

education

Department:
Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION - 2007

ACCOUNTING

HIGHER GRADE

FEBRUARY/MARCH 2007

401-1/0

**ACCOUNTING HG
Question Paper & Answer Book**

MARKS: 400



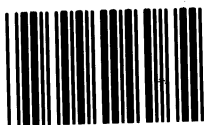
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HG

TIME: 3 hours

This question paper consists of 20 pages and an answer book.

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INSTRUCTIONS AND INFORMATION

1. Answer ALL the questions.
2. A special ANSWER BOOK is provided in which to answer ALL the questions.
3. Show ALL calculations in order for part marks to be allocated.
4. Read the instructions carefully and follow them precisely.
5. Candidates will forfeit marks for:
 - Important dates which are omitted
 - Use of non-standardised abbreviations
 - Over-writing on figures
 - Superfluous entries/foreign items/errors of principle
6. Non-programmable calculators may be used.
7. No pages may be removed from the answer book. The answer book caters for alternative formats of financial statements.
8. Use the information given in the table below as a guide when answering the question paper and try not to deviate from it.

QUESTION	TOPIC	MARKS	TIME GUIDE (MINUTES)
1.	Bank reconciliation	54	24
2.	Club	49	22
3.	Partnership	61	28
4.	Close corporation	116	52
5.	Company	67	30
6.	Cash budget	53	24
	TOTAL	400	180 minutes

QUESTION 1**BANK RECONCILIATION****(54 marks; 24 minutes)**

You are provided with information taken from the records of Kiron Traders. The business is owned by Ken Kiron.

REQUIRED:

- 1.1 The Cash Receipts Journal and Cash Payments Journal (Bank, Debtors and Sundries columns only) for October 2006. Start with the given provisional totals. (30)
- 1.2 The Bank Reconciliation Statement on 31 October 2006. (11)
- 1.3 Answer ALL the questions that follow after the information.

INFORMATION:**1. Provisional totals of the bank columns in the cash journals on 31 October 2006:**

CASH RECEIPTS JOURNAL		
Bank	Debtors Control	Sundry Accounts
22 260	4 400	2 356

CASH PAYMENTS JOURNAL		
Bank	Debtors Control	Sundry Accounts
25 380	400	1 890

2. The following items appeared in the Bank Reconciliation Statement on 30 September 2006:

- Deposit R3 000 – this was made on 30 September 2006.
- Cheque number 531 was issued on 15 April 2006 to Tibs Manufacturers for trading stock R460.
- Cheque No. 540 for R350
No. 563 for R850
No. 578 for R420

Cheques 540 and 563 appeared on the Bank Statement of October 2006.

3. Items that appear in the Cash Journals for October 2006 but not on the Bank Statement:

- 3.1 A deposit by Kiron Traders on 31 October 2006, R1 580.
- 3.2 The following cheques: No. 611 for R2 100
No. 696 for R 700 (Dated 20 November 2006)
No. 699 for R1 300

Note: Cheque No. 611, dated 13 October 2006, which was issued to Fila Traders to settle our account of R2 200, was lost. Payment of the cheque was stopped. No further cheque has been issued.

- 3.3 Cheque number 697 for R970 in favour of J.C. Distributors was issued for trading stock bought for cash. The amount was entered in the Cash Payments Journal as R790 but it appears correctly on the Bank Statement as R970.

4. Items that appear on the October Bank Statement (received from Best Bank), but not in the Cash Journals:

- 4.1 Service fees, R230
Credit card charges, R450
Interest on favourable balance, R120
Interest on unfavourable balance, R320
- 4.2 Stop order for an annual donation to the SPCA, R500.
- 4.3 Dishonoured cheque originally received from a debtor, B. Naidoo – R750.
- 4.4 The tenant, B. Shushu, made an electronic transfer to the account of Kiron Traders – R2 500.
- 4.5 A debit order in favour of MBW Bank for the monthly instalment of the owner's wife's car, R3 200.
- 4.6 Deposit of R3 000 on 1 October.

