

Grade 7 EMS Worksheet

Assessment Task: Statement of net worth

Interpreting a statement of net worth (Individual activity)

Study the statement of net worth of Kabelo's Coffee Shop. Do additional research about the accounting terminology and answer the questions that follow.

Statement of net worth of Kabelo's Coffee Shop on 31 August 2012

Fixed assets			Owner's capital	250 000	
Land	R250 000		Profit	41 500	
Buildings	R350 000		Total owner's equity		291 500
Equipment	R120 000		Total liabilities		485 000
Total fixed assets		720 000	Long-term liabilities	420 000	
Current assets		56 500	Short-term liabilities:		
Debtors	3 500		Creditors (supplies)	65 000	
Cash in bank	53 000				
			Total owner's equity		
			+		
Total assets		776 500	total liabilities		776 500

- What is the amount indicated for the fixed assets? [1 mark]
- What is the amount indicated for the total current assets? [1 mark]
- What is the amount indicated for the profit the business made? [1 mark]
- How much total debt does the business have? [1 mark]
- Can the business immediately pay for the supplies it bought on credit? Give a reason for your answer. [2 marks]
- What is the business's net worth? Show your calculation. [3 marks]
- How do you work out the profit? [1 mark]

[Total: 10 marks]

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Suggested Solutions

Question number	Possible marks	Solution
1	10	<p>a) R720 000 [1 mark]</p> <p>b) R56 500 [1 mark]</p> <p>c) R41 500 [1 mark]</p> <p>d) R485 000 [1 mark]</p> <p>e) No, because the cash in the bank is less than the amount owed. [2 marks]</p> <p>f) Net worth = total assets – total liabilities ✓ = R776 500 – R485 000 ✓ = R291 500 ✓ [3 marks]</p> <p>g) Profit = total income – total expenses [1 mark]</p>