



# education

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Department:  
Education  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**ACCOUNTING  
EXEMPLAR 2007**

**MARKS: 300**

**TIME: 3 hours**

**This question paper consists of 20 pages and a 24-page answer book.**



**INSTRUCTIONS AND INFORMATION**

1. You are provided with a question paper and an answer book.
2. The paper comprises SEVEN compulsory questions. Answer ALL these questions.
3. Use the formats provided in order to reflect your answers.
4. Workings must be shown in order to achieve part-marks.
5. You must attempt to comply with the suggested time allocations.
6. Non-programmable calculators may be used.
7. You may use a dark pencil or blue/black ink to answer the questions.

**GRADE 11  
ACCOUNTING  
EXEMPLAR 2007**

<b>QUESTION 1: 40 marks; 25 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Cash budget	LO2 Managerial accounting <ul style="list-style-type: none"> <li>▪ AS3 Prepare and present a cash budget</li> </ul> LO3 Managing resources <ul style="list-style-type: none"> <li>▪ AS4 Identify &amp; analyse ethical behaviour</li> </ul>

<b>QUESTION 2: 45 marks; 25 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Manufacturing	LO2 Managerial accounting <ul style="list-style-type: none"> <li>▪ AS2 Apply costing in manufacturing environment and record in ledger</li> <li>▪ AS2 Unit costs &amp; break-even</li> </ul>

<b>QUESTION 3: 40 marks; 25 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Partnership financial statements	LO1 Financial information <ul style="list-style-type: none"> <li>▪ AS5 Financial statements – partnerships</li> </ul>

<b>QUESTION 4: 40 marks; 25 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Fixed assets & internal audit	LO3 Managing resources <ul style="list-style-type: none"> <li>▪ AS3 Depreciation, acquisition &amp; disposal of assets</li> <li>▪ AS5 Identify &amp; analyse ethical behaviour</li> <li>▪ AS6 Internal audit/control processes</li> </ul> LO1 Financial information <ul style="list-style-type: none"> <li>▪ AS5 Note to financial statements</li> </ul>

<b>QUESTION 5: 50 marks; 30 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Partnership analysis & interpretation	LO1 Financial information <ul style="list-style-type: none"> <li>▪ AS5 Analysis and interpretation of financial statements of partnerships</li> </ul> LO3 Managing resources <ul style="list-style-type: none"> <li>▪ AS5 Identify &amp; analyse ethical behaviour</li> </ul>

<b>QUESTION 6: 50 marks; 30 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Stock systems & VAT	LO3 Managing resources <ul style="list-style-type: none"> <li>▪ AS4 Periodic inventory system</li> <li>▪ AS6 Internal audit/control processes</li> </ul> LO1 Financial information <ul style="list-style-type: none"> <li>▪ AS2 Selected ledger accounts</li> <li>▪ AS7 Perform VAT calculations</li> </ul>

<b>QUESTION 7: 35 marks; 20 minutes</b>	
<b>The topic of the question is:</b>	<b>The learning outcomes covered are:</b>
Club fees & bank reconciliation	LO1 Financial information <ul style="list-style-type: none"> <li>▪ AS2 Unique information of a club</li> <li>▪ AS4 Bank reconciliation</li> <li>▪ AS6 Internal audit control processes</li> </ul>

**QUESTION 1** **CASH BUDGET** **(40 marks: 25 minutes)**

You are provided with information of Jaycee Supermarket, a business owned by Johnny Christofides.

Johnny is worried about his poor cash flow situation at the end of September. In order to rectify the situation, Johnny plans to prepare a Cash Budget and to increase his mark-up percentage.