5. The debit balance on the bank account in the General Ledger on 30 September 2006 was R2 890.

6. Favourable balance according to the Bank Statement on 31 October 2006, R160.

1.3 QUESTIONS TO ANSWER:

- 1.3.1 One of Ken's customers, Mr. B. Goode informed Ken that something strange happened when he settled his account of R500 in cash. Miss I. Steele, the cashier, had given him a receipt that did not look like the normal receipts issued by Kiron Traders. On closer inspection of the Debtors' Statement, he saw that a general journal entry had been made to reduce the account. Ken then checked the receipts and found that there was no record of the R500 having been receipted or deposited by the cashier.
- Briefly explain the problem, which exists in this business. (3)
 - Provide TWO steps that should be taken to resolve the problem. (6)
- 1.3.2 Ken Kiron wants to record the motor vehicle instalment of R3 200 for his wife's car as a business expense. Explain the following:
- Why this is not acceptable practice
 - Why you as the accountant would not support his request (4)

QUESTION 2**CLUB****(49 marks; 22 minutes)****2.1**

The following information has been taken from the accounting records of Easy Fitness Club for the accounting period 1 January 2005 to 31 December 2005.

REQUIRED:

- 2.1.1 Complete the **Membership Fees Account** in the General Ledger of Easy Fitness Club – balance/close off the accounts on 31 December 2005, **the end of the accounting period**. (16)
- 2.1.2 Calculate the amounts that would appear in the **Statement of Receipts and Payments** and the **Statement of Income and Expenditure** of the club. Write only the amount in the relevant column. The amounts calculated in Question 2.1.1 must also be taken into account. (28)

EXAMPLE:

A fixed deposit of R8 000 expired on 31 December 2005. Received a cheque from the bank for R8 720 including a year's interest.

Description	Statement of Receipts and Payments		Statement of Income and Expenditure	
	Receipts	Payments	Expenditure	Income
Fixed deposit	8 000			
Interest on fixed deposit	720			720

INFORMATION:**1. Membership fees:**

	2005 31 December	2004 31 December
Accrued income (receivable)	500	1 200
Deferred income (Received in advance)	900	1 000

- The club received R14 300 during current year. This included R800 in respect of 2004. The membership fees from new members who joined during the accounting period were also included in this amount.
- Amounts outstanding for the previous year must be written off. The names of these members were removed from the membership register with effect from 1 January 2005.

2. Entrance fees:

- Entrance fees were received from all the new members.
- Entrance fees of R4 800 were capitalised. This amounts to 60% of the total entrance fees which have to be capitalised according to the constitution of the club. The balance must be treated as current revenue.

3. Rent income:

- Rent income is R5 100 per month.
- During the year the tenant informed the treasurer that the roof needed urgent repairs. The tenant had paid the cost of R3 200 himself. It was agreed that this amount would be offset against his rent for June 2005.
- Rent for January 2006 was received and banked in December 2005.

4. Stationery:

- On 1 January 2005, stationery on hand amounted to R700.
- During the year stationery valued R2 400 was purchased for cash.
- Stationery to the value of R420 was received as a donation from a member.
- Stationery to the value of R800 was stolen during the year. The insurance company paid R500 into the bank account of the business as the business was under-insured.
- Stock of stationery on hand at the end of the accounting period, R350.

5. Loan:

The loan was increased from R20 000 to R24 000 on 31 March 2005.

6. Interest on Loan:

- Interest on the above loan, R250, was accrued on 31 December 2004.
- The interest rate on the loan remained at 15% for the accounting period.
- Interest on loan is paid monthly, one month in arrears.

2.2 You are the chairman of Easy Fitness club. You are concerned that the Club is being under-utilised. There was considerable disagreement at a meeting in December:

- Some of the committee members have proposed improving the facilities, which would increase the membership fees.
- Others have proposed offering free membership for a limited period of three months.

REQUIRED:

- Which option would you support?
- Explain the reason for supporting this option and explain what you would say at the December committee meeting.

(5)

49

QUESTION 3**PARTNERSHIP****(61 marks; 28 minutes)****3.1 FINANCIAL RESULTS FOR 2006**

You are provided with information relating to Bonga Fashions, which is owned by two partners Beryl Bonna and Gloria Gain. This retail business, which sells ladies' clothes and jewellery, was started on 1 March 2005.

Beryl Bonna has given up a part-time job in order to run this business. She was earning R60 000 p.a. in her previous job. Gloria Gain has decided to keep her existing job, where she is earning R75 000 p.a. She has decided not to work in Bonga Fashions for the first year (i.e. she is a silent partner for the first year). She will review her situation at a later stage.

