



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

JUNE 2017

**ACCOUNTING
ANSWER BOOK**

QUESTION	MAX MARKS	MARKS OBTAINED	MODERATED MARKS
1	45		
2	35		
3	55		
4	55		
5	65		
6	45		
	300		



This answer book consists of 13 pages.

QUESTION 1 RECONCILIATIONS

1.1 TRUE OR FALSE

1.1.1	
1.1.2	
1.1.3	
1.1.4	

4

1.2 BANK RECONCILIATION

1.2.1

ENTRIES FOR THE CRJ			ENTRIES FOR THE CPJ		
DETAILS OF SUNDRY		AMOUNT	DETAILS OF SUNDRY		AMOUNT
Total	b/f	31 790	Total	b/f	22 500

14

1.2.2 BANK RECONCILIATION STATEMENT ON 31 MARCH 2017

9

1.2.3 As the internal auditor, why would you be concerned about the manner in which Siba performs her duties? Provide TWO points.

4

1.2.4 Provide a solution for the concerns you identified.

2

1.3 CREDITORS RECONCILIATION

	CHANGES TO THE CREDITORS LEDGER	CHANGES TO THE STATEMENT BALANCE
BALANCE	16 200	22 980
A		
B		
C		
D		
E		

12

Q1	45	
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QUESTION 2 INVENTORY VALUATION

2.1 Calculate the value of the closing stock of Samsun cameras for the six months ended 31 March 2017.

7

2.2 Calculate the percentage gross profit earned on Nokin cameras.

6

2.3 Calculate the value of the closing stock of leather bags for the six months ended 31 March 2017.

7

2.4 Comment on the stock holding period of leather bags. Quote figures.

4

2.5 Tim wants to increase the sales of bags. What advice would you offer him? Provide ONE point.

2

2.6 MANAGEMENT OF INVENTORIES

2.6.1 What decision did Erna take regarding the selling price of the printers?

2

How has this decision affected the business? State TWO points.

4

2.6.2 Was it a good idea for Erna to change to a cheaper supplier of fax machines?

YES/NO:

Explain ONE point.

3

Q2	35	
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QUESTION 3: CONCEPTS AND INCOME STATEMENT

3.1 CONCEPTS

3.1.1	
3.1.2	
3.1.3	
3.1.4	

4

3.2 INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2017

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

51

Q3	55	
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QUESTION 4 BALANCE SHEET AND NOTES

4.1 CONCEPTS

4.1.1		
4.1.2		
4.1.3		
4.1.4		

4

4.2.1 ORDINARY SHARE CAPITAL

11

RETAINED INCOME

16

4.2.2 BALANCE SHEET AS AT 28 FEBRUARY 2017

NON CURRENT ASSETS	
•	
•	
CURRENT ASSETS	
•	
•	
•	
•	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
SHAREHOLDERS EQUITY	
• Ordinary share capital	
• Retained income	
NON-CURRENT LIABILITIES	
•	
CURRENT LIABILITIES	
•	
•	
•	
•	
•	
TOTAL EQUITY AND LIABILITIES	

24

Q4	55	
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QUESTION 5 CASH FLOW STATEMENT AND INTERPRETATION AND AUDIT REPORTS

5.1.1 CASH GENERATED FROM OPERATIONS

Net profit before tax		995 800
Adjustments for:		
Cash effects of changes in working capital		
CASH GENERATED FROM OPERATIONS		

11

5.1.2 Income tax paid

Income tax paid

4

Dividends paid

Dividends paid

4

5.1.3 EXTRACT OF THE CASH FLOW STATEMENT

INVESTING ACTIVITIES	
FINANCING ACTIVITIES	
NET CHANGE IN CASH AND CASH EQUIVALENT	
Cash and cash equivalents (opening balance	
Cash and cash equivalents (closing balance)	

22

5.2 FOXX LTD AND WOLFE LTD

5.2.1 Identify the company that is managing its working capital more effectively. Refer to TWO financial indicators of both companies to support your choice of company.

Company:

5

5.2.2 Comment on the dividend pay-out policy of each company. Explain the policy used and quote figures for each.

4

5.2.3 **Comment on the decisions regarding the use of loans for each company. Make reference to TWO financial indicators for each company.**

6

5.2.4 **Explain how prospective investors would react to the share price of each company. Quote figures to support your answer.**

4

5.2.5 **AUDIT REPORT**

- **State the type of report received by each company.**

FOXX:

WOLFE:

2

- **Explain how the reports above will affect his decision concerning which company to invest his money.**

3

Q5	65	
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QUESTION 6 FIXED ASSETS AND VAT**6.1 FIXED ASSETS**

6.1.1 Explain how the asset register will assist the internal auditor in the course of him performing his duties.

2

6.1.2

**GENERAL LEDGER OF ELIJAH TRADERS
ASSET DISPOSAL ACCOUNT**

11

6.1.3

	WORKINGS	ANSWER
(i)		
(ii)		
(iii)		
(iv)		
(v)		

18

6.2 VAT

6.2.1

	VAT CONTROL	
	DEBIT	CREDIT
Total due to SARS		
Total sales		
Total purchases		
Bad debts		
Discount received		
Returns to suppliers		
Discount allowed		

RECEIVABLE OR PAYABLE TO SARS:

11

6.2.2

M. Booï suggested to Marties that she will supply certain trading goods for cash only and that she will not provide any documentation. Should Marties accept this offer? Explain.

3

Q6	45	
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TOTAL: 300

