



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

JUNE 2018

**ACCOUNTING
ANSWER BOOK**

| QUESTION | MAX MARKS | MARKS OBTAINED | MODERATED MARKS |
|----------|-----------|----------------|-----------------|
| 1 | 50 | | |
| 2 | 25 | | |
| 3 | 70 | | |
| 4 | 70 | | |
| 5 | 55 | | |
| 6 | 30 | | |
| | 300 | | |

This answer book consists of 13 pages.



QUESTION 1: INVENTORY VALUATION**1.1 CONCEPTS**

| | |
|-------|--|
| 1.1.1 | |
| 1.1.2 | |
| 1.1.3 | |
| 1.1.4 | |

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1.2.1 Calculate the following for schoolbags on 30 April 2018:

- The value of the closing stock

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| 8 |

- Cost of sales:

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1.2.2 Calculate the following for stationery cases on 30 April 2018:

- The number of units missing

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| 7 |

- The value of the closing stock

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1.2.3 Suggest TWO internal control measures that the business can use to reduce the incidence of missing stock.

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1.2.4 Refer to information C:
The business decided to sell computer bags from 1 February 2018.

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| <p>(i) Calculate the value of the closing stock using the specific identification method.</p> | <table border="1"><tr><td> </td></tr><tr><td>7</td></tr></table> | | 7 |
| | | | |
| 7 | | | |
| <p>(ii) Was the idea of introducing the computer bags successful or not? Explain. Quote figures.</p> | <table border="1"><tr><td> </td></tr><tr><td>5</td></tr></table> | | 5 |
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| 5 | | | |

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| Q1 | 50 | |
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QUESTION 2: RECONCILIATIONS

2.1 TRUE or FALSE

| | |
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| 2.1.1 | |
| 2.1.2 | |
| 2.1.3 | |
| 2.1.4 | |

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2.2 CREDITORS' RECONCILIATION

| | | CHANGES TO THE CREDITORS' LEDGER | CHANGES TO THE STATEMENT BALANCE |
|--|----------------|----------------------------------|----------------------------------|
| | BALANCE | 11 570 | 8 300 |
| | (a) | | |
| | (b) | | |
| | (c) | | |
| | (d) | | |
| | (e) | | |
| | (f) | | |
| | (g) | | |
| | | | |

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2.3 AGE ANALYSIS

| PROBLEM (WITH EVIDENCE) | SUGGESTION |
|-------------------------|------------|
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| Q2 | 25 | |
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3.2.2 INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL 2018

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

45

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|-----------|-----------|--|
| Q3 | 70 | |
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QUESTION 4: BALANCE SHEET AND AUDIT REPORT

4.1.1 ORDINARY SHARE CAPITAL

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4.1.2 RETAINED INCOME

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4.1.3 TRADE AND OTHER PAYABLES

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4.2 BALANCE SHEET AS AT 28 FEBRUARY 2018

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|-------------------------------------|--------|
| NON-CURRENT ASSETS | |
| • Fixed assets (carrying value) | |
| | |
| | |
| CURRENT ASSETS | |
| • Inventories | |
| | |
| | |
| | |
| TOTAL ASSETS | |
| | |
| EQUITY AND LIABILITIES | |
| SHAREHOLDERS EQUITY | |
| • Ordinary share capital | |
| | |
| | |
| NON-CURRENT LIABILITIES | |
| | |
| | |
| CURRENT LIABILITIES | |
| Trade and other payables | |
| Bank overdraft | 57 480 |
| TOTAL EQUITY AND LIABILITIES | |

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| 25 |
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4.3 AUDIT REPORT

4.3.1 Briefly explain the role of an independent auditor.

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4.3.2 What type of audit did the company receive? Explain.

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4.3.3 Briefly explain why the independent auditor was not willing to follow the request of the CEO. Give ONE point.

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Provide TWO possible consequences for the auditor if he agrees to this request.

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| Q4 | 70 | |
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QUESTION 5: CASH FLOW STATEMENT AND INTERPRETATION

5.1 MATCHING

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| 5.1.1 | |
| 5.1.2 | |
| 5.1.3 | |
| 5.1.4 | |

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5.2.1 Calculate only the missing figures indicated by (a) to (e) in the Cash Flow Statement on 31 December 2017.

| | WORKINGS | ANSWER |
|-----|---|--------|
| (a) | Dividends paid | |
| (b) | Proceeds on sale of fixed assets | |
| (c) | Fixed assets purchased | |
| (d) | Net change in cash and cash equivalents | |
| (e) | Cash equivalents – end of year | |

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| 19 |
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5.2.2 Calculate the % operating expenses on sales on 31 December 2017.

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| <p>Calculate the solvency ratio on 31 December 2017.</p> |
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Calculate the debt/equity ratio on 31 December 2017.

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5.2.3 Comment on the operating efficiency of the company for the year ended 31 December 2017. Quote TWO financial indicators (with figures) to support your comments.

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5.2.4 Should the shareholders be happy with their returns and dividends for the year ended 31 December 2017? Explain. Quote THREE financial indicators (with figures) to support your comments.

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5.2.5 The CEO feels that it would be a good idea to increase the loans next year. Quote TWO financial indicators (actual ratios or percentages) to support his opinion.

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| Q5 | 55 | |
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QUESTION 6: VAT AND PROBLEM-SOLVING

6.1

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| 6.1.1 | |
| 6.1.2 | |
| 6.1.3 | |
| 6.1.4 | |

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6.2 PLEASURE PATIOS

6.2.1

Calculate the amount payable to/receivable from the tax office for VAT on 30 April 2018. Indicate receivable or payable.

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6.2.2

Provide TWO benefits of doing taxes through e-filing.

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| 2 |

Give ONE point of advice to Phillip.

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| 1 |

6.3 PROBLEM-SOLVING

6.3.1

Identify **ONE** problem in Shop 1 and **ONE** problem in Shop 2. Quote figures. In **EACH** case, give **ONE** point of advice.

| PROBLEM | SOLUTION |
|---------|----------|
| SHOP 1: | |
| SHOP 2: | |

6

6.3.2

Explain **TWO** good decisions that Veli has made in respect of Shop 3. Quote figures.

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| Q6 | 30 | |
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TOTAL: 300

