

**GRADE 11
ACCOUNTING****NOVEMBER 2007****NAME OF LEARNER:** _____**ANSWER BOOK**

| QUESTION | MAX. | FINAL MARKS |
|-----------------|-------------|--------------------|
| 1 | 35 | |
| 2 | 40 | |
| 3 | 60 | |
| 4 | 45 | |
| 5 | 45 | |
| 6 | 30 | |
| 7 | 45 | |
| | 300 | |

This answer book consists of 21 pages.

QUESTION 1

| | | | | | |
|------------|---|------------|------------|-----------------|---------------|
| 1.1 | Use the table provided to indicate with a cross (X) in which journal the following items would be entered: | | | | |
| | Item | CRJ | CPJ | No Entry | Amount |
| | Item 1 | | | X | R1 550 |
| | Item 2 | | | | R1 500 |
| | Item 3.1 | | | | R600 |
| | Item 3.2 | | | | ? |
| | Item 4 | | | | R7 250 |
| | Item 5 | | | | R3 245 |
| | Item 6 | | | | ? |
| | Item 7 | | | | R2 500 |
| | Item 8 | | | | R3 120 |
| | Item 9 | | | | R1 340 |
| Item 10 | | | | R5 700 | |

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| 1.2 | Bravo Traders | |
| | Bank Reconciliation Statement on 31 May 2007 | |
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1.3

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| 1.3.1 | Are bank clients in this country justified in complaining about bank charges? Briefly explain in your own words. | <table border="1"><tr><td> </td></tr><tr><td>3</td></tr></table> | | 3 |
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| 3 | | | | |
| 1.3.2 | If you were the manager of Safe Bank, how would you justify charging Bravo Traders fees of R3 120 in May? State THREE points. | <table border="1"><tr><td> </td></tr><tr><td>6</td></tr></table> | | 6 |
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| Marks |
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| 35 |

QUESTION 2

2.1

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| 2.1.1 | Calculate collections from debtors for December 2007. |
| 2.1.2 | Calculate payments to creditors for December 2007. |

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2.2 **See next page.**

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| 2.3 | The shop assistants feel that they are being treated unfairly by not getting a wage increase. State TWO points from the above-mentioned information to support their opinion. |
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| 2.4 | Would you grant Brenda Bronx a loan for R100 000? State TWO points you will consider in making your decision. |
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2.2

BRONX DEALERS
Cash Budget for November and December 2007

| CASH RECEIPTS | NOVEMBER | DECEMBER |
|------------------------------------|-----------------|-----------------|
| Cash sales | 17 550 | |
| Receipts from debtors | 52 650 | |
| Loan | 60 000 | |
| TOTAL RECEIPTS | 130 200 | |
| | | |
| CASH PAYMENTS | | |
| Payment to creditors | 36 100 | |
| Operating costs | | 5 500 |
| Equipment bought | | |
| Water and electricity | 2 000 | |
| Salaries | 9 500 | |
| Wages | | 10 000 |
| Loan repayment | | |
| Drawings | | 30 000 |
| TOTAL PAYMENTS | | |
| | | |
| CASH SURPLUS/DEFICIT | 47 100 | |
| CASH AT BEGINNING OF PERIOD | 23 500 | |
| CASH AT END OF PERIOD | 70 600 | |

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| Marks |
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QUESTION 3

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| 3.1 | Calculate the profit or loss on the disposal of the vehicle. |
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3.2 See next page.

3.3

| Current accounts | Fly | Fish |
|--|-----|----------|
| Net profit as per Income Statement | | 150 528 |
| Salaries | | 144 000 |
| Interest on capital | | 26 250 |
| Primary distribution of profit | | 170 250 |
| Final distribution of profit | | (19 722) |
| Drawings for the year | | (2 000) |
| Balance on the last day of the previous year | | 30 200 |
| Balance on the last day of the current year | | 178 728 |

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**3.2 S FLY AND G FISH TRADING AS FLY-FISH STORE
INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2007**

| | | |
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| Sales | | |
| Cost of sales | | |
| Gross profit | | |
| Other operating income | | |
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| Operating expenses | | |
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| Operating profit/loss | | |
| Interest income | | |
| | | |
| Interest expense | | |
| Net profit/loss for the year | | |

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| Marks |
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QUESTION 4

