 Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY**

**NOTES AND ACTIVITIES**

|  |  |  |  |  |  |  |  |  |
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| **SUBJECT** | ACCOUNTING | **GRADE** | 11 | **DATE** |  | | | |
| **TOPIC** | Partnership: Financial statements:  Balance Sheet and Notes to Owners’ Equity | | | | **Term** | 2 | **Week** | 2 |
| **TIME ALLOCATION** | One week | |  |  | | --- | --- | | **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)** | | | | | | | |

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| **PARTNERSHIPS: FINANCIAL STATEMENTS** | | | | | | | |
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| **STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)** | | | | | | |  |
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| The Balance Sheet is a statement that reflect the net worth or financial position of the business. We have already done this statement in grade 10. (A = E + L) | | | | | | |  |
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| The main difference between the statement of financial position of a partnership and sole trader is only the EQUITY SECTION. | | | | | | |  |
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| The EQUITY SECTION in a partnership is represented by the following accounts: | | | | | | |  |
|  |  | | | | | |  |
| * CAPITAL ACCOUNTS:   This is to show the movement of the capital (contribution or withdrawals) by the owners for the current financial year. | | | | | | |  |
|  |  | | | | | |  |
| * CURRENT ACCOUNTS:   The purpose of this account is to show the primary and final distributions of profit to the partners at the end of the financial year. | | | | | | |  |
|  |  | | | | | |  |
| Capital and Current account notes: | | | | | | |  |
|  |  | | | | | |  |
| * You have already dealt with the General ledger accounts unique to partnerships. | | | | | | |  |
| * The same information included in the General ledger accounts are used to complete the Capital and Current accounts. (see Activity 1) | | | | | | |  |
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| **ACTIVITY 1 (Use Worksheet 1)** | | | | | | |  |
|  |  | | | | | |  |
| **REQUIRED:** | | | | | | |  |
|  |  | | | | | |  |
| 1.1 | Complete the following notes to the Balance Sheet. | | | | | |  |
|  |  | | | | | |  |
|  | * Capital: Jones | | | | | |  |
|  | * Current account: April | | | | | |  |
|  |  | | | | | |  |
| 1.2 | Prepare the following accounts, as it would appear in the general ledger. | | | | | |  |
|  |  | | | | | |  |
|  | Capital : April | | | | | |  |
|  | Current account: Jones | | | | | |  |
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| **INFORMATION:** | | | | | | |  |
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| **1.** | **Extract from the general ledger.** | | | | | |  |
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|  | **CAPITAL: JONES** | | | | | |  |
|  | Bank |  | 10 000 | Balance | b/d | 160 000 |  |
|  | Balance | c/d | 150 000 |  |  |  |  |
|  |  |  | 160 000 |  |  | 160 000 |  |
|  |  |  |  | Balance | b/d | 150 000 |  |
|  |  |  |  |  |  |  |  |
|  | **CURRENT ACCOUNT: APRIL** | | | | | |  |
|  | Drawings: April |  | 117 700 | Balance | b/d | 10 100 |  |
|  |  |  |  | Salary: April |  | 80 400 |  |
|  |  |  |  | Interest on capital |  | 17 300 |  |
|  |  |  |  | Appropriation account |  | 3 900 |  |
|  |  |  |  | Balance | c/d | 6 000 |  |
|  |  |  | 117 700 |  |  | 117 700 |  |
|  | Balance | b/d | 6 000 |  |  |  |  |
|  |  | | | | | |  |
| **2.** | **Notes (incomplete) to the financial statements.** | | | | | |  |
|  | (See worksheet 1) | | | | | |  |
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| **ACTIVITY 2 (Use Worksheet 2)** | | | | | | |  |
| (Basic format of the statement of financial position (balance sheet) | | | | | | |  |
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| **REQUIRED:** | | | | | | |  |
|  |  | | | | | |  |
| Prepare the Statement of Financial Position (Balance Sheet) for the year ended 29 February 2020. | | | | | | |  |
|  |  | | | | | |  |
| **INFORMATION:** | | | | | | |  |
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| **DD MAGAZINES** | | | | | | |  |
