

**JUNE PAPER 1  
ANSWER BOOK  
QUESTION 1 ANALYSIS AND PARTNERSHIP LEDGER (30 marks; 24 minutes)**

1.1 Analyse the transactions under the following headings by filling in a +; - or 0. (6)

NO	AMOUNT	A	OE	L	
1.1.1	<b>R50 000</b>				
1.1.2	<b>R350</b>				
1.1.3	<b>R15 000</b>				
1.1.4	<b>R20 000</b>				
1.1.5	<b>R10 000</b>				
	<b>R6 000</b>				

1.2 **GENERAL LEDGER OF RAYMAND AND SONS  
FINAL ACCOUNTS SECTION  
APPROPRIATION ACCOUNT (16)**

						<b>800 750</b>

**BALANCE SHEET SECTION  
CURRENT ACCOUNT: RAY (8)**


1.3 Calculate the % return earned by Ray on his average investment in the business. (8)

**QUESTION 2 STATEMENT OF COMPREHENSIVE INCOME AND NOTES TO THE FINANCIAL STATEMENTS**

(50 marks: 40 minutes)

**STATEMENT OF COMPREHENSIVE INCOME OF MPGI TRADERS FOR THE YEAR ENDED 28 FEBRUARY 20.9 (37)**

Sales <b>4 499 912 – 50 000</b>	
Cost of sales <b>2 600 000</b>	
<b>GROSS PROFIT</b>	
Other operating income	
Fee Income	<b>880 000</b>
<b>GROSS INCOME</b>	
<b>OPERATING EXPENSES</b>	
Lease of equipment <b>78 000</b>	
Insurance <b>112 000</b>	
Bank charges	<b>42 000</b>
Discount allowed	<b>550</b>
Salaries and wages	<b>960 000</b>
Employer's contributions	<b>38 400</b>
Electricity	<b>120 000</b>
Bad debts <b>5 800</b>	
Depreciation	<b>42 000</b>
Printing and stationery	<b>6 400</b>
Consumables stores <b>24 000</b>	
Rent <b>242 100</b>	
Sundry expenses	*
<b>OPERATING PROFIT</b>	
Interest Income	*
Profit before interest expense	
Interest expense	<b>(132 000)</b>
<b>NET PROFIT</b>	<b>859 840</b>

**TRADE AND OTHER RECEIVABLES**

**(13)**

<b>NET DEBTORS</b>	
Debtors control <b>156 000</b>	
Provision for bad debts <b>7 000</b>	
<b>DO NOT TOTAL</b>	

**QUESTION 3 STATEMENT OF FINANCIAL POSITION AND NOTES (40 marks; 32 minutes)**

**3.1 STATEMENT OF FINANCIAL POSITION OF BHEKI & SONS AS AT 28 FEBRUARY 20.9 (26)**

<b>NON-CURRENT ASSETS</b>	
Fixed assets	
Financial assets	
<b>CURRENT ASSETS</b>	<b>412 500</b>
Inventory	
Trade and other receivables	
Cash and cash equivalent	
<b>TOTAL ASSETS</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>PARTNERS' EQUITY</b>	
Capital	<b>2 000 000</b>
Current account	
<b>NON-CURRENT LIABILITIES</b>	
Loan <b>1 100 000</b>	
<b>CURRENT LIABILITIES</b>	
Trade and other payables	
<b>TOTAL EQUITY AND LIABILITIES</b>	

**3.2 TRADE AND OTHER PAYABLES****(9)**

Creditors control	?

3.3	<b>The owner is very pleased with the improvement in the liquidity ratios from 20.8 to 20.9. You do not agree. Explain why quoting figures to support your answer. Discuss two possible reasons.</b>	(5)
-----	--	-----

**QUESTION 4 RATIO AND ANALYSIS (22 marks: 20 minutes)**

4.1	<p><b>The owner changed the mark-up policy of the business during the year.</b> <b>Explain the decision and the effect on the sales of the business</b></p> <p><b>The effect on the final net profit of the business</b></p>	<p>(3)</p> <p>(3)</p>
4.2	<p><b>The owners increased the loan during the year. Was this a viable business decision? Calculate and quote TWO financial indicators to support your answer.</b></p> <p><b>RATIO 1</b></p> <p><b>RATIO 2</b></p> <p><b>Comment:</b></p>	<p>(4)</p> <p>(6)</p> <p>(6)</p>