**REQUIRED:**

- 1.1 Prepare the Debtors' Collection Schedule for October and November 2007. ALL calculations must be rounded off to the nearest rand. (7)
- 1.2 Complete the Cash Budget for October and November 2007. Johnny has completed some of the October figures for you. ALL calculations must be rounded off to the nearest rand. (19)
- 1.3 At the end of November the total sales for October and November are R380 000. Should Johnny be satisfied with this? Explain, and state TWO factors that Johnny should consider in assessing this figure. Quote figures/financial indicators to support your answer. (5)
- 1.4 The employees feel that the remuneration policy of this business is unfair, that is, they are not satisfied with their earnings. Do you agree with them? Provide figures from the question to determine whether their opinion is valid or not. State TWO reasons to support your answer. (5)
- 1.5 Name TWO strategies that Johnny could consider in December to improve his cash flow. Give a reason for each strategy. (4)

**INFORMATION:**

1. Johnny currently uses a mark-up of approximately 52% on cost, but he plans to increase this to 75% from 1 October 2007.
2. Extracts from the ledger for the past year ended 30 September 2007:

Sales	R 2 332 800	(distributed evenly over the year)
Cost of sales	1 536 000	
Trading stock	324 000	
Loan from A1 Lenders	90 000	(interest rate 14% p.a.)
Bank overdraft	28 000	

3. Cash sales comprise 20% of all sales. Johnny predicts total sales and cost of sales to be the following:

	<b>October</b>	<b>November</b>
Total sales	R210 000	R245 000
Cost of sales	R120 000	R140 000
Mark-up %	75%	75%

4. Debtors are expected to settle their accounts as follows:
- 50% in the month following the sales transaction month (that is, within 30 days). These debtors are entitled to 5% cash discount for prompt settlement.
  - 44% in the second month following the sales transaction month (that is, within 60 days).
  - 6% will be written off as bad debts.
5. Purchase of trading stock:
- Trading stock is kept at a constant level. (Purchases replace sales in the same month.)
  - All purchases of merchandise are for cash.
6. Loan from A1 Lenders:  
The short-term loan was originally received on 30 September 2007. This is to be repaid in equal instalments over 24 months on the last day of each month. Interest at 14% p.a. is also paid on the last day of each month.
7. On 1 November 2007, the salary of the shop manager will increase by 12%, while the wages of the six shop assistants will increase by R120 each.

**QUESTION 2      MANUFACTURING ACCOUNTS      (45 marks; 25 minutes)**

2.1 You are provided with the following information for Buggy's Bag Manufacturers for the year ended 28 February 2007. This is an after-hours part-time business for Buggy.

**REQUIRED:**

Study the information provided and answer the questions which follow.

**INFORMATION:**

1. Buggy produced and sold 1 500 bags during the year.
2. No stocks were on hand at the beginning or end of the financial period.
3. His costs for the year are shown below. He regards certain costs as fixed and others as variable.

<b>Cost:</b>	<b>Amount:</b>	<b>Cost category:</b>
Administration cost	R 10 000	Fixed
Direct material cost	34 500	Variable
Direct labour cost	28 500	Variable
Factory overhead cost	23 100	Fixed
Selling & distribution cost	12 300	Variable
<b>Total costs</b>	<b>R108 400</b>	
<b>Sales</b>	<b>R153 000</b>	
<b>Net profit</b>	<b>R44 600</b>	

**QUESTIONS:**

- 2.1.1 Calculate the following:
- Direct materials cost per unit
  - Variable costs per unit
  - Selling price per bag
- (7)
- 2.1.2 How many bags must Buggy make in order to break even (that is, to earn no profit or suffer a loss)?
- (6)

- 2.2 You are provided with information relating to Thabo's T-shirt Manufacturers. The information given below was extracted from the accounting records on 28 February 2007, the end of the financial year.

**REQUIRED:**

Answer the following questions: Balance/Close off ALL accounts on 28 February 2007.

- 2.2.1 Prepare the Raw Materials Stock Account in the ledger. (8)
- 2.2.2 Calculate factory overhead cost for the year. (8)
- 2.2.3 Prepare the Work-in-process Stock Account in the ledger. (10)
- 2.2.4 Calculate the finished goods stock on hand at the end of the year. (6)

<b>Balances on 1 March:</b>	<b>2006</b>	<b>2007</b>
Raw materials stock	R 24 000	R 16 500
Work-in-process stock	17 800	23 400
Finished goods stock	22 500	?
Indirect factory materials stock	1 200	1 500

**Summary of transactions for the year ended 28 February 2007:**

Sales	R 974 204
Raw materials bought on credit	266 000
Raw materials bought for cash	103 000
Wages of direct labourers	110 600
Salaries & wages – factory indirect workers	122 000
Salary of bookkeeper/receptionist	35 200
Motor vehicle expenses (all vehicles are used by salesmen)	36 000
Water and electricity (to be apportioned between the factory and the office in the ratio 4:1)	26 200
Indirect factory materials bought on credit during the year	18 000
Sundry factory expenses	43 100

**Additional information:**

- Finished T-shirts were sold at a mark-up of 40% on cost of production.
- Sundry factory expenses of R1 300 have been prepaid at the year-end.