REQUIRED:

Show all calculations. Where comments are required, make specific reference to figures in the statements provided or ratios/percentages calculated by you in order to support your answer.

3.1.1 You are told that the net profit for the first year of trading was R47 000. Prepare the following accounts in the ledger:

- Appropriation Account (14)
- Current Account: Bonna (10)

3.1.2 The business was started on 1 March 2005. The partners are concerned about the financial results during the first year of operation.

- Calculate the net income as a percentage of average owners' equity for the business as a whole. (7)
- Comment on this return. Should the partners be satisfied? Explain briefly. (3)

3.1.3 Beryl Bonna is concerned about whether she has made the right decision in resigning from her previous job.

- Calculate the total amount earned by Beryl Bonna during the first year of operation of this business. (4)
- What percentage of the total net income did she earn, and what % did her partner Gloria earn? (4)
- Will the partners be satisfied with the amounts calculated above? Explain briefly. (3)

INFORMATION:

Figures extracted from the records for the year ended 28 February 2006:		
	Beginning of year	End of year
Capital: Beryl Bonna	72 000	72 000
Capital: Gloria Gain	48 000	48 000
Current account: Beryl Bonna (28 Feb 2006)	0	16 200 Cr
Current account: Gloria Gain (28 February 2006)	0	17 200 Dr
Fixed Deposit: First Bank (8% p.a. – matures in 2008)	66 000	66 000
Loan: First Bank (15% p.a.)	120 000	120 000

Extracts from the existing partnership agreement:

1. Beryl Bonna is entitled to an annual salary of R30 000. Gloria Gain, being a silent partner, who does not actually work in the business, does not earn a salary.
2. Interest on capital is due to both partners at 10% p.a.
3. Remaining profits or losses are shared in proportion to the capital contributed by each partner (calculated to the nearest Rand).

Note: The partners made no additional capital contribution, other than the initial contribution.

4. Each partner is allowed to draw a maximum of R2 000 cash or clothing at cost price per month. Each partner has made use of this facility to the maximum.

3.2 FINANCIAL DECISIONS FOR THE NEXT YEAR

Beryl Bonna wants Gloria Gain to resign from her existing job and work as an active partner in the business in order to increase the returns earned by the partners. If this is the case:

- They will retrench one of the three shop assistants i.e. he/she will lose his/her job.
- Increase the partners' basic salaries to R45 000 p.a. each.
- Reduce the accounting fee by 80% (as Gloria will be able to do most of this job).
- Gloria will provide an extra R70 000 capital, which will be used to pay off part of the loan.

The following is an extract from the Income Statement for 2006:

Extract: BONGA FASHIONS	
INCOME STATEMENT FOR YEAR ENDING 28 FEBRUARY 2006	
Gross profit	270 000
Operating expenses	(208 000)
Salaries of three sales assistants	108 000
Accounting & bookkeeping fees	21 000
Sundry operating expenses	35 320
Operating profit	62 000
Interest on investment (8% p.a.)	5 280
	67 280
Interest on loan (15% p.a.)	(18 000)
Interest on overdraft	(2 280)
Net income	47 000

REQUIRED:

- 3.2.1 In your opinion, would the profits increase if Gloria works on a full-time basis? Provide appropriate figures or calculations to support your answer. (8)
- 3.2.2 In your opinion would this be beneficial to Gloria, i.e. will she be better off if she gives up her present job and joins the partnership on a full-time basis? Explain, using appropriate figures to support your answer. (4)
- 3.2.3 Briefly explain TWO other advantages for the business if Gloria works on a full-time basis in the business. (4)

QUESTION 4**CLOSE CORPORATION****(116 marks; 52 minutes)**

Eluma Security specialises in the sale of alarm systems and installing these systems. The business operates as a Close Corporation owned by two members, Eric Ebrahim and Sam Siluma.

4.1 REQUIRED:

- 4.1.1 Use the information to prepare the following accounts in the General Ledger of Eluma Security. Close off/Balance the accounts on 30 June 2006.
- Accumulated Depreciation on Equipment (15)
 - Asset Disposal (8)
- 4.1.2 Complete the Income Statement for the year ended 30 June 2006. (53)
- 4.1.3 Complete the Notes to the Financial Statements on 30 June 2006 for Trade and other payables. (15)
- 4.1.4 Prepare only the Equity and Liabilities section of the Balance Sheet on 30 June 2006. (19)

NOTE:

- The cost price per alarm system is R6 000. The business uses a mark-up of 50% on cost.
- Installation fees are R1 200 per alarm system.

