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Basic Education

KwaZulu-Natal Department of Basic Education
REPUBLIC OF SOUTH AFRICA

GR11/ACC/JUNE

ACCOUNTING

JUNE 2016

COMMON TEST

NATIONAL SENIOR CERTIFICATE

GRADE 11

MARKS: 300

TIME : 3 hours

N.B. This paper consists of 14 pages and an answer booklet of 10 pages.

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INSTRUCTIONS AND INFORMATION

Read the following instructions and be sure to follow them carefully:

1. This question paper consists of 14 pages.

2. A special **ANSWER BOOK** consisting of 10 pages is provided in which to answer all the questions.

3. Answer **ALL** the questions.

4. **Workings must be shown in brackets in order to earn part marks.**

5. Non-programmable calculators may be used.

6. You may use dark pencil or black / blue pen to answer the questions.

7. Marks will be deducted for missing details and foreign entries.

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8. Use the information in the table below as a guide when answering the question paper:

QUESTION 1: 28 Marks, 17 Minutes	
The topic of this question is:	**Content:**
Non-Profit Organizations	• Theory • Statement of Receipts and Payments
QUESTION 2: 27 Marks, 16 Minutes	
The topic of this question is:	**Content:**
Creditors Reconciliation	• Reconciliation of Statement and Creditors Ledger • Internal Control • Ethics
QUESTION 3: 52 Marks, 31 Minutes	
The topic of this question is:	**Content:**
Partnerships – AOL and Current Accounts Note.	• Accounting Equation • Current Account Note to the Balance Sheet
QUESTION 4: 65 Marks, 39 Minutes	
The topic of this question is:	**Content:**
Partnership – Asset Disposal and Income Statement	• Asset Disposal Account • Income Statement • Trade and other Receivables Note
QUESTION 5: 55 Marks, 33 Minutes	
The topic of this question is:	**Content:**
Partnership - Analysis and Interpretation	• Calculations • Comments • Problem Solving
QUESTION 6: 40 Marks, 24 Minutes	
The topic of this question is:	**Content:**
Clubs - Ledger	• Analyzing Refreshments Account • Draw up Membership Fees Account
QUESTION 7: 33 Marks, 20 Minutes	
The topic of this question is:	**Content:**
Bank Reconciliation	• Journal calculations • Bank reconciliation Statement • Theory on post dated cheques.

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QUESTION 1 (28 Marks, 17 Minutes)

NON PROFIT ORGANISATIONS

You are provided with information relating to Kings Rugby Club for their financial year ended 31 March 2016.

REQUIRED:

1.1 Are the following sentences TRUE or FALSE? If FALSE, correct the underlined word to make the sentence TRUE. (10)

a) Monies that a club makes during the twelve month period are transferred into the **accumulated fund** account at the end of the financial year.

b) The **secretary** of Kings Rugby Club is responsible for collecting the membership fees from the club members and controlling the clubs finances.

c) The Statement of Income and Expenditure is used to calculate the **Profit or Loss** of the club.

d) The clubs office bearers can request to that their **honorariums** are offset against their membership fees.

1.2 Complete the Statement of Receipts' and Payments for the year ended 31 March 2016. (18)

Information:

Cash received for membership fees	69 000
2015	1 000
2016	65 000
2017	3 000
Affiliation fees paid to SARFU	15 000
Membership fees written off	1 250
Discounts allowed for early payment of memberships	500
Water and Electricity	6 000
Coaches Salaries (Included is an advance of R2 000 for April 2016)	16 500
Purchase of Snacks for AGM	2 500
Maintenance of grounds	13 800
Equipment purchased on credit	12 250
Payments to creditors	10 000
Cash donations received	12 500
Gate takings received in cash	5 250
Refreshment cash sales	17 500
Refreshment purchased for cash	8 750
Sundry expenses paid in cash	1 500

The current bank account at ABSA bank was unfavourable R15 200 on the 1 April 2015.

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QUESTION 4 (65 Marks, 39 Minutes)

PARTNERSHIPS – ASSET DISPOSAL AND INCOME STATEMENT

You are provided with the Pre-adjustment Trial Balance of Zola and Zona Designs for the year ended 30 June 2015. This business makes items of clothing for the special events that they need to attend, for example matric dances and weddings.

