LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

SEKHUKHUNE EAST
DISTRICT ON THE RISE

NATIONAL
SENIOR CERTIFICATE

ACCOUNTING GRADE 11
TERM 2 PROJECT 2024
QUESTION PAPER
SBA TASK 3
13 May 2024

QUESTION	**TOPIC**	**MARKS**	**MINUTES**
1	Statement of Comprehensive Income	50	45
2	Notes to Statement of Financial Position	50	45
TOTAL MARKS		**100**	**90**
*Total marks should be converted to 50= 100/2			

NOTE:
- The project should be administered in class under supervision of the educator.
- Learners should refer to the notes during the administration process.

This question paper consists of 5 pages

QUESTION 1

PARTNERSHIP: CONCEPTS AND STATEMENT OF COMPREHENSIVE INCOME
(50 marks; 45 minutes)

1.1 **CONCEPTS**

1.1.1 Define a " partnership" and provide a reason for the formation of the partnership. (2)

1.1.2 List any **TWO** clauses/contents that should be included in the partnership agreement (2)

1.2 **STATEMENT OF COMPREHENSIVE INCOME (INCOME STATEMENT)**

WOODENWAYS STORE

Woodenways Store is owned by partners P Pali and C Kganya. The business manufactures wooden furniture and sell to the public and retailers. They also repair damaged furniture and customers are charged a fee. Woodenways Store has recently employed an inexperienced accountant who is struggling to complete the financial statements and the partners have requested your assistance in completing the Statement of Comprehensive Income (Income Statement)

Complete the Income Statement for the year ended 28 February 2023. (46)

NOTE: Some of the figures are already recorded on the structure provided.

INFORMATION:

A. Incomplete Income statement for 28 February 2023	
Sales	1 500 000
Cost of sales	**?**
Gross profit	**?**
Other operating income	**?**
?	**?**
Discount received	4 350
Fee income	89 730
Gross operating income	**?**
Operating expenses	**?**
Water and electricity	?
Insurance	**?**
Stationery	**?**
Salaries and wages	64 587
Sundry expenses	**?**
Bad debts	**?**
Operating profit	**?**
?	**?**
Profit before interest expense	**?**
?	**?**
Net profit for the year	**?**

B. Information extracted from the Trial Balance on 28 February:		
	2023 (R)	2022 (R)
Equipment	1 095 000	?
Vehicles	600 000	375 000
Accumulated depreciation: Equipment		712 500
Accumulated depreciation: Vehicles		202 500
Debtors control	58 190	
Provision for bad debts	?	2 020
Water and electricity	7 020	
Sundry expenses	40 350	
Bad debts	1 200	
Interest on favourable current account balance	740	
Bank charges	422	

C. ADJUSTMENTS AND ADDITIONAL INFORMATION:

(I) The business price its goods at a mark-up of 75% on cost. Trade discount of R90 750 was allowed on invoices to certain customers.

(II) The telephone account of R1 530 for February has not yet been paid. Telephone is regarded as a sundry expense account.

(III) The stock revealed that stationery costing R2 160 was used and R375 was on hand.

(IV) Rent is increased annually on 1 December by 10%. The monthly rent before the increase was R5 400. The rent account reflected a total of R78 300 on 28 February 2023.

(V) Insurance paid during the year amounted to R4 050. This amount included R1 350 for annual fire insurance policy that was taken out on 1 November 2022.

(VI) An amount of R75 000 was transferred into a fixed deposit account on 1 September 2022. Interest of 8% p.a. is earned on this account, interest on fixed deposit will only be received on 31 August 2023 when the fixed deposit matures. Provide for outstanding interest.

Extract from a statement received from Melrose Bank :

Bank statement from Melrose Bank -28 February 2023		
	Debit	Credit
	R	R
A deposit from a debtor		1 500
Bank charges	378	
Interest on current account		570

NOTE: Information provided above has not been recorded.

(VII) The account of a debtor must be written off as irrecoverable, R690.Provision for bad debts must be adjusted to 4% of debtors.

(VIII) The information on tangible assets is as follows:

Equipment
Equipment that was bought for R405 000 broke down and it was disposed at book value on 31 August 2022.The accumulated depreciation on 1 March 2022 was R370 350. Equipment is depreciated at 20% p.a. on cost.

Vehicles
A new vehicle purchased on 1 November 2022. Vehicles are depreciated at 15% p.a. on diminishing balance.

(IX) The loan statement received from Ekurhuleni Bank reflected the following:

Loan balance on 1 March 2022	165 000
Repayments for the year (include interest)	55 000
Loan balance on 28 February 2023	140 000
Capitalized interest	?

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QUESTION 2: PARTNERSHIP: NOTES TO STATEMENT OF FINANCIAL POSITION

(50 marks; 45 minutes)

LP TRADERS

The following information appears in the books of LP Traders.

REQUIRED:

2.1 Prepare the following notes to the Statement of Financial Position on 28 February 2023

2.1.1 Capital accounts (6)

2.1.2 Current accounts (38)

2.2 Give **THREE** reasons why partner Phungo should not be satisfied with his partner Ledwaba. Quote figures to support your answer. (6)

INFORMATION:

Balance Sheet Account Section	**28 February 2023**	**28 February 2022**
	R	**R**
Capital: Ledwaba	400 000	800 000
Capital: Phungo	1 300 000	1 000 000
Current account: Ledwaba	70 000	(30 000)
Current account: Phungo	?	167 000
Drawings: Ledwaba	?	
Drawings: Phungo	73 600	

ADDITIONAL INFORMATION:

A.
- Partner Ledwaba decreased his capital on 1 June 2022.
- Partner Phungo decreased his capital on 1 September 2022 by R100 000, but made an additional capital contribution on 1 December 2022.

B. **The partnership agreement stipulates the following:**

- Phungo is entitled to a salary of R12 000 per month, his salary increase annually on 1 January with 20%. Ledwaba was paid R188 300, a salary for March 2023 is included in this figure and he receives an annual increase of 15% on 1 January 2023.
- Partners are entitled to 12% interest on capital, the interest rate remained unchanged. Take note of the changes in the capital contributed by partners during the year.
- Partner Phungo received a bonus of R60 000 for the year.
- Profits are distributed according to capital balances at the beginning of the year. Ledwaba received R80 000 as part of the final distribution.

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