**QUESTION 3      FINANCIAL STATEMENTS      (40 marks; 25 minutes)**

You are provided with information relating to Tultim Traders. The business is a partnership owned by Thulani Themba and Tim Taylor.

**REQUIRED:**

- 3.1 Complete the note to the Balance Sheet for the Current Accounts on 28 February 2007. A total column is not required. Tim's figures have been entered for you. (13)
- 3.2 Prepare the Balance Sheet on 28 February 2007. Where notes are not required, show your workings in brackets on the face of the Balance Sheet. (27)

**INFORMATION:**

1. **Figures identified from the Trial Balance on 28 February 2007:**

Capital: Thulani	400 000
Capital: Tim	400 000
Current account: Thulani (1 March 2007)	Debit 22 000
Current account: Tim (1 March 2007)	Credit 15 000
Drawings: Thulani	?
Drawings: Tim	?
Mortgage loan: Gauteng Mortgages	?
Fixed assets – book value	1 020 000
Fixed deposits at Bildco	110 000
Bank overdraft	46 000
Cash float	5 000
Inventories	?
Trade & other receivables	?
Creditors' control	172 000
SARS (PAYE)	20 000

**2. Information concerning partners' earnings and drawings:**

- Tim earns a partner's salary of R12 000 per month, while Thulani earns 25% more than Tim.
- Interest on capital is 9% p.a. Note that Thulani had increased his capital by R100 000 on 1 December 2006 (this has been recorded).
- Remaining profits are shared between Thulani and Tim in the ratio 3:2 respectively. The remaining profit earned by Tim after all adjustments and after the internal audit was calculated to be R240 000.
- Tim withdrew 75% of his earnings for the 2007 financial year.
- Thulani has a personal cash flow problem. In consultation with Tim, he withdrew as much as possible, leaving a positive balance of R50 000 in his current account at the end of the year.

**3. Additional information:**

- Information from loan statements for the year ended 28 February 2007:
  - Balance on 1 March 2006: R360 000
  - Interest charged by Gauteng Mortgages: R45 600
  - Monthly payments to Gauteng Mortgages: R5 300 per month
  - During the next 12 months, the capital amount of the mortgage loan will decrease by R22 000
- There are two fixed deposits at Bildco:
  - A fixed deposit for R80 000 matures on 30 June 2009
  - A fixed deposit for R30 000 matures on 30 June 2008
- On 28 February 2007, the current ratio is 1,8:1 and the acid-test ratio is 0,7:1.

**QUESTION 4      FIXED ASSETS & INTERNAL AUDIT      (40 marks; 25 minutes)****4.1      RECORDING AND REPORTING OF FIXED ASSETS**

You are provided with information relating to Maduna & Son Traders.

**REQUIRED:**

- 4.1.1 Calculate depreciation on vehicles for the year ended 28 February 2007. (7)
- 4.1.2 Prepare the Asset Disposal Account on 31 December 2006. (9)
- 4.1.3 Complete the note to the Balance Sheet for fixed assets on 28 February 2007. A total column is not required. Some of the figures have already been entered for you. (13)

**INFORMATION:**

- Depreciation on vehicles is calculated at 20% p.a. on the straight-line method. Depreciation on equipment for the year amounts to R11 400.
- The following balances appeared in the ledger on 1 March 2006:
  - Vehicles, at cost R880 000
  - Accumulated depreciation on vehicles, R250 000
  - Equipment, at cost R336 000
  - Accumulated depreciation on equipment, R257 000
- Bought new equipment on credit for R105 000 on 1 November 2006.
- Paid Urban Technics the following on 28 February 2007:
  - R8 000 for installing a sound system in a vehicle
  - R3 000 for repairing the air-conditioning system in the vehicle
- Traded in a vehicle at Pretoria Motors on 31 December 2006. The trade-in value offered by Pretoria Motors was R32 000, while the cost of the new vehicle was R180 000. The balance of R148 000 due to Pretoria Motors will be paid over the next 6 months.