REQUIRED:

4.1 **Refer to adjustments A**
Complete the Asset Disposal account in the General Ledger to calculate the profit or loss on sale of the vehicle. (14)

4.2 Prepare the Income Statement for the year ended 30 June 3015. Show calculations in brackets so part marks can be awarded. (41)

4.3 Prepare the Trade and other Receivables note to the Balance Sheet. (10)

INFORMATION

Pre-Adjustment Trial Balance as at 30 June 2015

	DR	CR
Balance Sheet Accounts Section		
Capital: Zola		900 000
Capital: Zona		500 000
Current Account: Zola		60 000
Current Account: Zona		35 000
Drawings: Zona	360 000	
Drawings: Zola	312 000	
Mortgage loan: Zip Bank		402 250
Land and buildings	1 048 500	
Equipment	308 000	
Vehicles	407 000	
Accumulated Depreciation on Equipment		170 500
Accumulated Depreciation on Vehicles		147 400
Trading Stock	677 500	
Bank	158 200	
Debtors Control	298 000	
Provision for bad debts		4 080
Creditors Control		168 610
Nominal Account Section		
Sales		5 250 000
Debtors allowances	72 600	
Cost of sales	3 719 470	
Rent income		88 400
Bad debts recovered		14 465
Packing material	11 550	
Salaries and wages	330 000	
Bad debts	6 000	
Sundry expenses	31 885	
	7 740 705	7 740 705

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ADJUSTMENTS

A. A vehicle was traded in for R75 000 on 30 January 2015 in order to replace it with a new vehicle costing R270 000. The fixed asset register revealed the following regarding the sold vehicle:

Cost Price	R210 000
Accumulated Depreciation (1 July 2014)	R106 000

This transaction has not yet been recorded by the bookkeeper.

B. Vehicles are depreciated at 20% p.a. on cost.
Equipment is depreciated at 15% p.a. according to the diminishing balance method.

C. Returns by debtors of R6 500 had not been recorded for June 2015. Cost of Sales amounted to R3 200.

D. The account of debtor, G Gumede, R10 000 must be written off as irrecoverable. Thereafter the provision for bad debts is to be adjusted to 2% of book debts.

E. A physical stock-taking on 30 June 2015 revealed that R682 000 trading stock was on hand.

F. It is estimated that packing material on hand at the end of the year is R2 500.

G. The rent decreased by R1 300 on 1 June 2015 as the tenant decided to decrease the size of her shop. The tenant has paid rent until the end of July 2015.

H. The loan statement received from Zip Bank on 30 June 2015 reflected the following:

Balance on 1 July 2014	R402 250
Interest Capitalised	?
Repayment	R417 250
Balance on 30 June 2015	R0

I. According to the agreement between Zola and Zona, the following need to be taken into account:
- Each partner earns interest on capital at 10% p.a.
- Both partners are paid an annual salary of R500 000.
- Profits and Losses are shared equally.

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QUESTION 5 (55 Marks, 33 Minutes)

PARTNERSHIPS – ANALYSIS AND INTERPRETATION

You are provided with the incomplete Financial Statements of a partnership, Sunshine Stationers, together with additional information and financial indicators. Round all answers to 1 decimal place.

REQUIRED:

5.1 Sunshine Stationers uses a mark up of 50% at all times.

5.5.1 Calculate the actual mark up percentage achieved for the 2016 financial year. (5)

5.5.2 Comment on the mark up achieved in 2016. Mention **TWO** actions the business can do take to ensure they achieve their desired mark up in the future. (6)

5.2 Calculate the value of return on equity for 2016. (6)

5.3 Should the partners be satisfied with the percentage return earned in 2016, compared to the 21.7% earned in 2015? Give **TWO** reasons for your answer. (5)

5.4 Is this business positively or negatively geared? Give a reason for your answer. (3)

5.5 Calculate the missing amounts in the Balance Sheet labeled A - H. (24)

5.6 Comment on this businesses liquidity position for the year ended 29 February 2016. Identify and quote **TWO** financial indicators to support your answer. (6)

INFORMATION

Sunshine Stationers
Extract from the Income Statement for the year ended 29 February 2016

	2016	2015
Sales	2 181 120	1 715 200
Cost of Sales	1 536 000	1 280 000
Interest Income	12 150	12 150
Net Profit	?	226 000

Balance Sheet for the year ended 29 February 2016

	2016	2015
Assets		
Non-current Assets	1 111 000	937 900
Fixed Assets	?	?
Financial Assets (Fixed Deposit – 9%)	F	F
Current Assets	G	421 600
Inventories (all Trading Stock)	H	D
Trade & other Receivables (all Trade Debtors)	?	144 600
Cash & Cash Equivalents	133 000	E
Total Assets	1 586 000	1 359 500
Equity and Liabilities		
Owners Equity	1 160 000	1 040 000
Capital	1 100 000	A
Current Accounts	60 000	B
Non-current Liabilities	236 000	C
Loan: Best Bank (13% p.a.)	236 000	C
Current Liabilities	190 000	163 500
Trade & other Payables (all Trade Creditors)	190 000	163 500
Total Assets and Liabilities	1 586 000	1 359 500

ADDITIONAL INFORMATION

- The business achieved a 28% return on average equity for 2016.
- Both partners contributed additional capital of R50 000 each on 1 March 2015.
- An extra R80 000 was borrowed from Best Bank during the 2015 financial year.
- The Debt/equity ratio for 2015 was 0.15 ; 1.
- The stock turnover rate for the year ended 28 February 2015 was 8 times. The stock on hand was constant throughout 2015 financial year.
- The fixed deposit was taken out on 1 June 2013 for 3 years. The interest rate is fixed at 9% per annum. Interest is not capitalised.
- The Current Ratio for 2016 is 2.5 : 1 and for 2015 it was 2.6 : 1
- The Acid Test Ratio for 2016 is 1.2 : 1 and for 2015 it was 1.6 : 1.

