

GENERAL COMMENTS**QUESTION 1 CLOSE CORPORATION**

This question was answered reasonably well. Responses ranged from good to excellent
The candidates were unable to

- ✘ make the entry for reduction of member's contribution.
- ✘ retain income as a calculation, but instead preferred entries in the ledger account.

QUESTION 2 BANK RECONCILIATION STATEMENTS

Although this question seemed easy, most candidates could not calculate the new bank account balance without preparing the bank account. Otherwise, this was the best-answered question.

QUESTION 3 PARTNERSHIPS

This question was well attempted by the candidates. However, the following need to be addressed:

3.1 INCOME STATEMENT

- ✘ Candidates forgot to calculate the net sales.
- ✘ Candidates could not differentiate between other income and interest income.
- ✘ The asset, instead of the expense, was written in. For example, "Equipment" instead of "Depreciation".
- ✘ Some candidates ignored the adjustments and wrote only the amount in the trial balance.

3.2 APPROPRIATION ACCOUNT

- ✘ This account was poorly answered. Candidates did not know what entries to make for this account.
- ✘ Candidates could not calculate the share of the profit according to the balances of their capital on 28 February 2007.

3.3 CALCULATION OF PARTNER DAWIE'S CURRENT ACCOUNT

- ✘ Most candidates were unable to use the profit share from the ledger account.
- ✘ Brackets for drawings were omitted and therefore became a wrong calculation.

3.4 Most candidates ignored this question.

QUESTION 4 CLUBS**4.1 – 4.2 LEDGER ACCOUNTS**

The ledger account in this question was well answered. However, the following need to be addressed:

MEMBERSHIP FEES ACCOUNT

- ✍ Some candidates were not able to calculate the amount accrued at the end of financial year (higher-order level thinking and calculation required).
- ✍ Accrued income and income received in advanced at beginning of year were on the wrong sides.

REFRESHMENTS ACCOUNT

- ✍ Some candidates could not differentiate between sales and purchases.
- ✍ Some did not know which entries to make for cash purchases and cash sales.

4.3 CALCULATION OF PROFIT AND LOSS ON SALE OF OLD VEHICLE

- ✍ Candidates were unable to calculate the profit and loss in the vertical format.
- ✍ Brackets were not correctly placed.

4.4 ADVICE ON HOW TO MAKE MEMBERSHIP FEES AFFORDABLE

- ✍ These Standard Grade candidates were clearly not used to answering this type of higher-order question.

QUESTION 5 CASH BUDGET

This question was answered poorly because of 5.3 (higher-order thinking required). These Standard Grade candidates were not used to this type of question.

- 5.1 Very poorly answered. Most candidates could not calculate the **PAYMENTS FOR CREDITORS**. They clearly did not expect the creditor's payments schedule!
- 5.2 Candidates still do not know the difference between a cash item and a non-cash item.
- 5.3 Most candidates preferred not to attempt this question. Those that did struggled with this higher-order question.

QUESTION 6 BALANCE SHEET

Some candidates did not attempt this question because of the longer Question 3 and the higher-order Question 5.

6.1 BALANCE SHEET AND NOTES

The candidates, who attempted this question, scored well. The following need to be addressed:

6.2 NOTES

FIXED ASSETS

- ✍ Required brackets omitted.
- ✍ Candidates were not able to calculate the carrying value at the end of current year.

INVENTORIES

- ✍ Candidates were not sure how to handle trading stock surplus – higher-order thinking required.
- ✍ Consumable stores on hand were wrongly calculated.

TRADE AND OTHER RECEIVABLES

- ✍ This note was answered reasonably well, except for the following:

Some candidates forgot to subtract the provision for bad debts.

Some could not determine whether prepaid expenses, accrued income and income received in advance were an asset or a liability.

ORDINARY SHARE CAPITAL

✍ Candidates were unable to calculate the shares on closing date.

TRADE AND OTHER PAYABLES

✍ Candidates had difficulty calculating the SARS income tax amount.

✍ Some forgot about the amount owed to the shareholders at end of current year.

NUMBER OF SHARES

Candidates were unable to calculate this amount from the note on ordinary share capital.