



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

JUNE 2016

**ACCOUNTING
ANSWER BOOK**

QUESTION	MAX MARKS	MARKS OBTAINED	MODERATED MARKS
1	45		
2	35		
3	60		
4	45		
5	65		
6	50		
	300		

This answer book consists of 14 pages.



QUESTION 1: RECONCILIATIONS**1.1 BANK RECONCILIATION**

1.1.1 Calculation of the Bank Account balance

FAVOURABLE / UNFAVOURABLE :

8

1.1.2 Provide a reason why cheque No. 882 should not appear as an outstanding cheque. Also state how this transaction must be corrected.

REASON:

RECORDING:

4

1.1.3 Cheque No. 1234 is post-dated. How must this cheque be treated at the end of the financial year?

4

1.1.4 List the accounting entries that must be made to take this transaction into account.

Provide ONE control measure to prevent such incidents in future.

2

2

1.2

CREDITORS RECONCILIATION ON 30 APRIL 2016	
Balance as per statement	

9

1.3.1

Explain why the balance on the Debtors' Control account in the general ledger should equal to the total of the Debtors' List.

2

1.3.2

CORRECTION TO DEBTORS LIST	
M. Goode (7 535	
E. Better (9 620	
N. Nice (6 880	

10

1.3.3

Explain why you would be concerned about the management of debtors. Quote figures in your answer.

4

Q1	45	
-----------	-----------	--

QUESTION 2: INVENTORY VALUATION**2.1 CONCEPTS**

2.1.1	
2.1.2	
2.1.3	
2.1.4	

4

2.2.1 Calculate the value of the closing stock of tennis balls

--

8

Calculate the cost of sales of tennis balls

--

3

Calculate the stock holding period (in days)

--

4

2.2.2 Comment on whether the stock holding period is appropriate or not.

--

2

2.2.3

Calculate the value of the closing stock of Nexus rackets

10

Calculate the gross profit on Olympus rackets

4

Q2	35	
----	----	--

QUESTION 3: CONCEPTS, AUDIT REPORT AND INCOME STATEMENT**3.1 CONCEPTS**

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2.1 Explain the role of the independent auditor.

--

2

3.2.2 Did Gunuz Ltd receive an unqualified, qualified or a disclaimer audit report? Explain your choice.

--

2

3.2.3 The external auditor was not willing to do this. Briefly explain why she feels this way.

--

2

Provide TWO consequences for the auditor if she agreed to this request.

--

4

**3.3 BHEEM LTD
INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2016**

Sales	
Cost of sales	
Gross profit	
Other income	
Gross income	
Operating expenses	
Operating profit	
Profit before interest expense	
Net profit before income tax	
Net profit after income tax	

46

Q3	60	
-----------	-----------	--

QUESTION 4: COMPANIES – CONCEPTS AND BALANCE SHEET**4.1 CONCEPTS**

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

4.2.1 ORDINARY SHARE CAPITAL

650 000	Ordinary shares on 1 May 2015	3 992 500

7

RETAINED INCOME

Balance (1 May 2015)	222 900
Balance (30 April 2016)	

10

4.2.2 BALANCE SHEET AS AT 30 APRIL 2016

NON CURRENT ASSETS	
•	
•	
CURRENT ASSETS	
•	
•	
•	
•	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS EQUITY	
•	
•	
NON-CURRENT LIABILITIES	
CURRENT LIABILITIES	
•	
•	
•	
TOTAL EQUITY AND LIABILITIES	

23

Q4	45	
-----------	-----------	--

QUESTION 5: CASH FLOW STATEMENT AND INTERPRETATION

5.1 CONCEPTS

5.1.1			
5.1.2			
5.1.3			
5.1.4			

4

5.2.1 CASH GENERATED FROM OPERATIONS

Net profit before tax		456 000
Adjustments for :		
Cash effects of changes in working capital		
CASH GENERATED FROM OPERATIONS		

10

5.2.2 Income tax paid

Income tax paid	
Dividends paid	
Fixed assets sold at carrying value	

4

3

6

5.2.3

CASH EFFECTS OF FINANCING ACTIVITIES	

9

5.2.4

Calculate the debt equity ratio	<table border="1"><tr><td> </td></tr><tr><td>4</td></tr></table>		4
4			
Net asset value per share	<table border="1"><tr><td> </td></tr><tr><td>3</td></tr></table>		3
3			
Return on shareholders' equity	<table border="1"><tr><td> </td></tr><tr><td>6</td></tr></table>		6
6			

5.2.5

Quote and explain THREE financial indicators (with figures) that suggest that the liquidity of the business has generally improved.	<table border="1"><tr><td> </td></tr><tr><td>6</td></tr></table>		6
6			

- 5.2.6 Should the shareholders be satisfied with their returns and earnings? Explain. Quote TWO financial indicators (with figures) in your answer.

5

- 5.2.7 Were the directors justified in acquiring the additional loan? Explain. Make reference to TWO financial indicators (with figures).

5

Q5	65	
----	----	--

QUESTION 6: VAT AND FIXED ASSETS

6.1 TRUE AND FALSE.

6.1.1	
6.1.2	
6.1.3	

3

6.2 VAT CALCULATION

6.2.1 Calculate the amount that is either due to SARS or receivable from SARS for the two-month period ended 30 April 2016.

RECEIVABLE / PAYABLE :

12

6.2.2 What advice would you offer Joe regarding this proposal? Explain.

ADVICE:

REASON

3

6.3.1

**GENERAL LEDGER OF CHUMLEE STORES
ASSET DISPOSAL ACCOUNT**

10

6.3.2

	WORKINGS	ANSWER
(a)		
(b)		
(c)		
(d)		

18

6.3.3

Provide TWO possible reasons why the business decided to dispose of the old office equipment.

4

Q6	50	
----	----	--

TOTAL: 300