Details of the old vehicle traded in were obtained from the Fixed Assets Register:

<b>FIXED ASSETS REGISTER</b>	
<b>Vehicle:</b> Toyota Corolla	<b>Model:</b> 2003
<b>Date bought:</b> 1 May 2003	<b>Date sold:</b> 31 Dec. 2006
<b>Cost price:</b> R144 000	
<b>Depreciation written off:</b>	
28 Feb. 2004	R24 000
28 Feb. 2005	R28 800
28 Feb. 2006	<u>R28 800</u>
	R81 600
31 Dec. 2006	?

## 4.2 INTERNAL CONTROL AND INTERNAL AUDIT OF FIXED ASSETS

You are provided with an extract of a newspaper article. The names and details have been altered as the case has not yet been finalised.

### REQUIRED:

Read the article and then answer the questions which follow:

<p><b>ASSETS OF BROTHERS ON FRAUD CHARGES FROZEN</b>  <i>Based on an article by Tania Broughton, Independent Newspapers, 7 Nov. 2006.</i></p> <p>Houses, a holiday home, cars and cash belonging to two brothers accused of fraud involving more than R3,6 million were ‘preserved’ by a Durban High Court judge on Friday, pending the outcome of criminal proceedings against them.</p> <p>Should John Jones* and his brother, James Jones*, be found guilty of the charges, an application will be made to have their assets forfeited to the state.</p> <p>According to legal papers before Judge Braam Schreuder*, the two brothers were employed as managers by Grimebusters*, a curtain and carpet cleaning business. They have both since resigned.</p> <p>Wilfred Moolman*, the head of the Asset Forfeiture Unit, said as a result of a police investigation, the pair had been arrested in July and charged with fraud, alternatively theft. They intended to plead not guilty.</p>	<p>He said the investigation revealed that while employed at Grimebusters* they had formed a curtain and carpet cleaning business trading as JJ Cleaners*.</p> <p>‘They allocated Grimebusters* staff, equipment and stock to conduct curtain and carpet cleaning services for various customers of JJ Cleaners*.</p> <p>‘They then created invoices containing the name and banking details of JJ Cleaners* and payments were made into that account,’ he said.</p> <p>He alleged that as a result of this, R3 627 000 had been paid into the account of their own business, which has caused loss to Grimebusters*.</p> <p>According to the court order, which was made by consent, the brothers had to surrender cash of R877 000 which is being held in trust by a lawyer, a house in Durban, a flat in Margate, a house in Pinetown, four vehicles and three trailers.</p> <p style="text-align: right;">* Names altered.</p>
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### QUESTIONS:

- 4.2.1 Briefly describe the crime of which the two brothers are accused. (3)
- 4.2.2 In your opinion, is it right that the personal assets of the brothers be confiscated if they are found guilty? Briefly explain. (2)
- 4.2.3 If you were appointed as internal auditor of Grimebusters, what procedures or checks would you establish in the business to prevent this type of crime from occurring in future? Name THREE points. (6)

**QUESTION 5      INTERPRETATION OF INFORMATION      (50 marks; 30 minutes)**

You are provided with information relating to Imphala Electronics. The business is owned by two partners, Ian Impey and Peter Phala.

**REQUIRED:**

Study the information and answer the questions which follow. In support of your answers you must quote figures and/or the actual financial indicators (ratios/percentages) where appropriate.