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QUESTION 2 (27 Marks, 16 Minutes)

CREDITORS RECONCILIATION

Janie's Jam Products buys fruit from local farmers and makes delicious jam. A Statement received on 28 July 2015 from a creditor, Anele's Apricot Farm, reflects a different amount owing by Janie's Jam Products than the amount that Janie calculate in her Creditors Ledger for July 2015.

REQUIRED:

2.1 Reconcile the Statement received from Anele's Apricot Farm with the Creditors Ledger of Janie's Jam Products. Write only the amounts in the appropriate column with a plus (+) or a minus (-) sign to indicate an increase or decrease in the balance. Calculate the correct amount at the month end. (20)

2.2 Janie's Jam Products is experiencing financial difficulties due to a cash flow problem. All the current creditors require her to settle her account within 30 days. Janie allows some of her larger customers to pay within 60 days. Suggest **TWO** ways in which the liquidity position can be improved. (4)

2.3 Janie currently uses only top grade fruit in the manufacturing of her jam. She is considering decreasing the quality of the fruit that she uses in an attempt to increase her profit. Is this ethical? Give a reason for your answer. (3)

The following balances are provided on 31 July 2015:

Creditors Ledger of Janie's Jam Products	R24 722
Statement from Anele's Apricot Farm.	R17 429

The following errors and omissions were noted:

a) Anele's Apricot Farm rejected the discount of R884 claimed by Janie's Jam Products on 6 July as payment was received too late to qualify for the discount.

b) There is a disagreement over the goods returned to Anele's Apricot Farm by Janie's Jam Products as per debit note DN 89 for R593. Anele's Apricot Farms' credit note CN 1038 for R539 is correct.

c) Anele's Apricot Farm have reflected credit note 1042 for R3 900 on 10 July. This, however, relates to another one of their customers, James Stores, and not to Janie's Jam Products.

d) Invoice 2810 was correctly recorded by Janie's Jam Products as R15 490 and not as R15 904 as recorded by Anele's Apricot farm.

e) Anele's Apricot Farm purchased Jam on credit from Janie's Jam Products. Anele and Janie agreed that the R400 in question would be transferred from Janie's Jam Products' Debtors Ledger to her Creditors Ledger for Anele's Apricot farm. Anele has already correctly recorded this transaction on the Statement.

f) Credit note 141 for R420 received from Anele's Apricot Farm was incorrectly recorded as Invoice 141 in the Janie's Jam Products Creditors' Ledger.

g) Janie's Jam Products have forgotten to record the discount of R900 received from Anele's Apricots on 22 July.

h) Invoice no. 3056 for R2 605 was not on the Statement received from Anele's Apricot farm.

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QUESTION 3 (52 Marks, 31 Minutes)

PARTNERSHIPS – AOL AND CURRENT ACCOUNTS NOTE

You are provided with the Pre-adjustment Trial Balance of Sandi Sue Stores, with partners Sandi Shezi and Sue Swanepool for the year ended 30 April 2016.

REQUIRED:

3.1 Name the document that Sandi and Sue should have signed containing, amongst other things, how the business profits were going to be divided. (2)

3.2 **Refer to Information B**
Analyse the transactions according to the table given below. Note that the relevant amount as well as sign (+/-) need to be entered in the AOL columns. (12)

3.3 **Refer to Information C**
Provide detailed calculations for each partner's interest on capital. (6)

3.4 Complete the Current Account Note to the Balance Sheet on 30 June 2016. (32)

INFORMATION A:

Sandi Sue Stores
List of Balances from the Pre-Adjustment Trial Balance on 1 July 2015

Capital: Sandi	400 000
Capital: Sue	800 000
Current Account: Sandi	5 000 (CR)
Current Account: Sue	20 000(DR)

INFORMATION B:

i. Sandi increased her capital on 28 February 2016 by contributing R200 000 cash to the business.
ii. Sue took R10 000 Trading Stock for personal use on 30 June 2016.
iii. The Profit and Loss account was closed off to the relevant account at the year end. A net profit of R950 000 was made for the year.

