



**GAUTENG PROVINCE**

EDUCATION  
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
JUNE 2019  
GRADE 11**

**ACCOUNTING  
PAPER 1**

**TIME: 2 hours**

**MARKS: 150**

**12 pages**

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**INSTRUCTIONS**

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which ALL questions are to be answered.
3. A FORMULA SHEET for financial indicators is provided in ANNEXURE A at the back of this question paper.
4. Show ALL workings in order to earn part marks.
5. You may use a non-programmable calculator.
6. You may use a dark pencil or blue / black pen 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 as a guide when answering the question paper. Try not to deviate from it.

**INFORMATION:**

QUESTION	TOPIC	MARKS	TIME
1	Partnership: Ledger Accounts	30	24 minutes
2	Income Statement	40	32 minutes
3	Partnership: Balance Sheet and Ratios	80	64 minutes
<b>TOTAL</b>		<b>150</b>	<b>120 minutes</b>

**QUESTION 1**

**GENERAL LEDGER**

**(30 MARKS: 24 MINUTES)**

1.1 Choose the correct answer from the alternatives given. Only write the letter of the correct answer in the space provided in your ANSWER BOOK. (5)

1.1.1 This is a function of financial accounting.

A	Provides accounting information for internal use.
B	Uses accounting information for decision-making.
C	Prepares a detailed set of financial statements annually.
D	Forecasts future information based on past information.

1.1.2 This is a DISADVANTAGE of a partnership.

A	If one partner can't pay the debt, the other partner(s) must bear the liability.
B	Personal contact with customers and clients can still be maintained.
C	A partnership is easy to form.
D	An existing sole trader can expand by forming a partnership.

1.1.3 The name of a partnership ...

A	should end with the names of the partners.
B	must indicate the nature of the business.
C	should not be the same as another business.
D	must end with the word "Partnership".

1.1.4 A partnership is governed by ...

A	Tax Law.
B	Common Law.
C	Partnership agreement.
D	A and C.

1.1.5 Partners can contribute \_\_\_\_\_ as part of their capital contribution.

A	cash
B	assets
C	skills
D	all of the above

1.2 You are provided with the incomplete information from the financial records of Build-IT Construction. A partnership between Mr Landman and Mr Nkosi.

**REQUIRED:**

- 1.2.1 Fill in the missing details in the Ledger Accounts numbered A to E. (5)
- 1.2.2 Calculate the missing figures F to K. (20)

**INFORMATION:**

**GENERAL LEDGER OF BUILD-IT CONSTRUCTION**

Dr					Capital: Landman					Cr	
					Feb 2018	1	Balance	b/d	350 000		
					Sept 2018	1	A	GJ	150 000		

Capital: Nkosi											
					Feb 2018	1	Balance	b/d	B		

Dr					Current Account: Landman					Cr	
Feb 2018	1	Balance	b/d	12 000	Jan 2019	31	C	GJ	420 000		
Jan 2019	31	Drawings: Landman		D			Interest on capital	GJ	E		
		Balance	c/d	839 000			Appropriation Account	GJ	F		
					Feb 2019	1	Balance	b/d	839 000		

**Appropriation Account**

Jan 2019	31	Salary: Nkosi	GJ	<b>G</b>			<b>J</b>		<b>K</b>
		Salary: Landman	GJ	420 000					
		<b>H</b>	GJ	27 000					
		Interest in Capital	GJ	109 500					
		Current Account: Landman	GJ	<b>F</b>					
		<b>I</b>	GJ	514 000					

**ADDITIONAL INFORMATION**

1. Landman contributed a new vehicle with a cost price of R150 000 on 1 September 2018.
2. Nkosi made no changes to his capital during the financial year.
3. Interest on capital is calculated at 15% p.a. on the partners' capital contribution at the beginning of the financial year.
4. Nkosi receives an annual salary of R351 000. This includes a bonus equal to his monthly salary.
5. The remaining profit and losses are shared between Landman and Nkosi in the Ratio 3:4.

**QUESTION 2**

**INCOME STATEMENT**

**(40 MARKS: 32 MINUTES)**

- 2.1 Match the *concepts* in **Column A** with the *examples* in **Column B**. Write only the letters (A – G) next to the question number in the ANSWER BOOK. (5)

Column A		Column B	
2.1.1	Business entity	A	Damages payable to a client will be finalised next year. An estimated amount of R25 000 is recorded this year.
2.1.2	Historical cost	B	Interest in overdraft is shown as a separate amount in the Income Statement.
2.1.3	Going concern	C	An owner of a business wins R4 000 in a competition. This is not shown in the Income Statement of the business.
2.1.4	Consistency	D	Whenever a debtor settles an account, discount should be recorded at the same time.
2.1.5	Prudence	E	Land and buildings are shown in the Balance Sheet at R205 000, even though an estate agent says that the properties could be sold for R250 000.
		F	Trading stock is shown in the Balance Sheet at R60 000, even though the business would get only R40 000 if the stock was sold at a flea market the next day.
		G	The business must use the same stock system from one financial year to another.

**2.2 INCOME STATEMENT**

**Required:**

You are provided with information relating to BB Spaza.  
Prepare the Income Statement for the year ended 28 February 2019. (35)

**Information:**

**Extract from the Trial Balance as at 28 February 2019**

	<b>DEBIT</b>	<b>CREDIT</b>
Sales		9 690 000
Cost of sales	6 800 000	
Debtors Allowances	140 000	
Stationery	65 000	
Bank charges	96 400	
Rent Income		143 750
Advertising	45 000	
Bad debts	16 000	
Sundry Expenses	?	
Interest on fixed deposit		8 750
Commission income		48 250
Bad debts recovered		4 300
Discount received		7 100
Discount allowed	4 500	
Salaries and wages	960 000	
Pension contribution	80 000	
Medical aid contribution	53 400	
Consumables	32 100	
Municipal charges	70 000	
Telephone	92 000	

**Adjustments and additional information**

1. One of the debtors whose account had been written off a long time ago returned. He paid the amount he owed, R2 800.
2. Discount on an unpaid cheque has not been cancelled, R300.
3. During the year, some stock, R24 500, and consumables, R2 200, were destroyed in a fire. The insurance covered 75% of the loss on the trading stock. The money has been received. The consumables are not covered in the insurance policy. No entries had been made.