**INFORMATION:**

The following information was extracted from the ledger on 28 February 2007:

<b>CAPITAL: PHALA</b>					
		2007			
		Mar. 1	Balance	b/d	900 000
		Aug. 31	Bank		800 000
					<b>1 700 000</b>

  

<b>CURRENT ACCOUNT: PHALA</b>					
2007	Drawings:		2006		
Feb. 28	Phala	77 000	Mar. 1	Balance	b/d 40 000
	Balance	c/d 90 000	2007	Feb. 28	Salary: Phala 70 000
					Interest on capital 48 000
					Appropriation account 9 000
		167 000			167 000
			2007		
			Mar. 1	Balance	b/d 90 000

The following figures were extracted from the Balance Sheet on 28 February 2007:

	<b>2007</b>	<b>2006</b>
Fixed assets	3 052 000	2 270 000
Investments	150 000	180 000
Current assets	850 000	720 000
<b>TOTAL ASSETS</b>	<b>4 052 000</b>	<b>3 170 000</b>
Owners' equity	2 732 000	2 330 000
Non-current liabilities (14% p.a.)	1 000 000	600 000
Current liabilities	320 000	240 000
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>4 052 000</b>	<b>3 170 000</b>

Amounts obtained from the financial statements:

	<b>2007</b>	<b>2006</b>
Sales (40% on credit)	3 100 000	4 200 000
Cost of sales	1 820 000	2 640 000
Operating profit	365 800	600 600
Net profit	269 000	520 000
Capital – Impey	1 000 000	1 400 000
Capital – Phala	1 700 000	900 000
Current Account – Impey	(58 000)	(10 000)
Current Account – Phala	90 000	40 000
Trading stock	180 000	440 000
Trade debtors	410 000	230 000
Trade creditors	245 000	184 000

Financial indicators calculated from the financial statements:

	<b>2007</b>	<b>2006</b>
Operating profit as a % of sales	11,8%	14,3%
Net profit as a % of sales	8,6%	12,2%
Current ratio	2,6:1	3,0:1
Acid-test ratio	2,1:1	1,2:1
Stock turnover rate	5,9	7,0
Debtors' average collection period	?	54 days
Creditors average payment period	23 days	25 days
Solvency ratio	?	3,4:1
Debt/Equity ratio	?	0,26:1
Return on total capital employed	10,1%	11,2%
% return on average equity	12,9%	17,1%
% return earned by Impey	14,7%	16,6%
% return earned by Phala	?	17,3%

**QUESTIONS:****5.1 Solvency:**

- 5.1.1 Calculate the ratio of total assets to total liabilities for 2007. (3)
- 5.1.2 Comment on this ratio. Is this business likely to experience a solvency problem? Briefly explain. (3)

**5.2 Gearing and profitability:**

- 5.2.1 Calculate the debt/equity ratio for 2007. (3)
- 5.2.2 Phala is not happy with the debt/equity ratio and feels that it is negatively affecting the performance of the business. State TWO points to support her opinion. (6)

**5.3 Returns and equity:**

- 5.3.1 Calculate Phala's % return on average equity. (5)
- 5.3.2 Phala is of the opinion that her return is unsatisfactory and that Impey is taking advantage of his senior position in the partnership. State THREE points to support Phala's opinion. (9)

**5.4 Liquidity:**

- 5.4.1 Calculate the debtors average collection period for 2007. (5)
- 5.4.2 The customers are complaining that the business seldom stocks the models or styles that they would like to buy. Which figures and financial indicators provide proof of this problem? Briefly explain. State TWO points. (4)
- 5.4.3 The partners disagree about the liquidity situation.
- Impey is not worried about the liquidity situation for the immediate future.
  - Phala feels that there are danger signs for the long-term sustainability of the business as far as liquidity and cash flow are concerned.
- State TWO points to support Impey's opinion and TWO points to support Phala's opinion. (12)

**QUESTION 6 STOCK SYSTEMS, CONTROL AND VAT (50 marks; 30 minutes)****6.1 PERPETUAL (CONTINUOUS) INVENTORY SYSTEM**

You are provided with information relating to Jaykay Jackets, a retail shop owned by Jerry Kay. He uses the perpetual (continuous) inventory system. He is concerned that there has been shoplifting (theft of stock) in his business.