INFORMATION C

The partners had agreed to the following:

- A monthly salary of R20 000 for Sandi and R23 000 for Sue.
- Interest on Capital of 12% per annum per partner. (Sue's capital balance remained unchanged for the year.)
- Profits are shared between Sandi and Sue according to their capital balances at the beginning of the financial year.
- Sandi's drawings amounted to R370 000 on 30 June 2016, and Sue's amounted to R417 000, (excluding her drawings on 30 June 2016).

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QUESTION 6 (40 Marks, 24 Minutes)

CLUBS - LEDGER

6.1 REFRESHMENTS AND INTERPRETATION

Sharkie's Lifesaving Club has a small shop in which cans of cold drink are sold for cash. Study the refreshment account in the General Ledger of Sharkie's Lifesaving Club and answer the questions below:

INFORMATION:

Sharkies Lifesaving Club
Nominal Section
N3 Refreshments

2015 Jan	1	Stock of Refreshments	GJ	12 300	2015 Dec	31	Donation	GJ	8 400
2015 Dec	31	Bank	CPJ	23 000			Bank (Sales)	CRJ	269 010
		Creditors Control	CJ	116 800			Stock of Refreshments	GJ	15 190
		Membership Fees	GJ	2 800					
		?	GJ	137 700					
				292 600					292 600

QUESTIONS:

6.1.1 Why do many clubs sell refreshments to their members? Give **TWO** reasons. (4)

6.1.2 If each can of cold drink was sold for a constant price of R15 during the 2015 financial year, calculate how many cans were sold. (2)

6.1.3 Did Sharkie's Lifesaving Club receive or give a refreshments donation of R8 400? Give a reason for your answer. (3)

6.1.4 Provide the contra account details for the entry of R137 700 on the debit side. (2)

6.1.5 Give an explanation for the entry of R2 800 for membership fees on the debit side of the refreshments account. (2)

6.1.6 Explain the difference between the Stock of Refreshments on the debit side and on the credit side. (4)

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6.2 MEMBERSHIP FEES

The following information was extracted from the accounting records of Nemo's Swimming Club for the year ended 31 December 2015.

REQUIRED:

6.2 Draw up the membership fees account in the General Ledger for the year ending 31 December 2015. (23)

INFORMATION

- Extract from the Post-closing Trial Balance on 31 December 2015:

Accrued Income (Membership Fees)	5 400
Accrued Expenses (Honorarium)	1 800
Deferred Income (Membership Fees)	14 400

- Extract from the Statement of Receipts and Payments for the year ended 31 December 2015:

Receipts	
Membership Fees	97 200
2014	3 600
2015	84 600
2016	9 000
Payments	
Membership Fees Refunded	900

- Membership fees are R1 800 per member per year.
- Two members who had each paid their membership fees for 6 months were transferred during the year. One member claimed a refund on his half-year's membership fees. The other member donated his half-year's fees to the club. The committee decided to enter this as a **donation.**
- Any membership fees outstanding from the previous year are to be written off and the names of these members are to be removed from the register.
- The secretary requested that part of the honorarium due to him from 2014, be retained by the club as his membership fees for 2015.
- At the end of the year, 7 members still owed membership fees for 2015.

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QUESTION 7 (33 Marks, 20 Minutes)

BANK RECONCILIATION

The newly appointed bookkeeper of Wings Flight School is struggling to prepare the correct Bank Reconciliation Statement. Consider the given information and complete the following:

REQUIRED:

7.1 Give **TWO** reasons why it is important for Wings Flight School to prepare a Bank Reconciliation Statement monthly. (4)

7.2 Calculate the correct totals / balances for the following at the end of July 2015:

7.2.1 Cash Receipts Journal (4)

7.2.2 Cash Payments Journal (6)

7.2.3 Bank Account in the General Ledger. (4)

7.3 Prepare the correct Bank Reconciliation Statement on 31 July 2015. (9)

7.4 Explain how Wings Flight School needs to treat post dated cheques received. (6)

INFORMATION:

A. **Extract from the Bank Reconciliation Statement on 30 June 2015**

			R
Outstanding deposits			48 800
Outstanding cheques	No. 262	(15 December 2014)	15 900
	No. 415	(26 April 2015)	14 750
	No. 420	(12 May 2015)	28 350
	No. 422	(31 July 2015)	?
	No. 423	(25 June 2015)	5 500

B The Bank Account showed a credit balance of R5 600 on 1 July 2015.

C The Cash Journals had the following totals on 31 July 2015, before the Bank Reconciliation was completed:

Cash Receipts Journal	R20 420
Cash Payments Journal	R29 070

D Further information from the previous Bank Reconciliation Statement:

- Cheque number 262, issued to B. Bird on 15 December 2014 is stale.
- Cheque number 422 was issued to A. Allen and is dated 31 July 2015.

