer using figures to support your answer.
- 4 Name TWO control measures that should be used before allowing customers to buy on credit.
- 5 Name TWO other liquidity ratios.
- 6 Calculate the return earned by Rise on his average equity invested.
- 7 The partners are considering taking out a loan. Advise them as to whether they are likely to be granted a loan by the bank. Calculate a relevant indicator to support your answer.

**TASK 08**

**ANSWER SHEET**

<b>1</b>	<b>Calculate the % gross profit on cost of sales.</b>	<b>(4)</b>

<b>2</b>	<b>Should the owner's be happy with the mark-up achieved? Quote figures to support your answer.</b>	<b>(3)</b>
	YES / NO.	
	<b>Quote figures</b>	

3	Calculate the average debtor's collection period. Comment on your answer using figures to support your answer.	(6)
	COMMENT	

4	Name TWO control measures should be used before allowing customer's to buy on credit.	(4)

5	Name TWO other liquidity ratios.	(2)

6	Calculate the return earned by Rise on his average equity invested.	(6)

<b>7</b>	<b>The partners are considering taking out a loan. Advise them as to whether they are likely to be granted a loan by the bank. Calculate a relevant indicator to support your answer.</b>	<b>(5)</b>
	<b>COMMENT</b>	



## TASK 09

### INFORMATION

Sun Manufacturers produces CD cases and provides the following information:

Total variable costs	R11 700
Total costs	R26 000
Number of units produced	650

### REQUIRED

Calculate the following:

Total fixed costs

Total cost per unit

Variable cost per unit

Fixed cost per unit

**TASK 09 ANSWER BOOK**

**ANSWER**

Calculate the total fixed costs

Calculate the total cost per unit

Calculate the variable cost per unit

Calculate the fixed cost per unit

## TASK 10

### INFORMATION:

Sport and All Factory produced soccer balls during the year .

The soccer balls are **sold at R110 each**. All soccer balls produced were sold.

Assume that **all factory overheads and administration costs are fixed costs, and other costs are variable.**

Soccer balls manufactured and sold were **15 000 balls sold**.

You are provided with a list of their monthly cost

Direct material costs (imported) (+/- R6,67 per unit)	100 000
Direct labour costs	150 000
Factory overhead costs	200 000
Selling and Distribution costs	50 000
Administration costs	70 000

### REQUIRED:

Calculate the following and include the formula used where applicable:

- Total Fixed cost
- Variable cost per unit
- Contribution per unit
- Break-even point

**TASK 10 ANSWER BOOK**

**ANSWER**

**Total Fixed Cost:**

**Variable Cost per soccer ball:**

**Contribution per unit :**

**Break-even Point:**

## TASK 18

### MANUFACTURING

You are provided with the following information extracted from the financial records of Big Ben Manufacturers for the year ended 28 February 2014.

#### REQUIRED

Complete the following ledger accounts. Balance/close off the accounts.

- Raw material stock
- Work-In-Process stock
- Finished goods stock
- Direct material cost
- Direct labour cost
- Factory overhead cost

#### INFORMATION

##### Balances

	1 March 2013	28 February 2014
Raw material stock	70 200	37 600
Work-In-Process stock	16 400	41 600
Finished goods stock	47 400	76 600
Consumable stores stock	12 600	9 200

##### Transactions for the year ended 28 February 2014

Raw materials purchased (paid cash)	191 800
Carriage on purchases of raw materials	6 600
Raw materials issued for production	?
Indirect materials purchased (paid cash)	35 400
Direct wages	184 800
Salaries – sales staff	38 000
Salaries – office staff	72 000
Advertising	7 000
Rent	24 000
Factory maintenance	13 800
Office maintenance	5 600
Cost of completed finished goods	?
Cost of sales of finished goods	?
Water and electricity	25 800
Sales	850 000
Commission on sales	9 000
Depreciation on factory machinery	14 000
Depreciation on sales vehicles	13 600
Depreciation on office equipment	4 000

### **Additional information**

- 1 Rent must be allocation in proportion to floor space occupied. The factory area uses 600 square meter and the office area uses 400 square meter.
- 2 The factory uses 75% of the electricity bill and the office the rest.







## TASK 11

Koala Manufacturers produce cricket bats which they then sell to various sport retailers at a mark-up of 50%. Their financial year ends on 28 February each year.

Do the following accounts in the General Ledger of Koala Manufacturers. Balance / Close off ALL accounts on 28 February 2013.

- 1.1 Raw material stock account
- 1.2 Work-in-process stock account
- 1.3 Finished goods stock account

The following opening balances appeared in the books on 1 March 2012:

Raw material stock	R	180 000
Finished goods stock	R	70 000
Indirect factory materials stock	R	14 000
Work-in-process stock	R	80 000

Transactions for the year:		R
1	Raw materials bought on credit	600 000
2	Raw materials bought for cash	460 000
3	Carriage on raw materials on credit	150 000
4	Factory materials bought for cash	44 000
5	Direct labour	180 000
6	Administration labour cost	80 000
7	Salaries and wages - direct labour	100 000
8	Rent for the year (The factory uses 60% of the floor space)	500 000
9	Factory electricity	320 000
10	Sundry expenses (factory)	60 000
11	Sales for the year	3 600 000

Closing balances on 28 February 2013:

Raw material stock	64 000
Work-in-process stock	?
Finished goods stock	80 000
Indirect factory material	6 000

## QUESTION 2

Thabo Nawa has a small business called Nawa's Rockers which manufactures wooden rocking chairs. He wants to sell them for R300 each.

### **Required:**

Calculate how many rocking chairs Thabo has to sell to break even.

### **His expenses are:**

Wood per chair	R	85,00
Screws and nails per chair	R	9,20
Varnish per chair	R	3,40
Labour per chair	R	100,00
Factory rent per month	R	900,00
Factory insurance per month	R	150,00
Factory overheads per month	R	180,00



1.2

Calculate how many rocking chairs Thabo has to sell to break even.