



Western Cape  
Government

Education

Directorate: Curriculum FET

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# **TELEMATICS 2015**

## **Grade 11**

# **ACCOUNTING**

# **WORKBOOK**

### Activity 1

Write the correct question next to the category in Column A.

1.1	Profitability	
1.2	Solvency	
1.3	Liquidity	
1.4	Return	
1.5	Financial risk / gearing	

### Activity 2

Indicate where you will find the following information.

	Information	Where to find it
2.1	Gross profit	Top of Income Statement
2.2	Sales (turnover)	
2.3	Net profit	
2.4	Current liabilities	
2.5	Operating profit	
2.6	Amount invested by each partner	
2.7	Current assets	
2.8	Inventory	
2.9	Amount withdrawn by the partners	
2.10	Debtors	
2.11	Non-current liabilities	
2.12	Creditors	

**Activity 3**

Category	Financial indicator	How to calculate
Profitability & operating efficiency	% Gross profit on sales (turnover)	
	% Gross profit on cost of sales (mark-up %)	
	% Operating expenses on sales (turnover)	
	% Operating profit on sales (turnover)	
	% Net profit on sales (turnover)	
Solvency	Net Assets	
	Solvency ratio	
Liquidity	Net current assets or net working capital	
	Current ratio	
	Acid test ratio	
	Stock turnover rate	
	Stock holding period	
	Debtors collection period	
	Creditors payment period	

Gearing / Risk	Debt-equity ratio	
Return	% Return on average owners' equity	
	% Return earned by each partner	

**Activity 4**

<b>Profitability</b>	
<b>4.1</b>	<b>Gross profit on cost of sales</b>
<b>4.2</b>	<b>Gross profit on sales</b>
<b>4.3</b>	<b>Operating expenses on sales</b>
<b>4.4</b>	<b>Operating profit on sales</b>
<b>4.5</b>	<b>Net profit on sales</b>
<b>Liquidity</b>	
<b>4.6</b>	<b>Current ratio</b>

4.7	<b>Acid test ratio</b>
4.8	<b>Stock turnover rate</b>
4.9	<b>Stock holding period</b>
4.10	<b>Debtors average collection period</b>

<b>4.11</b>	<b>Creditors' payment period</b>
<b>Solvency</b>	
<b>4.12</b>	<b>Solvency ratio</b>
<b>Risk/Gearing</b>	
<b>4.13</b>	<b>Debt-equity</b>
<b>Return</b>	
<b>4.14</b>	<b>% Return on equity</b>

4.15	% Return earned by Peter
4.16	% Return earned by Pan



**Activity 5**

**5.1.1 Calculate the ratio of total assets to total liabilities for 2015.**

**5.1.2 Comment on this ratio. Is this business likely to experience a solvency problem? Briefly explain.**

**5.2.1 Calculate the debt/equity ratio for 2015.**

**5.2.2 Lynne is not happy with the debt/equity ratio and feels that it is negatively affecting the performance of the business. State TWO points to support her opinion.**

**5.3.1 Calculate Lynne's % return on average equity.**

**5.3.2 Lynne is of the opinion that her return is unsatisfactory and that Brookes is taking advantage of his senior position in the partnership. State THREE points to support Lynne's opinion.**

**5.4.1 Calculate the debtors average collection period for 2015.**

- 5.4.2** The customers are complaining that the business seldom stocks the models or styles that they would like to buy. Which figures and financial indicators provide proof of this problem? Briefly explain. State TWO points.

- 5.4.3** Brookes is not worried about the liquidity situation for the immediate future. State TWO points to support his opinion.

Lynne feels that there are danger signs for the long-term sustainability of the business as far as liquidity and cash flow are concerned. State TWO points to support her opinion.

**Activity 6**

**6.1.1 Calculate the percentage net profit on sales for 2015.**

**6.1.2 Calculate the current ratio for 2015.**

**6.1.3 Calculate the Debt/Equity ratio for 2015.**

**6.1.4 Calculate the percentage return earned by Mandy on her average equity.**

**6.2 Use the acid-test ratio to calculate the amount of trading stock on hand on 28 February 2015.**

- 6.3 **Should the partners be satisfied with the control of the operating expenses? Briefly explain your answer. Quote ratios, percentages or figures to support your answer.**

- 6.4 **Comment on the liquidity position of the business on 28 February 2015. Quote ratios, percentages or figures to support your comment. Provide THREE points.**

- 6.5 **Chester feels that Mandy's drawings are unreasonable. Quote figures to support his opinion. How does this affect the business?**

- 6.6 **Comment on the percentage returns earned by the business and the partners. Quote ratios, percentages or figures to support your answer. Provide THREE points.**

- 6.7 **The business urgently needs a delivery vehicle, which is expected to cost R300 000. In your opinion, how should the business finance the cost of the vehicle? Give a reason for your answer.**