4.1

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|-------|--|---------------------------|
| 4.1.1 | Calculate the percentage net profit on sales for 2007. | <input type="text"/> 3 |
| 4.1.2 | Calculate the current capital ratio for 2007. | <input type="text"/> 3 |
| 4.1.3 | Calculate the debt/equity ratio for 2007. | <input type="text"/> 3 |
| 4.1.4 | Calculate the percentage return earned by Nkosi on his average equity. | <input type="text"/> 4 |

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| 4.2 | Use the acid-test ratio to calculate the amount of trading stock on hand on 28 February 2007. | <input type="text"/> 4 |
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| 4.3 | Should the partners be satisfied with the control of the operating expenses? Briefly explain. Quote ratios, percentages or figures to support your answer. |
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| 4.4 | Comment on the liquidity position of the business on 28 February 2007. Quote ratios, percentages or figures to support your comment. State THREE points in your answer. |
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| 4.5 | Zama feels that Nkosi's drawings are unreasonable. Quote figures to support his opinion. How does this affect the business? |
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| 4.6 | Comment on the percentage returns earned by the business and the partners. Quote ratios, percentages or figures to support your answer. State THREE points in your answer. |
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| 4.7 | 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. |
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QUESTION 5

5.1

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| 5.1.1 | Calculate the amount for raw materials issued for production in 2007. |
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| 5.1.2 | | | | | | | | | |
|-----------------------------|---|---------|-----|--------|--|--|--|--|--|
| Finished Goods Stock | | | | | | | | | |
| 2006 Mar. | 1 | Balance | b/d | 34 000 | | | | | |
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| 5.1.3 | | | | | | | | | |
| Factory Overhead Cost | | | | | | | | | |
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| 5.1.4 | | | | | | | | | |
| Work-in-Process Stock | | | | | | | | | |
| 2006 Mar. | 1 | Balance | b/d | 46 820 | | | | | |
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5.2

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| 5.2.1 (a) (b) | Calculate the total rand amount for direct labour cost. Calculate the factory overhead cost per unit. | <input type="text"/> <input type="text" value="4"/> |
| 5.2.2 | How many candles must Carol make in order to break even (in other words to earn no profit or loss)? | <input type="text"/> <input type="text" value="6"/> |
| 5.2.3 | Discuss TWO factors that Carol should consider before deciding to change suppliers. | <input type="text"/> <input type="text" value="4"/> |

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| Marks |
| <input type="text"/> |
| 45 |

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QUESTION 6

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| 6.1 | Provide the missing details in the account represented by: (a) (b) (c) |
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| 6.2 | Explain the entry of R4 000. |
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6.3

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| 6.3.1 | Calculate the number of members who had not settled their 2006 fees in 2006. |
| 6.3.2 | Calculate the number of members who were removed from the club register in 2007 for not paying their outstanding fees. |
| 6.3.3 | Calculate the number of members in the club on 31 December 2007. |

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| 6.4 | Provide the missing figures in the account represented by: (d) (e) |
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6.5

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| 6.5.1 | State TWO points to support the chairperson's opinion, quoting appropriate figures. |
| 6.5.2 | Make TWO suggestions to solve the problem. |

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| Marks |
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| 30 |

QUESTION 7

7.1

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| 7.1.1 | Calculate the selling price of the shower gel, excluding VAT. |
| 7.1.2 | Calculate the amount of VAT that the business has to charge on this item. |
| 7.1.3 | Calculate the amount that will be reflected on the price tag for this article when it is displayed in the shop. |

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7.2

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| 7.2.1 | Give TWO examples of zero-rated items. |
| 7.2.2 | Explain why items mentioned in QUESTION 7.2.1 are zero-rated. |
| 7.2.3 | Calculate the total VAT that was included in the sales amount for the year. |

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7.3

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| 7.3.1 | Give a brief explanation of the nature of your job as internal auditor. |
| 7.3.2 | Briefly explain TWO problems that could occur in a business regarding VAT. |

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7.4

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| 7.4.1 | Briefly explain ONE major difference between the perpetual and periodic inventory systems. |
| 7.4.2 (a) | Calculate the cost of sales for the fruit and vegetable department. |
| (b) | Calculate the gross profit (or gross loss) earned by the department. |
| (c) | Calculate the amount refunded to unhappy customers. |

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7.4.3 The managing director of the business has approached you for advice. In your opinion, should he close down this department? Discuss TWO points to support your opinion.

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| Marks |
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| 45 |

TOTAL: 300