**INFORMATION:**

**LEDGER OF JAYKAY JACKETS  
TRADING STOCK**

2007 May	1	Balance	b/d	72 000	2007 May	31	Creditors control	CAJ	3 600
	31	Creditors control	CJ	216 000			Cost of sales	CRJ	(a)
		Cost of sales	DAJ	4 320			Drawings	GJ	(b)
							Trading stock deficit	GJ	(c)
							Balance	c/d	?
				292 320					292 320
2007 May	1	Balance	b/d	?					

**ADDITIONAL INFORMATION:**

1. Jerry sells one type of jacket at a mark-up of 75% on cost. The cost price of each jacket is R360.
2. There were 200 jackets on hand at the beginning of the month.
3. Bought 600 jackets on credit during May.
4. Sold jackets for cash. Cash slips issued to customers totalled R422 100.
5. Returns of jackets were as follows:
  - Received credit notes totalling R3 600 for defective jackets returned to the manufacturer.
  - Issued credit notes for R7 560 to credit customers. They returned 12 jackets, as incorrect sizes had been sold to them.
6. The owner took 8 jackets from stock for his family.
7. A stock count on 31 May revealed that 113 jackets were on hand at the end of the month.

**REQUIRED:**

- 6.1.1 Refer to the Ledger Account above. Identify the missing figures reflected by (a), (b) and (c). (7)
- 6.1.3 Does Jerry have a shoplifting or stock theft problem in his business? If so, how many jackets have gone missing? (3)



**6.2 PERIODIC INVENTORY SYSTEM**

You are provided with information relating to Mary's Mugs, a retail shop owned by Mary Mbhele. She uses the periodic inventory system. She is also concerned that there has been shoplifting.

**REQUIRED:**

- 6.2.1 Draw up a Trading Account for the month of July 2007. (16)
- 6.2.2 Calculate the actual mark-up % on cost achieved for the month. (4)
- 6.2.3 Does this calculation provide evidence that there is a shoplifting problem? If so, how serious is this problem? Quote figures or percentages to support your answer. (3)
- 6.2.4 Mary has been told that it will be much better for her business to convert to the perpetual inventory system. Do you agree? Briefly explain. (3)

**INFORMATION:**

1. Mary sells different types of coffee mugs. She aims at a mark-up of 50% on cost, but she does give trade discounts to special customers.
2. Stock on hand at the beginning of the month, R120 000.
3. Totals of source documents for the month:
  - Invoices received from manufacturers of mugs, R141 000.
  - Credit notes received for defective mugs returned to suppliers, R7 500.
4. Paid Sky Couriers R3 500 for transporting mugs from overseas. Also paid customs duty of R4 800 on these mugs.
5. Mary donated mugs to a local orphanage. The selling price of these mugs was reflected as R9 600 on the price tags.
6. All sales of mugs were for cash, R232 000. This was after granting trade discounts of R8 000 to special customers.
7. Stock on hand at the end of the month was valued at cost price, R95 400.

**6.3 VAT**

You are provided with information relating to Jopa General Dealers.  
The business is owned by John Paulse and is registered as a VAT vendor.

**REQUIRED:**

- 6.3.1 What is meant by *input VAT* and *output VAT* and how does this affect the payment made to SARS by a business? (2)
- 6.3.2 Refer to the invoice below. Calculate the following:
- (a) The amount of output VAT included in the R516,07
  - (b) The net selling price per packet of Powa breakfast cereal excluding output VAT (2)
  - (c) The cost of Powa breakfast cereal per packet excluding input (2)
  - (d) VAT (2)
  - (e) The profit per packet of Powa breakfast cereal earned by the (2)
  - (f) business (2)
- The amount of input VAT per packet of Powa breakfast cereal (2)
- The amount of output VAT per packet of Powa breakfast cereal (2)

**INFORMATION:**

- Jopa General Dealers uses a secret cost code of 'JOHNPAULSE' where J=1. Input VAT is excluded when working out the cost code on each product.
- The following invoice is presented to you:

<b>JOPA GENERAL DEALERS</b>				Invoice: 7051
<b>Debit: Holly's Bed &amp; Breakfast</b>				23 June 2007
PO Box 1234, Newlands				
	<b>COST CODE</b>	<b>VAT RATE</b>	<b>UNIT PRICE</b>	<b>TOTAL</b>
8 loaves brown bread	N,NP	0%	5,30	42,40
12 litres fresh milk	H,LU	0%	4,56	54,72
15 packets Powa breakfast cereal (1 kg)	JA,NL	14%	27,93	418,95
<b>TOTAL</b>				<b>R 516,07</b>
Signed: <i>H Holly</i>				

**QUESTION 7 CLUB FEES & BANK RECONCILIATION (35 marks; 20 minutes)****7.1 MEMBERSHIP FEES**

You are provided with information relating to Ixopo Soccer Club.