4. The gross salary of one of the employees was understated by R5 000. His pension deduction is calculated at 7% of his gross salary. No adjustment is required in respect of medical aid as all employees pay a fixed amount. The employer contributes R2 for every R1 paid by the employee towards pension. The necessary adjustment needs to be made.
5. Bank charges for February 2019, R4 100, have not been recorded.
6. A physical stock-take on 28 February 2019, revealed the following:
  - Stock to the value of R2 400 could not be accounted for.
  - Consumables that were not used during the current period amounted to R3 400.
  - Stationery used R62 700.
7. Provision for bad debts must be increased with R450.
8. Interest on loan is capitalised but has not yet been entered. The loan statement from ABC Bank reflects:

Balance on 1 March 2018	R500 000
Loan repayments during the year	R126 000
Balance on 28 February 2019	R440 000

9. Advertising includes an amount of R27 000 paid for six advertisements in the Daily News. By 28 February 2019 only three of these advertisements had appeared in the newspaper.
10. The debtors' account of D Giggs, R6 000, must be written off.
11. The rent increases every year on 1 September with 10%. Rent for February 2019 is still outstanding. Rent was R12 500 per month before the increase.
12. Interest on overdraft for February 2019, R1 570, has not been entered.
13. Depreciation for the year amounted to R45 000.
14. The net profit for the year after all the adjustments had been considered, was R1 311 455.
15. Sundry expenses is the missing figure that needs to be calculated.



**QUESTION 3**
**BALANCE SHEET**
**(80 MARKS: 64 MINUTES)**

3.1 Choose the correct description from the table below to match the statement. (5)

**Cash & cash equivalents; Trade & other receivables:**  
**Trade & other payables; Inventories; Fixed assets;**  
**Current Account; Capital**

- 3.1.1 Rates and taxes paid one month in advance.
- 3.1.2 Packing material on hand at the end of the financial year.
- 3.1.3 Fixed deposit matures within nine months of the end of the financial year.
- 3.1.4 Post-dated cheques issued to creditors.
- 3.1.5 Interest earned by partners on their capital investment.
- 3.2 You are provided with information from the financial records of Goldenbrown Bakery, a partnership between Mr Gold and Mrs Brown.

**Required:**

Prepare the following notes to the Balance sheet.

- 3.2.1 Trade and other receivables (6)
- 3.2.2 Current Account (24)
- 3.2.3 Trade and other payables (6)
- 3.2.4 Complete the Balance sheet as at 28 February 2019. Where notes are not required calculations must be shown in brackets. (31)

3.3 Calculate the return on **GOLD's** equity.

(8)

**Information:**

**Extract from the Trial Balance on 28 February 2019.**

	<b>DEBIT</b>	<b>CREDIT</b>
Capital: Gold		500 000
Capital: Brown		300 000
Current Account: Gold (01/03/18)		33 600
Current Account: Brown (01/03/18)	15 400	
Drawings: Gold	12 000	
Drawings: Brown	10 000	
Tangible assets at carrying value	?	
Trading stock	146 900	
Consumable stores on hand	3 870	
Debtors control	75 000	
Provision for bad debts.		1 200
Accrued income	10 490	
Prepaid expenses	2 100	
Bank		27 710
Cash float	3 500	
Petty cash	1 500	
Fixed Deposit: LAMA Bank (6% p.a.)	225 000	
Creditors control		65 000
Accrued Expense		3 100
Income received in advance		8 250
Loan: LAMA Bank (15% p.a.)		480 000
Creditors for salaries		45 000
SARS: PAYE		22 500

**Additional information**

- A. R75 000 of the fixed deposit will mature on 30 June 2019.
- B. R60 000 of the Capital amount of the loan will be paid during the next financial year.
- C. Brown took trading stock for personal use. The price on the goods reflected R6 900. The mark-up is 50% on cost. No entry has been made in respect of this.
- D. Brown increased his capital by R80 000 halfway during the financial year. This has been recorded properly.
- E. The partnership agreement provides for the following:
- Gold receives a salary of R11 000 per month and an annual bonus of R12 000.
  - Brown's annual salary is R108 000.
  - Partners are entitled to 10% interest on their capital investment. See D.
  - Remaining profit and losses are shared between Gold and Brown in the ratio 3:2.
- F. The net profit for the year after all the adjustments had been considered was R400 000.

## ANNEXURE A

### FORMULA SHEET

$$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit}}{\text{Average partners equity}} \times \frac{100}{1}$$

$$\frac{\text{Amount earned by the partner}}{\text{Average partner's equity}} \times \frac{100}{1}$$

*Total Assets : Total Liabilities*

*Current Assets : Current Liabilities*

*Current Assets – Inventory : Current liabilities*

$$\frac{\text{Cost of sales}}{\text{Average stock}}$$

$$\frac{\text{Average stock}}{\text{Cost of sales}} \times \frac{365}{1}$$

$$\frac{\text{Average Debtors}}{\text{Credit sales}} \times \frac{365}{1}$$

$$\frac{\text{Average creditors}}{\text{Credit purchases}} \times \frac{365}{1}$$

*Non – current liabilities : Partner's Equity*

END