INFORMATION:

ELUMA SECURITY PRE-ADJUSTMENT TRIAL BALANCE ON 30 JUNE 2006		
Balance Sheet Accounts Section	Debit R	Credit R
Members' Contribution		1 007 215
Retained Income /Undrawn income (1 July 2005)		49 690
Loan from member: E. Ebrahim (15% p.a.)		120 000
Loan to member: S. Siluma (12% p.a.)	48 000	
Land and buildings	901 000	
Vehicles	480 000	
Equipment	185 680	
Accumulated depreciation on vehicles (1 July 2005)		210 000
Accumulated depreciation on equipment (1 July 2005)		64 000
Trading stock	58 760	
Debtors' control	41 620	
Creditors' control		8 560
Accrued expenses (Advertising)		4 200
Provision for bad debts		2 800
Bank	23 890	
SARS/Receiver of Revenue (PAYE)		3 070
SARS/Receiver of Revenue (Income tax)	102 000	
Creditors for salaries		1 000
Nominal Accounts Section		
Sales		840 000
Debtors' allowances on sales	28 560	
Cost of sales	540 960	
Fee Income (Installation of alarm systems)		734 000
Advertising	18 300	
Insurance	12 000	
Wages and salaries	240 000	
Accounting officer's remuneration: E. Ebrahim	66 000	
Distribution to members (Interim on 31 October 2005)	38 000	
Consumable stores	151 000	
Sundry operating expenses	93 465	
Bad debts	5 760	
Interest on member's loan: E. Ebrahim	15 300	
Interest on member's loan: S. Siluma		5 760
	3 050 295	3 050 295



ADDITIONAL INFORMATION:

1. Depreciation on equipment is calculated at 10% p.a. on the diminishing balance method. An old generator was sold on 1 June 2006 for R14 000 cash. This was not entered in the books.

The following information appeared on the Fixed Asset Register of the generator:

FIXED ASSET REGISTER			
ITEM: <i>Generator</i>		LEDGER ACCOUNT: <i>Equipment</i>	
PURCHASE DATE: <i>2 January 2004</i>		COST PRICE: <i>R16 000</i>	
DEPRECIATION: <i>10% p.a. on the diminishing balance</i>			
Date	Calculation	Current Depreciation	Accumulated Depreciation
30 June 2004	$16\,000 \times 10\% \times 6/12$	800	800
30 June 2005	$(16\,000 - 800) \times 10\%$	1 520	2 320
1 June 2006	$(16\,000 - 2\,320) \times 10\% \times 11/12$	1 254	?

No entries for depreciation and the asset disposal have been made in the ledger.

2. Depreciation on vehicles must be brought into account, R87 750.
3. Both members had alarm systems installed at their homes on 26 June 2006. They were charged at a cost price of R6 000 each. The installation was done free of charge but consumable stores used for installation was R600 each, and this must be charged to them. Both these amounts for both members must be offset against the Members' Contributions Account. These transactions were not recorded.
4. The stocktaking took place on 28 June 2006 and showed that alarm systems on hand were R36 140.

On 29 June 2006, **after the stocktaking**, the following transactions regarding trading stock took place and were recorded. (These are included in the Trial Balance figures.)

- Credit purchases, R13 000, and
- Cash sales, R9 000 (cost price R6 000)

5. Closing inventories of consumable stores on 30 June 2006 were R8 900.
6. The accrued expense in respect of advertising, R4 200, for the previous financial year-end 30 June 2005, has not been reversed.
7. On 29 June 2006 R480 was received from B. Kulu, whose debt had previously been written off as irrecoverable. The amount was credited to the Bad Debts Account in error.
8. The provision for bad debts account must be increased to R4 000.



9. The loan from E. Ebrahim was received on 1 January 2004. The loan is to be repaid over 10 years in equal annual instalments commencing on 1 January 2005. This year's instalment was paid on 1 January 2006. All interest on this loan was paid to date.
10. S. Siluma complained that her PAYE deduction in June 2006 was R500 too much. It was agreed to adjust this and he would be refunded in July.
11. A final distribution of R50 000 was declared and is payable to members.
12. Income tax for the year amounts to R110 000.