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E Cheque number 460 must be issued to B Bird to replace cheque 262.

F The Bank Statement received from BEST Bank on 31 July 2015 showed the following items that are not in the Journals for July 2015:

- An unfavourable balance of R30 900
- A deposit of R48 800
- Cheque number 415 and 423
- A direct deposit of R8 500 by the tenant, Mrs T. Pridgeon
- An unpaid cheque of R14 750 received from Mr Toady, dishonoured due to insufficient funds.
- Bank Charges of R112 and interest on overdraft of R338.

G The Cash Journals at the end of July 2015 showed two outstanding deposits, of R45 000 and R15 000, which are not in the July 2015 Bank Statement.

TOTAL MARKS: 300

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ACCOUNTING

ANSWER BOOK

JUNE 2016

COMMON TEST

NATIONAL SENIOR CERTIFICATE

GRADE 11

Name:_____ **Grade:**_____

Question	Topic	Learners Mark	Moderators Mark
1	Non-Profit Organizations		
2	Creditors Reconciliation		
3	Partnerships – AOL and Current Accounts Note		
4	Partnerships – Asset Disposal and Income Statement		
5	Partnerships – Analysis and Interpretation		
6	Clubs Ledger		
7	Bank Reconciliation		
	TOTAL		

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QUESTION 1 (28 Marks, 17 Minutes)

NON PROFIT ORGANISATIONS

1.1 (10)

a)	
b)	
c)	
d)	

1.2 (18)

Statement of Receipts & Payments for the year ended 31 March 2016

Receipts	
Payments	
Cash Surplus / Deficit for the year	
Bank Balance on 1 April 2015	
Bank Balance on 31 March 2016	

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QUESTION 2 (27 Marks, 16 Minutes)

CREDITORS RECONCILIATION

2.1 (20)

Janie's Jams Creditors' Ledger	Anele's Apricots Statement

2.2 Janie's Jam Products is experiencing financial difficulties due to a cash flow problem. All the current creditors require her to settle her account within 30 days. Janie allows some of her larger customers to pay within 60 days. Suggest **TWO** ways in which the liquidity position can be improved. (4)

2.3 Janie currently uses only top grade fruit in the manufacturing of her jam. She is considering decreasing the quality of the fruit that she uses in an attempt to increase her profit. Is this ethical? Give a reason for your answer. (3)

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QUESTION 3 (52 Marks, 31 Minutes)

PARTNERSHIPS – AOL AND CURRENT ACCOUNTS NOTE

3.1 Name the document that Sandi and Sue should have signed containing, amongst other things, how the business profits were going to be divided. (2)

3.2 (12)

	Account DR	Account CR	A	O	L
i					
ii					
iii					

3.3 Refer to **Information C** and provide detailed calculations for each partner's interest on capital. (6)

Sandi	
Sue	

3.4 Complete the Current Account Note to the Balance Sheet on 30 June 2016. (32)

	Sandi	Sue	Total
Profit per Income Statement			
Partners' Salaries			
Interest on Capital			
Primary distribution of profits			
Final distribution of profits			
Drawings for the year			
Retained Income for the year			
Retained Income at the beginning of the year			
Retained Income at the end of the year			

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QUESTION 4 (65 Marks, 39 Minutes)

PARTNERSHIPS – ASSET DISPOSAL AND INCOME STATEMENT

4.1 (14)

Asset Disposal

4.2 (41)

Income Statement of Zola and Zona Designs for the year ended 30 June 2015

Sales	
Cost of Sales	
Gross Profit	
Other Income	
Gross Operating Income	
Operating Expenses	
Operating Profit	
Interest expense	
Net Profit for the year	

4.3 Trade and other Receivables (10)

Net Trade Debtors	

QUESTION 5 **(55 Marks, 33 Minutes)**

PARTNERSHIPS – ANALYSIS AND INTERPRETATION

5.1 Sunshine Stationers uses a mark up of 50% at all times.

5.5.1 Calculate the actual mark up percentage achieved for the 2016 financial year. (5)

5.5.2 Comment on the mark up achieved in 2016. Mention **TWO** actions the business can do take to ensure they achieve their desired mark up in the future. (6)

Comment

Actions

5.2 Calculate the Net Profit for 2016. (6)

5.3 Should the partners be satisfied with the percentage return earned in 2016, compared to the 21.7% earned in 2015? Give **TWO** reasons for your answer. (5)

5.4 Is this business positively or negatively geared? Give a reason for your answer. (3)

5.5 Calculate the missing amounts in the Balance Sheet labeled A - H. (24)

Number	Calculation	Amount
A		
B		
C		
D		
E		
F		
G		
H		

5.6 Comment on this businesses liquidity position for the year ended 29 February 2016. (6)
Identify and quote **TWO** financial indicators to support your answer.

