CENTRE NUMBER

CANDIDATE'S EXAMINATION NUMBER

SENIOR CERTIFICATE EXAMINATION

FEBRUARY / MARCH 2007

DEPARTMENT OF EDUCATION

ACCOUNTING HIGHER GRADE

SPECIAL ANSWER BOOK

This answer book consists of 22 pages.

QUESTION	MARKS	INITIAL	MOD.
1.			
2.			
3.			
4.			
5.			
6.			
TOTAL			

X05

GAUTENG

QUESTION 1

BANK RECONCILIATION **(54 Marks; 24 minutes)**

1.1

CASH RECEIPTS JOURNAL OF KIRON TRADERS - OCTOBER 2006							CRJ23
Doc no.	Day	Details	Bank	Debtors Control	Sundry Accounts	Fol	Details
	31	Total	22 260	4 400	2 356		

13

CASH PAYMENTS JOURNAL OF KIRON TRADERS - OCTOBER 2006							CPJ23
Doc no.	Day	Details	Bank	Debtors Control	Sundry Accounts	Fol	Details
	31	Total	25 380	400	1 890		

17

1.2

BANK RECONCILIATION STATEMENT ON 31 OCTOBER 2006		

11

1.3.1 Problem that exists in the business
TWO steps to resolve the problem

9

1.3.2	**Kiron wants to record the motor vehicle instalment as a business expense. Explain why this is not proper procedure and why you as an accountant would not support his request.**

4

TOTAL MARKS
54

QUESTION 2

CLUB **(49 Marks; 22 minutes)**

2.1.1

Dr				GENERAL LEDGER OF EASY FITNESS CLUB					Cr
				MEMBERSHIP FEES ACCOUNT					

16

CALCULATIONS:

2.1.2

No.	Description	Statement of Receipts and Payments		Statement of Income and Expenditure	
		Receipts	Payments	Expenditure	Income
E.g.	***Fixed deposit***	***8 000***			
	Interest on fixed deposit	***720***			***720***
1	Membership fees				
	Membership fees written off				
2	Entrance fees				
3	Rent income				
	Repairs				
4	Stationery				
	Donation				
	?				
5	Loan				
6	Interest on loan				

28

2.2	**Which option would you support?**
	Explain the reason you would give at the December committee meeting in support of this option.

5

TOTAL MARKS
49

QUESTION 3

PARTNERSHIP **(61 Marks; 28 minutes)**

3.1.1

Dr		GENERAL LEDGER OF BONGA FASHIONS							Cr
				APPROPRIATION ACCOUNT					

14

				CURRENT ACCOUNT: BONNA					

10

3.1.2 Calculate the net income as a percentage of average owners' equity for the business as a whole.
Comment:

10

3.1.3 Total amount earned by Beryl Bonna during the first year of operation in the business.
What percentage of the net income did they both earn?
Bonna:
Gain:
Will the partners be satisfied with the amounts calculated above?
Yes/No
Comment:

11

QUESTION 3.2

3.2.1 Would it solve the problem of the low net profits earned by the business 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? Explain giving appropriate figures.

Yes/No:

4

3.2.3 What other advantages are there for the business if Gloria works on a full-time basis in the business? Briefly explain providing TWO main points.

4

TOTAL MARKS
61

QUESTION 4

CLOSE CORPORATION **(116 Marks; 52 minutes)**

4.1.1

Dr		GENERAL LEDGER OF ELUMA SECURITY CC							Cr
		ACCUMULATED DEPRECIATION ON EQUIPMENT							

15

		ASSET DISPOSAL							

8

CALCULATIONS:

GAUTENG

4.1.2

ELUMA SECURITY CC INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006		
	R	R
Gross profit		
Other operating income		
Gross operating income		
Operating expenses		
?		
?		
?		
?		
?		
?		
Net profit for the year after tax		

53

4.1.3

ELUMA SECURITY CC Notes to the Financial Statements 30 June 2006	
Trade and other payables	

15

4.1.4

ELUMA SECURITY CC Balance sheet at 30 June 2006			
EQUITY AND LIABILITIES	**Notes**		
Members' equity			
Non-current liabilities			
Current liabilities			

19

4.2	**Why did the customers not take advantage of this offer? Briefly express your opinion.**

6

TOTAL MARKS
116

QUESTION 5

COMPANY **(67 Marks; 32 minutes)**

5.1 Calculate the amount for interest on loan paid to be shown on the face of the Cash Flow statement.
Amount to be shown on the face of the Cash Flow statement

6

5.2 NOTE TO THE CASH FLOW STATEMENT

Reconciliation between net profit before taxation and cash generated from operations	

13

5.3

S.I.M. COMPANY LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2006		
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		**(65 520)**
Fixed assets purchased		**(70 320)**
Proceeds from disposal of assets		**4 800**
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS		

18

5.4.1 Minimum number of shares to purchase to retain control of the company
Calculation of cost of the investment

6

5.4.2 Would the bank grant an overdraft to the company? Give two reasons.

5

5.4.3 Calculate the total dividends per share for the current accounting period.

5

5.4.4 Calculate the net asset value per share on 30 June 2006.

6

5.5.1 Give TWO reasons why Joe would offer as much as R6,50 per share

	4

5.5.2 Give TWO reasons why Ben would offer only R3,50 per share

	4

TOTAL MARKS
67

QUESTION 6

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

6.1 What effect would buying stock on credit have on the budget?

	6

6.2.1 Calculate total credit sales for November 2006

	4

6.2.2 What steps should you take before allowing credit to customers?

	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 strategy and ONE point against.
Yes – No
ONE point in favour:
ONE point against:

5

6.3.1 Calculate the rate of stock turnover for the year ending 31 October 2006.

5

6.3.2 Comment briefly on the rate of stock turnover.
TWO possible causes for the change in the rate of stock turnover.

6

6.4.1 When will the salary increase occur and what will be the percentage?

3

6.4.2 Are the directors treating them fairly? Explain.

4

6.5.1 Why did Thandzi find it necessary to borrow this money from Big Bank?

2

6.5.2 Calculate the interest rate on the loan

4

6.5.3 What effect would the new loan have on the Debt/Equity ratio of the business?

2

6.5.4 Was it wise for Thandzi to borrow money rather than provide her own capital?

2

6.6.1 What should she do to make this plan a success?

2

6.6.2 Provide TWO points to improve her cash flow.

4

TOTAL MARKS
53