 Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY**

**ACTIVITIES AND WORKSHEETS**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUBJECT** | ACCOUNTING | | **GRADE** | | 11 | **DATE** |  | | | |
| **TOPIC** | Budgets: Projected Income Statement | | | | | | **Term** | 3 | **Week** |  |
| **TIME ALLOCATION** | | 1 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** | **TEXTBOOK(S) & NOTES** | | | | | | | | | |

|  |  |
| --- | --- |
| **PROJECTED INCOME STATEMENT** | |
|  |  |
| * Indicates the expected income and expenditure of the Income Statement over a period of time. * The following aspects are taken into consideration; sales policy and mark-up % , whether ther will be an increase or decrease in income and expenses as compared to the previous year’s actual figures. * To complete the projected income statement the following are considered; * the previous years actual income statement figures are used. The amounts are divided into 12 for each months consideration. * Increase in expenses due to inflation, global economic happenings, natural disasters etc. * The different festivities during the year where sales increase. * Competitors | |
|  |  |
|  |  |
|  |  |
| |  |  | | --- | --- | | **CASH BUDGET** | **PROJECTED INCOME STATEMENT** | | **Cash Resources and Bank Balance**  **Surplus or Deficit** | **Financial performance**  **Profit or Loss** | | **Receipts (CRJ) and**  **Payments (CPJ)** | **Income and Expenses** | | **Balance Sheet and**  **Nominal Accounts** | **Only Nominal Accounts** | | **Only cash items / transactions** | **Include Cash and**  **Non-cash items** | | **Time-specific** | **Spread across budget period** | | |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
| **ACTIVITY 1** | |
|  |  |
| The following transactions were taken from the records for the period ended  30 June 2020. | |
|  |  |
| **REQUIRED:** | |
|  |  |
| Complete the table below by filling in the amounts in the relevant column(s).  Example: The water and electricity for June 2020, R3 195 was paid by cheque. | |
|  |  |
| **Transactions:** | |
| 1 | Payments from debtors for June 2020 are expected to be R93 300. R3 225 will be allowed as discount for early payments received. |
| 2 | Cash sales (40% of total sales) for June 2020 were estimated to be R52 800. The profit mark-up is 50% on cost. |
| 3 | An instalment of R12 690 on the loan is expected to be paid on 20 June 2020. R690 of this amount is for interest on loan. |
| 4 | Total depreciation on fixed assets for the financial year ended 30 June 2020 will amounted to R2 130. |
|  |  |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Nr.** | **Amount in the Cash Budget for June 2020** | | **Amount in the Projected**  **Income Statement for June 2020** | | | **RECEIPT** | **PAYMENT** | **INCOME** | **EXPENSE** | | **Example** |  | **3 195** |  | **3 195** | | **1** |  |  |  |  | | **2** |  |  |  |  | | **3** |  |  |  |  | | **4** |  |  |  |  | | |
|  |  |
|  |  |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **ACTIVITY 2** | |
|  | |
| **REQUIRED:** | |
|  | |
| Complete the tables below: | |
|  | |
| 2.1 | It is expected that sales will increase by 10% for 2020. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Actual Sales 2019** | **R120 000** | **R144 000** | **R132 000** | | **Projected Sales 2020** |  |  |  | |
|  |  |
| 2.2 | Sales for the year ended 28 February 2019 amounted to R4 320 000. It is expected that the average monthly sales in the new year will:   * decrease by 15% during March 2020, * the March sales will increase by 25% in April 2020 and * the April sales will increase by 10% in May 2020. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Projected sales 2020** |  |  |  | |
|  |  |
| 2.3 | Sales for the year ended on 28 February 2019 is R960 000. It is forecasted that the sales volume will increase by 5% per month. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Projected Sales 2020** |  |  |  | |
|  |  |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
|  | |
| **ACTIVITY 3** | |
|  |  |
| Complete the tables below: | |
|  |  |
| 3.1 | The gross profit % on sales is 35%. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Projected sales 2020** | **R45 000** | **R60 000** | **R52 500** | | **Cost of Sales** |  |  |  | | **Gross Profit** |  |  |  | |
|  |  |
| 3.2 | A mark-up of 20% on cost is maintained. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Projected sales 2020** | **R45 000** | **R60 000** | **R52 500** | | **Cost of Sales** |  |  |  | | **Gross Profit** |  |  |  | |
|  |  |
|  | |
| **ACTIVITY 4** | |
|  |  |
| Complete the tables below: | |
|  |  |
| 4.1 | In terms of the lease agreement, rent increases annually by 8%. The rent income for the year ended 28 February 2019 amounted to R36 000. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Rent Income 2020** |  |  |  | |
|  |  |
|  |  |