7.3 Prepare the correct Bank Reconciliation Statement on 31 July 2015. (9)

Bank Reconciliation Statement on 31 July 2015		
	Debit	Credit
Debit Balance as per Bank Statement		
Credit Balance as per Bank Account		

7.4 Explain how Wings Flight School needs to treat post dated cheques that they receive. (6)

TOTAL MARKS: 300

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REPUBLIC OF SOUTH AFRICA

ACCOUNTING

MARKING MEMORANDUM

JUNE 2016

COMMON TEST

NATIONAL
SENIOR CERTIFICATE

GRADE 11

MARKS : 300

TIME : 3 hours

Question	Topic	Marks	Minutes
1	Non-Profit Organizations	28	17
2	Creditors Reconciliation	27	16
3	Partnerships – AOL and Current Accounts Note	52	31
4	Partnerships – Asset Disposal and Income Statement	65	39
5	Partnerships – Analysis and Interpretation	55	33
6	Clubs Ledger	40	24
7	Bank Reconciliation	33	20
		300	180

N.B. This memorandum consists of 10 pages.

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QUESTION 1 **(28 Marks, 17 Minutes)**

NON PROFIT ORGANISATIONS

1.1 (10)

a)	T✓✓
b)	F✓✓ Treasurer✓
c)	F ✓✓ Surplus or Deficit✓
d)	T✓✓

1.2 (18)

Statement of Receipts & Payments for the year ended 31 March 2016

Receipts	Check operation if one part is correct	104 250☑
Membership Fees		69 000✓
Cash Donation		12 500✓
Gate Takings		5 250✓
Refreshment Sales		17 500✓
Payments	Check operation if one part is correct	(74 050)☑
Affiliation Fees		15 000✓
Payments to Creditors		10 000✓
Coaches Salaries		16 500✓✓
AGM Snacks		2 500✓
Refreshment Purchases		8 750✓
Sundry Expenses		1 500✓
Maintenance		13 800✓
Water and Electricity		6 000✓
Cash Surplus / Deficit for the year	Check operation	30 200☑
Bank Balance on 1 April 2015		(15 200)✓
Bank Balance on 31 March 2016	Check operation	15 000☑

-1 mark for membership fee written off
-1 mark for discount allowed
-1 mark for credit purchases

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QUESTION 2 (27 Marks, 16 Minutes)

CREDITORS RECONCILIATION

2.1 (20)

Janie's Jams Creditors' Ledger	Anele's Apricots Statement
24 722✓	17 429✓
+ 884✓✓	+ 3 900✓✓
+ 54✓✓	- 414✓✓
- 400✓✓	+ 2 605✓✓
-840✓✓or - 420 - 420	
-900✓✓	
Check operation 23 520☑	Check operation 23 520☑

2.2 Janie's Jam Products is experiencing financial difficulties due to a cash flow problem. All the current creditors require her to settle her account within 30 days. Janie allows some of her larger customers to pay within 60 days. Suggest **TWO** ways in which the liquidity position can be improved. (4)

- Negotiate longer terms with creditors.✓✓
- Find other suppliers who allow longer credit terms.✓✓
- Negotiate a higher credit limit with his suppliers.
- Encourage customers to pay sooner, e.g. discounts on prompt payments.
- ***Any logical answer***

2.3 Janie currently uses only top grade fruit in the manufacturing of her jam. She is considering decreasing the quality of the fruit that she uses in an attempt to increase her profit. Is this ethical? Give a reason for your answer. (3)

Yes✓ – Jam does not need to be made out of top quality fruit✓✓
OR
No✓ - It might decrease the quality of her jam.✓✓
Any logical answer

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QUESTION 3 (52 Marks, 31 Minutes)

PARTNERSHIPS – AOL AND CURRENT ACCOUNTS NOTE

3.1 Name the document that Sandi and Sue should have signed containing, amongst other things, how the business profits were going to be divided. (2)

Partnership Agreement✓✓

3.2 (12)

	Account DR	Account CR	A	O	L
i	Bank✓	Capital: Sandi✓	+200 000✓	+200 000✓	0
ii	Drawings: Sue✓	Trading Stock✓	- 10 000✓	-10 000✓	0
iii	Profit and Loss✓	Appropriation✓	0	+950 000✓ -950 000✓	0

3.3 Refer to **Information C** and provide detailed calculations for each partner's interest on capital. (6)

Sandi	32 000✓ + 24 000✓ = 56 000✓☑ Check operation if one part is correct OR 48 000✓ + 8 000✓ = 56 000✓☑ Check operation if one part is correct
Sue	800 000 X 12% X 12/12 = 96 000✓✓