**REQUIRED:**

Study the information and answer the questions which follow.

**INFORMATION:**

1. The membership fees are R1 200 per year per member. The club had 51 members at the end of the 2005 financial year.
2. Members who do not settle their 2005 fees during the 2006 financial year are written off and expelled from the club.
3. The following appeared in the Membership Fees Account for the year ended 31 December 2006:

Income accrued (receivable) on 1 Jan. 2006	R 17 400
Income accrued (receivable) on 31 Dec. 2006	3 600
Income received in advance (deferred income) on 1 Jan. 2006	2 400
Income received in advance (deferred income) on 31 Dec. 2006	10 800
Membership fees written off during 2006	4 800
Membership fees received and banked during 2006	96 600
Refunds to two members who retired from soccer on 30 Sept. due to injuries – they were each refunded one-third of their fees	800
Error: Sponsorship received for overseas tour for the first team, incorrectly credited to Membership Fees Account	200 000

**QUESTIONS:**

- 7.1.1 How many members owe fees to the club at the end of the year? (2)
- 7.1.2 How many members were expelled from the club during 2006 as a result of unpaid fees? (2)
- 7.1.3 What figure should appear in the 2006 Receipts & Payments Statement for membership fees? (2)
- 7.1.4 What figure should appear in the 2006 Income & Expenditure Statement for membership fees? (4)
- 7.1.5 How many members were registered in the club on 31 December 2006? (3)

- 7.1.6 The club president was very happy with the progress of the club at the end of 2006. Consider the figures provided in the question and state TWO points to support his opinion. Quote the figures in your answer. (4)

## 7.2 BANK RECONCILIATION

The following information relates to Ixopo Soccer Club. The Treasurer has fallen ill and has not completed the Bank Reconciliation Statement for the past two months. He has, however, completed the Cash Receipts Journal (CRJ) and Cash Payments Journal (CPJ).

### REQUIRED:

- 7.2.1 Calculate the bank balance on 1 July 2007. (4)
- 7.2.2 Prepare and balance the bank account in the ledger for July 2007. (8)
- 7.2.3 Prepare the Bank Reconciliation Statement on 31 July 2007 on the format provided. Cheques need not be itemised. (6)

### INFORMATION:

1. On 31 May 2007 the bank account in the ledger reflected a balance of R22 500. This was identical to the balance on the bank statement.

2. **Cheques recorded in the CPJ during June 2007:** **17 500**
- |                                      |        |
|--------------------------------------|--------|
| Recorded on bank statement in June   | 13 500 |
| Recorded on bank statement in July   | 3 650  |
| Recorded on bank statement in August | 350    |

3. **Cheques recorded in the CPJ during July 2007:** **47 500**
- |                                      |        |
|--------------------------------------|--------|
| Recorded on bank statement in July   | 43 730 |
| Recorded on bank statement in August | 3 770  |

4. **Deposits recorded in the CRJ in June 2007:** **30 000**
- |                                    |        |
|------------------------------------|--------|
| Recorded on bank statement in June | 27 400 |
| Recorded on bank statement in July | 2 600  |

5. **Deposits recorded in the CRJ in July 2007:** **40 000**
- |                                      |        |
|--------------------------------------|--------|
| Recorded on bank statement in July   | 36 800 |
| Recorded on bank statement in August | 3 200  |

**6. Entries on the bank statement not recorded in the journals:**

	<b>June</b>	<b>July</b>
Direct deposit made by a sponsor	-	615
Bank charges	65	90
Direct deposit made by a member	400	400
Dishonoured cheque from a member	-	280
Debit order for insurance	175	175

**35****TOTAL: 300**