4.2 TRADE DISCOUNT OFFERED IN JULY 2006:

In order to increase their profits in July 2006, the members increased the selling prices of their alarm systems to R10 500 each (excluding the installation fee). They placed the following advertisement in the press.



There was a very poor response and some customers cancelled their orders.

REQUIRED:

Why did the customers not make use of this offer? Briefly express your opinion.

(6)

QUESTION 5**COMPANY****(67 marks; 30 minutes)**

You are provided with details which appear in the financial statements of S.I.M. Company Limited for the year ended 30 June 2006. Comparative figures for the previous year are also provided. They have an authorised share capital of 60 000 ordinary shares at R4 each.

REQUIRED:

- 5.1 Calculate the amount for Interest on Loan paid, to be shown on the face of the Cash Flow Statement. (6)
- 5.2 Prepare the note to the Cash Flow Statement for the reconciliation between profit before taxation and cash generated from operations. (13)
- 5.3 Complete the Cash Flow Statement. No other notes are required; the amounts for the notes must be shown in brackets on the Cash Flow Statement. The amounts for the Investing Activities have been completed for you. (18)
- 5.4 Answer the questions that follow.

INFORMATION:

DETAILS APPEARING IN THE INCOME STATEMENT OF S.I.M. LIMITED FOR THE YEAR ENDED 30 JUNE 2006:	
Turnover	672 000
Depreciation on equipment	9 120
Interest on loan	11 880
Net income before tax	48 216
Income tax	17 136
Net income after tax	31 080

DETAILS APPEARING IN THE POST-CLOSING TRIAL BALANCE OF S.I.M. LIMITED ON 30 JUNE:	2006	2005
Ordinary share capital (Par value R4,00)	192 000	144 000
Retained income	63 000	48 120
Loan from Goodwill Bank	42 000	60 000
Land and buildings	166 320	96 000
Equipment at book value	52 080	66 000
Inventories	106 200	102 120
Trade debtors	15 960	52 800
Bank	39 240	31 200
Trade creditors	67 000	75 000
Accrued expenses/payable: Interest on loan	1 440	6 560
SARS: PAYE	1 400	1 960
SARS: Income Tax	5 760 Cr	3 480 Cr
Shareholders for dividends	7 200	9 000

FINANCIAL INDICATORS, RATIOS AND PERCENTAGES CALCULATED FROM THE FINANCIAL STATEMENTS	2006	2005
Return on shareholders' equity	6,95%	12,1%
Return on capital employed	10,9%	15,2%
Earnings per share	64,75c	72c
Dividend per share	?	25c
Debt/equity ratio	0,17 : 1	0,31 : 1

ADDITIONAL INFORMATION:**1. Dividends:**

An interim dividend, equal to the final dividend per share of the previous year, was declared and paid to the shareholders on 3 January 2006. The new shares were issued on 1 February 2006.

2. Income tax:

Income tax owing for the previous accounting period was paid on 10 July 2005. Provisional tax payments for the current year must be calculated.

3. Fixed assets:

Equipment was sold at carrying value during the accounting period. No equipment was purchased.



5.4 QUESTIONS TO ANSWER:

- 5.4.1 You own 25 000 ordinary shares in S.I.M. Limited. The directors intend to issue all the un-issued shares during the next accounting period at a premium of R2 per share.

What is the minimum number of shares you will have to purchase in order to retain control of the company? (3)

Calculate the total cost of this investment. (3)

- 5.4.2 The company wants to apply for a bank overdraft to purchase a delivery vehicle of R200 000. As the bank manager, would you grant the overdraft? Give TWO reasons for your decision. (5)

- 5.4.3 Calculate the total dividends per share for the 2006 financial year. (5)

- 5.4.4 Calculate the net asset value per share on 30 June 2006. (6)

- 5.5** You are unsure of the value of the shares as you were offered R6,50 per share by a prospective buyer Joe James for the shares. Another buyer Ben Nel has offered you R3,50 per share.

REQUIRED:

- 5.5.1 Give TWO possible reasons why Joe would offer as much as R6,50 per share. (4)

- 5.5.2 Give TWO possible reasons why Ben would offer only R3,50 per share. (4)



QUESTION 6**CASH BUDGET****(53 marks; 24 minutes)**

The following information was taken from the accounting records of Chipisa (Pty) Limited who specialise in the sale of school uniforms and accessories. Thandzi Nzalo solely owns the business. She has been satisfied with the operating results of her business to date.