3.4 Complete the Current Account Note to the Balance Sheet on 30 June 2016. (32)

	Sandi	Sue	Total
Profit per Income Statement Check operation	390 000☑	560 000☑	950 000✓
Partners' Salaries Check operation if one part is correct	240 000✓✓	276 000✓✓	516 000☑
Interest on Capital Check operation if one part is correct	56 000☑	96 000☑	152 000☑
Primary distribution of profits Check operation	296 000☑	372 000☑	668 000☑
Final distribution of profits Check operation	94 000✓☑	188 000✓☑	282 000☑
Drawings for the year	(370 000)✓	(427 000)✓✓	(797 000)☑
Retained Income for the year Check operation	20 000☑	133 000☑	153 000☑
Retained Income at the beginning of the year	5 000✓	(20 000)✓	(15 000) ☑
Retained Income at the end of the year	25 000☑	113 000☑	138 000☑
Check operation			

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QUESTION 4 **(65 Marks, 39 Minutes)**

PARTNERSHIPS – ASSET DISPOSAL AND INCOME STATEMENT

4.1 (14)

Asset Disposal

2015 Jan	30 ✓	Vehicles✓	210 000 ✓	2015 Jan	30 ✓	Acc Dep: Vehicle✓ (106 000✓ + 24 500)✓	130 500✓
						Creditors Control✓	75 000✓
						Loss on Sale of Asset✓	4 500✓☑
			210 000			☑	210 000

4.2 (41)

Income Statement of Zola and Zona Designs for the year ended 30 June 2015

Sales (5 250 000✓ - 72 600✓ - 6 500✓)	5 170 900✓
Cost of Sales (3 719 470✓ - 3 200✓)	(3 716 270)✓
Gross Profit Check operation if one part is correct	1 454 630☑
Other Income Check operation if one part is correct	98 465☑
Rent Income (88 400✓ - 5 700✓✓)	82 700✓
Bad Debts Recovered	14 465✓
Trading Stock Surplus	1 300✓✓
Gross Operating Income Check operation	1 494 595☑
Operating Expenses Check operation if one part is correct	(500 010)☑
Packing Materials (11 550✓ – 2 500✓)	9 050✓
Salaries and Wages	330 000✓
Bad Debts(6 000✓ + 10 000✓)	16 000✓
Sundry Expenses	31 885✓
Depreciation (24 500✓☑ + 22 500✓✓ + 39 400✓✓ + 20 625✓) See 4.1	107 025☑
Loss on Sale of Asset See 4.1	4 500☑
Provision for Bad Debts Adjustment	1 550✓✓
Operating Profit Check operation	994 585☑
Interest expense	(15 000)✓✓
Net Profit for the year Check operation	979 585☑

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4.3 Trade and other Receivables (10)

Net Trade Debtors Check operation if one part is correct	275 870☑
Debtors Control (298 000✓ – 6 500✓✓– 10 000✓)	281 500✓
Provision for Bad Debts (4 080✓ + 1550✓)	(5 630)✓
Check operation	275 870☑

QUESTION 5 **(55 Marks, 33 Minutes)**

PARTNERSHIPS – ANALYSIS AND INTERPRETATION

5.1 Sunshine Stationers uses a mark up of 50% at all times.

5.5.1 Calculate the actual mark up percentage achieved for the 2016 financial year. (5)

$$\frac{2\,181\,120✓ - 1\,536\,000✓}{1\,536\,000✓} \times 100$$

$$\frac{645\,120}{1\,536\,000} \times 100$$

42%✓☑

5.5.2 Comment on the mark up achieved in 2016. Mention **TWO** actions the business can do take to ensure they achieve their desired mark up in the future. (6)

Comment

Sunshine Stationers did not achieve their desired mark up of 50% as they only got 42%✓✓

Actions

- Ensure accuracy when calculating the selling price✓✓
- Limit decrease in prices due to sales and in store specials✓✓
- Limit the amount of trade discount given to customers
- **Any logical answer**

5.2 Calculate the Net Profit for 2016. (6)

$$\frac{(1\,040\,000✓ + 1160\,000✓)}{2✓} \times 28\%✓$$

1 100 000 X 28%

= 308 000✓☑ Check operation if one part is correct

5.3 Should the partners be satisfied with the percentage return earned in 2016, compared to the 21.7% earned in 2015. Give **TWO** reasons for your answer. (5)

Yes✓

Return has increased from 21.7% to 28%✓✓

This is more than the 9% return that is being earned on alternative investments.✓✓

5.4 Is this business positively or negatively geared? Give a reason for your answer. (3)

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Positively✓
The return on partner's equity of 28% is higher than the interest on loans of 13%.✓✓