| **POST-CLOSING TRIAL BALANCE AT 29 FEBRUARY 2020** | | | | | | |  |
| |  |  |  | | --- | --- | --- | | **BALANCE SHEET ACCOUNTS SECTION** | **DEBIT** | **CREDIT** | | Capital: Dube |  | 420 000 | | Capital: Dimba |  | 210 000 | | Current account: Dube |  | 46 540 | | Current account: Dimba |  | 32 500 | | Mortgage loan: BBS |  | 150 000 | | Loan from D&D Lenders |  | 50 000 | | Land and Buildings | 601 500 |  | | Vehicles | 140 000 |  | | Accumulated depreciation on vehicle |  | 44 000 | | Equipment | 132 000 |  | | Accumulated depreciation on equipment |  | 49 600 | | Trading stock | 80 000 |  | | Debtors control | 15 000 |  | | Provision for bad debts |  | 750 | | Creditors control |  | 18 000 | | Fixed deposit | 38 000 |  | | Saving account | 6 000 |  | | Bank | 8 100 |  | | Petty cash | 250 |  | | Cash float | 200 |  | | Consumable stores on hand | 500 |  | | Income receivable / accrued | 720 |  | | Expenses prepaid | 480 |  | | Income received in advance / deferred |  | 400 | | Expenses payable / accrued |  | 960 | | | | | | | |  |
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| **ACTIVITY 3 (Use Worksheet 3)** | | | | |  |
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| The following information relates to the accounting records of S Themba and  L Lumi for the financial year ended on 29 February 2020. | | | | |  |
|  | |  | | |  |
| **REQUIRED** | | | | |  |
|  | |  | | |  |
| 3.1 | | Calculate the interest on capital for the year ended 29 February 2020. | | |  |
|  | |  | | |  |
| 3.2 | | Prepare the following notes to the financial statements. | | |  |
|  | |  | | |  |
|  | | * Capital | | |  |
|  | | * Currents accounts | | |  |
|  | | * Trade and other receivables | | |  |
|  | |  | | |  |
| 3.3 | | Prepare the Equity and Liability section of the Statement of Financial Position (Balance Sheet) on 29 February 2020. | | |  |
|  | |  | | |  |
| **INFORMATION** | | | | |  |
|  | |  | | |  |
| **1.** | **EXTRACT FROM BALANCES ON 29 FEBRUARY 2020.** | | | |  |
|  |  | | | |  |
|  | Capital: Themba (1 March 2019) | | 2 080 000 |  |  |
|  | Capital: Lumi (1 March 2019) | | 1 920 000 |  |  |
|  | Current Account: Themba (1 March 2019) | | 25 000 |  |  |
|  | Current Account: Lumi (1 March 2019) | | 112 000 | Dr |  |
|  | Drawings: Themba | | 875 000 |  |  |
|  | Drawings: Lumi | | 910 000 |  |  |
|  | Debtors control | | 25 800 |  |  |
|  | Provision for bad debts | | 2 800 |  |  |
|  | Bank Overdraft | | 705 000 |  |  |
|  | Trade Creditors | | 120 000 |  |  |
|  | Prepaid expenses | | 1 000 |  |  |
|  | Loan: Cling | | 900 000 |  |  |
|  |  | |  |  |  |
| **2.** | A mortgage loan of R1 000 000 was negotiated from Cling Bank on  1 March 2019. All entries relating to loan repayments and interest for the current financial year have been recorded. In the next financial year, the business will be reducing the capital amount of the loan by R100 000 | | | |  |
|  |  | |  |  |  |
| **3.** | Themba increased his capital contribution on 29 February 2020 to  R2 880 000. No entry for this was made in the books of the business.  Lumi’s capital contribution remained unchanged. | | | |  |
|  |  | | | |  |
| **4.** | Lumi returned merchandise which was unsuitable for his personal use with a cost price of R5 000 before stock taking had been completed. The goods returned have not yet been recorded. | | | |  |
|  |  | | | |  |
| **5.** | The partnership agreement stipulates the following: | | | |  |
|  |  | | | |  |
|  | * Partners are entitled to monthly salaries of R65 000 each. | | | |  |
|  | * Partners are entitled to interest on capital at 8% p.a.   On 1 December 2019 the partners increased the rate to 12% p.a. | | | |  |
|  |  |
|  | * Themba receives a special bonus of 5% of the net profit. | | | |  |
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| **6.** | After all the year-end adjustments were taken into account, the net profit for the financial year amounted to R2 030 000. | | | |  |
|  |  | | | |  |
| **7.** | Remaining profits or losses must be shared in proportion to the capital balances at the end of the financial year. | | | |  |
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