

JUNE EXAM ANSWER BOOK

PAPER 2

QUESTION 1 VAT (24 marks; 20 minutes)

1.1 State whether each of the statements are **TRUE** or **FALSE**. (5)

(a)	
(b)	
(c)	
(d)	
(e)	

1.2 Complete the table below by filling in the missing figures. (5)

	VAT EXCLUSIVE	VAT	VAT INCLUSIVE
1.2.1	R6 500	*	*
1.2.2	*		R14 260
1.2.3	*	R3 690	*

1.3 Calculate the amount of VAT owing to/owed by SARS (8)

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1.4	<p>The owner has instructed the staff not to ring up cash sales on the cash register but rather just put the money straight in the till and if necessary give change. The bookkeeper is not happy with this arrangement at all.</p> <p>In your opinion, why do you think the owner has given this instruction? Discuss two possibilities.</p> <ul style="list-style-type: none">• • <p>In your opinion, why do you think the bookkeeper is not happy with the situation? Discuss two possibilities.</p> <ul style="list-style-type: none">• •	(6)
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QUESTION 2: RECONCILIATION (45 marks; 35 minutes)

2.1.1	<p>Calculate the correct Cash Receipts and Cash Payments totals for the month of March 20.9</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <tr> <td style="width: 50%; padding: 5px;">CASH RECEIPTS JOURNAL</td> <td style="width: 50%; padding: 5px;">CASH PAYMENTS JOURNAL</td> </tr> <tr> <td style="text-align: center; padding: 5px;">125 000</td> <td style="text-align: center; padding: 5px;">78 000</td> </tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td></tr> </table>	CASH RECEIPTS JOURNAL	CASH PAYMENTS JOURNAL	125 000	78 000																	(6)										
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2.1.2	<p>Calculate the bank account balance on 31 March 20.9.</p>	(5)																														
2.1.3	<p>Prepare the bank reconciliation statement on 31 March 20.9 Bank reconciliation statement on 31 March 20.9</p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <tr><td style="width: 40%; height: 20px;"></td><td style="width: 30%;"></td><td style="width: 30%;"></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td></tr> </table>																															(6)
2.1.4	<p>Refer to the deposit of R13 500: Which GAAP principle informs the bookkeeper as to whether to make an entry or not?</p> <p style="margin-top: 20px;">Explain why an entry had to be made.</p>	<p>(1)</p> <p style="margin-top: 20px;">(2)</p>																														

QUESTION 2.2

2.2.1	<p>Calculate the correct balance in the creditor's ledger account of Archie Bros.</p> <p>7 350</p>	(8)												
2.2.2	<p>Prepare the Creditors reconciliation statement on 31 March 20.9</p> <table border="1" data-bbox="304 629 1121 965"> <tr> <td>Balance as per statement</td> <td style="text-align: right;">18 600</td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </table>	Balance as per statement	18 600											(5)
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2.3.1	<p>Identify two debtors that are problems. Quote figures to support your answer.</p> <ul style="list-style-type: none"> • • 	(4)												
2.3.2	<p>Explain why the debtors' collection period is acceptable but there are problem debtors. Quote figures to support your answer.</p>	(4)												
2.3.3	<p>What advice can you give Fred to improve his cash flow problem? Discuss two possible measures.</p> <ul style="list-style-type: none"> • • 	(4)												

QUESTION 3 FIXED ASSETS (46 marks; 35 minutes)

COLUMN A	COLUMN B
1	
2	
3	
4	
5	

3.1	GENERAL LEDGER OF ROVER STORES	(13)																																													
	ASSET DISPOSAL																																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">June</th> <th style="width: 10%;">30</th> <th style="width: 20%;"></th> <th style="width: 20%;"></th> <th style="width: 10%;"></th> <th style="width: 10%;">June</th> <th style="width: 10%;">30</th> <th style="width: 20%;"></th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr> <td> </td><td> </td><td> </td><td style="border-bottom: 3px double black;"> </td><td> </td><td> </td><td> </td><td style="border-bottom: 3px double black;"> </td><td> </td></tr> </tbody> </table>	June	30				June	30																																							
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3.2	<p>CALCULATION OF DEPRECIATION: (18)</p> <p>VEHICLE:</p> <p>EQUIPMENT:</p> <p>OLD: R28 500</p> <p>CALCULATION OF DEPRECIATION RATE:</p>																																														

3.3

FIXED ASSET NOTE TO THE FINANCIAL STATEMENT ON 31 MARCH 20.9 (10)

	VEHICLES	EQUIPMENT
Book value 1 April 20.8	480 000	*
Cost	720 000	390 000
Accumulated depreciation	*	(200 000)
MOVEMENTS		
Additions	280 000	80 000
Disposals	*	0
Depreciation	*	*
Book value 31 March 20.9	*	*
Cost	840 000	*
Accumulated depreciation	*	*

QUESTION 4 RATIO AND ANALYSIS (35 marks; 30 minutes)

4.1	<p>Calculate the following for Zebra Stores for 20.9:</p> <p>Debtors collection period</p> <p>Creditors payment period</p> <p>Stock turnover rate</p>	<p>(5)</p> <p>(4)</p> <p>(4)</p>
4.2	<p>Tom is of the opinion that Lion Stores has a better liquidity situation as their current and acid test ratios are higher. You do not agree. Explain using your answers from 4.1 to support your answer.</p>	<p>(9)</p>

4.3	<p>Which business has a better profitability position? Quote at least 3 figures/indicators from both businesses to support your answer.</p> <ul style="list-style-type: none">• • •	(7)
4.4	<p>Which business is making better use of the owner's capital investment in the business? Explain by quoting two financial indicators/figures from the table below.</p>	(6)