5.5 Calculate the missing amounts in the Balance Sheet labeled A - H. (24)

Number	Calculation	Amount
A	1 100 000 – 100 000	1 000 000✓✓
B	1 040 000✓ – 1 000 000☑ Operation if one part is correct See A	40 000✓☑
C	1 040 000 X 0.15 OR 1 359 500 – 1 040 000 – 163 500 OR 236 000 – 80 000	156 000✓✓
D	1 280 000 / 8	160 000✓✓
E	421 600✓ – 160 000☑ – 144 600✓ Operation if one part is correct See D	117 000☑✓
F	12 150 / 9 X 100	135 000✓✓
G	1 586 000 – 1 111 000 OR 190 000 X 2.5	475 000✓✓
H	190 000 X 1.2 = 228 000 Operation if one part is correct 475 000☑ – 228 000✓✓ See G	247 000✓☑

5.6 Comment on this businesses liquidity position for the year ended 29 February 2016. Identify and quote **TWO** financial indicators to support your answer. (6)

- This business is still liquid, although both the current ratio and acid test ratios have decreased since last year.✓✓
- Current ratio was 2.6 : 1 and decreased to 2.5: 1✓✓
- Acid Test Ratio was 1.6 : 1 and decreased to 1.2 : 1✓✓
- Stock turnover rate of 8 times is sufficient for a stationery shop.

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QUESTION 6 **(40 Marks, 24 Minutes)**

CLUBS - LEDGER

6.1.1 Why do many clubs sell refreshments to their members? Give **TWO** reasons. (4)

- To provide a place for club members to socialize.✓✓
- To raise additional income for the club.✓✓
- For members to purchase drinks while involved in club activities.
- **Any logical answer**

6.1.2 If each can of cold drink was sold for a constant price of R15 during the 2015 financial year, calculate how many cans were sold, (2)

269 010 / 15
= 17 934✓✓

6.1.3 Did Sharkie's Lifesaving Club receive or give a refreshments donation of R8 400? Give a reason for your answer. (3)

- Give✓
- Donations account was debited therefore it was an expense✓✓

6.1.4 Provide the contra account details for the entry of R137 700 on the debit side. (2)

Income and Expenditure✓✓

6.1.5 Give an explanation for the entry of R2 800 for membership fees on the debit side of the refreshments account. (2)

- Error✓✓
- Refreshments were given in lieu of membership fees

6.1.6 Explain the difference between the Stock of Refreshments on the debit side and on the credit side. (4)

DR Side	Refreshments on hand at the beginning of the year✓✓
CR Side	Refreshments on hand at the end of the year.✓✓

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6.2 **Membership Fees**

General Ledger of Nemo's Swimming Club (23)

N1 Membership Fees

Accrued Income✓	5 400✓	Deferred Income✓	14 400✓
Deferred Income✓	9 000✓	Bank✓	97 200✓
Bank✓	900✓	Honorarium✓	1 800✓
Donation✓	900✓	Accrued Income✓	12 600✓✓
Income & Expenditure✓ Check operation	111 600☑	Membership Fees Written Off✓	1 800✓✓
	127 800	☑ Operation if one part is correct	127 800

QUESTION 7 **(33 Marks, 20 Minutes)**

BANK RECONCILIATION

7.1 Give **TWO** reasons why it is important for Wings Flight School to prepare a Bank Reconciliation Statement monthly. (4)

- Important tool for internal control tool✓✓
- Identifies outstanding cheques and deposits;✓✓
- Identified errors and omissions;
- Detects fraud;
- Checks the bank account balance against the bank statement.

7.2 Calculate the correct totals / balances for the following at the end of July 2015:

7.2.1 Cash Receipts Journal (4)

20 420✓ + 15 900✓ + 8 500✓
= 44 820☑ Operation if one part is correct

7.2.2 Cash Payments Journal (6)

29 070✓ + 14 750✓ + 112✓ + 338✓ + 15 900✓
= 60 170☑ Operation if one part is correct

7.2.3 Bank Account in the General Ledger. (4)

44 820☑ – 5 600✓ – 60 170☑
= - 20 950☑ Operation if one part is correct

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7.3 Prepare the correct Bank Reconciliation Statement on 31 July 2015. (9)

Bank Reconciliation Statement on 31 July 2015			
		Debit	**Credit**
Debit Balance as per Bank Statement		30 900✓	
Credit outstanding deposit			45 000✓
			15 000✓
Debit outstanding cheques	No. 420	28 350✓	
	No. 422	5 800✓✓	
	No. 460	15 900✓	
Credit Balance as per Bank Account			20 950☑
Operation if one part is correct		80 950	☑ 80 950

7.4 Explain how Wings Flight School needs to treat post dated cheques that they receive. (6)

- Record in post dated cheque register✓✓
- Keep in a safe place✓✓
- Record in CRJ and deposit into Bank account when they fall due✓✓

TOTAL MARKS: 300

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