She intends to move to a bigger shopping mall in March and the business will be required to make a loan repayment of R100 000 in January 2007. Thandzi is confident that she will have no problem in meeting her commitments.

REQUIRED:

Study the following projections and budget information, as provided by Chipisa (Pty) Limited to answer the questions that follow.

INFORMATION:

CHIPISA (PTY) LIMITED CASH BUDGET FOR OCTOBER TO DECEMBER 2006			
CASH RECEIPTS	2006 October	2006 November	2006 December
Cash sales	90 000	143 000	50 000
Debtors collection	0	27 000	88 000
Loan: Big Bank			280 000
TOTAL RECEIPTS	90 000	170 000	418 000
CASH PAYMENTS			
Cash purchases of stock	130 000	50 000	20 000
Payment to creditors			27 000
Repayment of loan: Small Bank	10 000	10 000	0
Advertising	2 800	31 200	300
SARS: Income tax			45 000
Dividends on ordinary shares	6 000		
Interest on loan			4 200
Director's fees	20 000	24 000	28 000
Wages and salaries	34 000	17 850	17 850
Other sundry expenses	67 200	42 300	44 350
Renovations to new shop in shopping mall			205 000
TOTAL PAYMENTS	270 000	175 350	391 700
CASH SURPLUS/(DEFICIT)	(180 000)	(5 350)	26 300
BANK (Balance at the beginning of the month)	10 000	(170 000)	(175 350)
BANK (Balance at the end of the month)	(170 000)	(175 350)	(149 050)

The following figures were extracted from the financial statements at the year-end		
	2006 31 October	2005 31 October
Owner's Equity	400 000	400 000
Loan: Small Bank	10 000	130 000
Sales	1 080 000	900 000
Cost of sales	720 000	600 000
Trading stock	200 000	180 000

ADDITIONAL INFORMATION:

- The company is planning to start buying their trading stock on credit in December 2006.
- They are also considering opening accounts for customers and selling on credit in November.
- According to similar types of businesses the collection of debt is usually 30% during the month of sales (less 4% discount) and 50% in the month after sales and 18% in the second month following the sales.

QUESTIONS TO ANSWER:

- 6.1 Her financial advisor is of the opinion that it would be to the advantage of the company to buy their stock on credit. They can negotiate terms of 60 days after invoice. At this stage they are receiving a 5% discount for cash.

Study the figures in the budget. What effect would the buying of stock on credit have on the budget of the company? Quote/Provide specific figures to support your answer.

(6)

- 6.2 They are also considering opening accounts for customers and selling on credit.

6.2.1 Calculate the total credit sales for November 2006. (4)

6.2.2 What steps should they take before allowing credit to a customer? (4)

6.2.3 In your opinion is it a good idea to offer credit to their customers?

- Provide ONE point in favour of this idea.
- Provide ONE point against this idea.

(5)

- 6.3 Stock turnover:
- 6.3.1 Calculate the rate of stock turnover for the year ending 31 October 2006. (5)
- 6.3.2 Briefly comment on the rate of stock turnover for the year. Provide TWO possible causes for the change in the turnover rate. (6)
- Note:** The rate of stock turnover for the previous year was 3 times per annum.
- 6.4 All employees receive an annual bonus, which is equal to a 13th cheque, in October. They are expecting an increase in wages at some stage.
- 6.4.1 When will this occur and what will be the percentage increase? (3)
- 6.4.2 Are the directors treating them fairly? Explain. (4)
- 6.5 The last instalment on a loan from Small Bank was paid on 1 November and a new loan was raised with Big Bank on 1 December 2006. Interest is payable monthly on the last day of the month.
- 6.5.1 Why did Thandzi find it necessary to borrow this money from Big Bank in December? (2)
- 6.5.2 Calculate the interest rate on the loan from Big Bank. (4)
- 6.5.3 What effect would the new loan have on the Debt/Equity ratio of the company? (2)
- 6.5.4 Was it wise for Thandzi to borrow this money rather than provide extra capital? Bear in mind that the return on capital employed is 24% p.a. (2)
- 6.6 Thandzi wants to start selling to communities in the rural areas.
- 6.6.1 In your opinion what should she do to make this plan a success? (2)
- 6.6.2 State TWO ways in which she can improve her cash flow. (4)