| 4.2 | Interest on fixed deposit as per Income Statement for the year ended  28 February 2019 amounted to R6 000. Interest is received quarterly on  1 March, 1 June, 1 September and 1 December. Calculate the projected interest if the fixed deposit and interest rate remain unchanged. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Interest on fixed deposit 2020** |  |  |  | |
|  |  |
| 4.3 | The fixed deposit is R55 000 and the interest rate is 6% p.a. Interest is received every 6 months (30 April and 31 October). Calculate the projected interest if the fixed deposit and interest rate remain unchanged. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Interest on fixed deposit 2020** |  |  |  | |
|  |  |
| **ACTIVITY 5** | |
|  |  |
| 5.1 | Calculate the projected advertising costs which it is expected to increase from 2% to 4% on sales. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Projected Sales** | **R420 000** | **R480 000** | **R504 000** | | **Advertising 2020** |  |  |  | |
|  |  |
| 5.2 | Repairs is expected to increase by 10% in 2020 and spread equally over the year. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Repairs 2019 = R60 000** | **R4 000** | **R6 000** | **R4 400** | | **Repairs 2020 =** |  |  |  | |
|  |  |
|  |  |
|  |  |
|  |  |
| 5.3 | Salaries increase annually by 8% on 1 May. |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Salaries 2019** | R45 000 | R45 000 | R51 750 | | **Salaries 2020** |  |  |  | |
|  |  |
| 5.4 | Depreciation for the new financial year is estimated at R33 600. What are the projected amounts for March, April and May. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Depreciation 2020** |  |  |  | |
|  |  |
| 5.5 | It is expected that R11 000 will be written off as bad debts for the financial year 29 February 2020. 25% will be written off during March 2020 and the rest equally over the rest of the financial year. |
|  |  |
|  | |  |  |  |  | | --- | --- | --- | --- | |  | **MARCH** | **APRIL** | **MAY** | | **Bad Debts 2020** |  |  |  | |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  | |
|  | |
|  | |
|  | |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **ACTIVITY 6** | |
|  |  |
| **REQUIRED:** | |
|  |  |
| Complete the Projected Income Statement for the months January and February 2020. | |
|  |  |
| **INFORMATION:** | |
|  |  |
| **ENVER TRADERS**  **INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019** | |
| |  |  | | --- | --- | | Sales | 960 000 | | Cost of Sales | (528 000) | | **Gross Profit** | 432 000 | | **Other Operating Income** | 48 000 | | Rent Income | 48 000 | | **Gross Operating Income** | 480 000 | | **Operating Expenses** | (320 160) | | Advertisements | 14 400 | | Water and Electricity | 18 000 | | Repairs | 6 000 | | Wages and Salaries | 234 000 | | Bad Debts | 3 600 | | Insurance | 9 360 | | Depreciation | 34 800 | | **Operating Profit** | 159 840 | | Interest Income | 7 080 | | **Profit before interest expense** | 152 760 | | Interest Expense | (15 360) | | **Net profit for the year** | 137 400 | | |
|  |  |
| **ADDITIONAL INFORMATION** | |
|  |  |
| 1. | The average monthly sales is expected to decrease by 10% in January 2020, thereafter the January sales will increase by 15% during February 2020. |
|  |  |
| 2. | A gross profit % of 45% on sales will be maintained. |
|  |  |
| 3. | The lease agreement determines that the monthly rent will increase annually by 15% on 1 February. |
|  |  |
| 4. | Interest on fixed deposit is received annually on 31 January. The fixed deposit will reach maturity on 31 January 2020. |
|  |  |
| 5. | On 1 January 2020 R10 000 will be repaid on the loan. Interest on loan must be brought into account at 12% per annum and is paid quarterly. |
|  |  |
| 6. | An increase of 8% in wages and salaries has been approved and will come into effect on the 1 February 2020. |
|  |  |
| 7. | Repairs will increase by 10% and should be spread equally over the year. |
|  |  |
| 8. | Bad debts will remain constant. |
|  |  |
| 9. | Insurance will increase by R120 per month from 1 February 2020. |
|  |  |
| 9. | Depreciation for the coming year is estimated at R26 040. |
|  |  |
| 10. | All other expenses are expected to increase by 15% and will be spread equally over the year. |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

|  |  |
| --- | --- |
| **ACTIVITY 6 WORK SHEET** | |
|  |  |
| **ENVER TRADERS** | |
| **PROJECTED INCOME STATEMENT FOR THE TWO MONTHS ENDING**  **29 FEBRUARY 2020** | |
| |  |  |  | | --- | --- | --- | |  | **JANUARY** | **FEBRUARY** | | Sales |  |  | | Cost of Sales |  |  | | **Gross Profit** |  |  | | **Other Operating Income** |  |  | | Rent Income |  |  | | **Gross Operating Income** |  |  | | **Operating Expenses** |  |  | | Advertisements |  |  | | Water and Electricity |  |  | | Repairs |  |  | | Wages and Salaries |  |  | | Bad Debts |  |  | | Insurance |  |  | | Depreciation |  |  | | **Operating Profit** |  |  | | Interest Income |  |  | | **Profit before interest expense** |  |  | | Interest Expense |  |  | | **Net profit for the year** |  |  | | |
|  | |
|  | |