



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2015

**ACCOUNTING
ANSWER BOOK**

QUESTION	MAX MARKS	MARKS OBTAINED	MODERATED MARKS
1	45		
2	40		
3	70		
4	60		
5	50		
6	35		
	300		



This answer book consists of 17 pages.

QUESTION 1: COST ACCOUNTING

1.1

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

5

1.2 1.2.1 **FACTORY OVERHEAD COST**

11

1.2.2 **PRODUCTION COST STATEMENT – 28 FEBRUARY 2015**

Cost of production of finished goods	

16

1.3 Naidoo's Toy Shop

1.3.1

Confirm that the break-even point for 2015 is correct by doing a calculation.

4

1.3.2

Explain whether Naidoo should be concerned about the break-even point for 2015. Quote relevant figures in your explanation.

3

1.3.3

Provide ONE reason each for the change in the direct material cost per unit and the direct labour cost per unit.

Direct material cost	
Direct labour cost	

4

1.3.4

Provide a suitable reason for the decrease in the break-even point from 2014 to 2015.

2

Q1: TOTAL MARKS	45	
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QUESTION 2: BUDGETING

- 2.1 List TWO items on the Projected Income Statement provided, that would not appear on a cash budget.

2

- 2.2

A	Gross profit		<table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table>		2
2					
B	Cost of sales		<table border="1"><tr><td> </td></tr><tr><td>4</td></tr></table>		4
4					
C	Advertising		<table border="1"><tr><td> </td></tr><tr><td>4</td></tr></table>		4
4					
D	Salaries		<table border="1"><tr><td> </td></tr><tr><td>2</td></tr></table>		2
2					
E	Net Profit after tax		<table border="1"><tr><td> </td></tr><tr><td>4</td></tr></table>		4
4					

2.3

2.3.1 The percentage increase in wages that the cleaners will receive in December 2015.

4

2.3.2 The monthly salary due to the sales manager in December 2015.

4

2.3.3 The total credit sales expected in December 2015.

3

2.3.4 The loan balance on 1 November 2015.

3

2.4

Refer to the actual figures for Depreciation and Trading stock deficit for October 2015. In each case, provide a reason for the difference with the budgeted figures.

Depreciation	
Trading stock deficit	

2

2.5

Refer to the actual figures for October 2015.

Comment on any two expenses that were not well controlled by the business. In each case, quote the relevant figures and give ONE suggestion on how this expense can be more effectively managed.

EXPENSE	COMMENT (with figures)	SUGGESTION

6

Q2: TOTAL MARKS	40	
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QUESTION 3: COMPANIES – FINANCIAL STATEMENTS

3.1

MATCHING ITEMS	
3.1.1	
3.1.2	
3.1.3	
3.1.4	
3.1.5	

5

3.2 **FINANCIAL STATEMENTS: NOTES**

(a) FIXED ASSETS

	BUILDING	VEHICLES	EQUIPMENT
Cost (1/3/2014)			375 500
Accumulated Depreciation (1/3/2014)		(450 000)	(141 500)
CARRYING VALUE (1/3/2014)			
MOVEMENTS:			
Additions		-	
Disposals			
Depreciation		(103 125)	
CARRYING VALUE (28/2/2015)	2 500 000		
Cost (28/2/2015)	2 500 000	562 500	400 300
Accumulated depreciation (28/2/2015)			(189 540)

15

(b) ORDINARY SHARE CAPITAL

10

(c) RETAINED INCOME

Balance (1 March 2014)		
Balance (28 February 2015)		12

(d) TRADE AND OTHER PAYABLES

		8

3.2.2 Calculate the net asset value per share (NAV) after the re-purchase of shares.

	5
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3.2.3 (a) As an existing shareholder, what factors/indicators would you assess in determining whether R7,20 per share is an acceptable issue price? Explain.

4

(b) V. Slink owns 52% of the issued share capital. Calculate the minimum number of shares she must purchase in order to retain her position as the major shareholder.

4

(c) V. Slink has suggested that, as a major shareholder, she should be given the first option to purchase the additional shares before they are advertised to the public. What should the directors do?

3

3.2.4 Do buying back shares have any benefit for the company? Explain. Provide TWO points.

4

Q3: TOTAL MARKS	70	
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QUESTION 4: CASH FLOW AND INTERPRETATION

4.1 4.1.1 Dividends paid:

5

4.1.2 Income tax paid:

4

4.1.3 Fixed assets purchased:

5

4.1.4 Total investing activities:

4

4.1.5 Net change in cash and cash equivalents:

4

4.2 4.2.1 Stock holding period

4

4.2.2 Debtors average collection period

6

4.2.3 Debt/equity ratio

3

4.3 Comment on the management of stock (trading inventory). Quote TWO relevant financial indicators (with figures) in your answer.

6

4.4 Is the management of debtors and creditors effective? Explain. Quote relevant financial indicators and/or figures in your answer.

6

4.5

4.5.1 **Comment on the earnings per share (EPS), the dividends per share (DPS) and the return on shareholders' equity (ROSHE) for both companies.**

6

4.5.2 **Comment on the financial gearing of both companies. Explain which company is making more use of loans and state whether it is a good idea or not, for that company to do so.**

4

4.5.3 **Refer to the market value of the shares and the net asset value per share. What advice would you offer John Cann about investing in either company?**

3

Q4: TOTAL MARKS	60	
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QUESTION 5: VAT AND RECONCILIATIONS

VAT

5.1

5.1.1	
5.1.2	(a)
	(b)
5.1.3	

4

5.2

5.2.1 Calculate the total credit sales for the period (excluding VAT).

2

5.2.2 Taking into account the errors and omissions, calculate the amount that is either payable to or receivable to SARS for VAT.

11

5.2.3 The internal auditor, through a random check, discovered that the owner, Joe, does not pay the full amount due to SARS on due dates. On enquiry, Joe stated that he spends the money on the business. What advice would you offer Joe concerning this practice?

3

5.3 CREDITORS RECONCILIATION:

NO.	CREDITORS LEDGER ACCOUNT	STATEMENT
BALANCE	5 350	12 540
i		
ii		
iii		
iv		
v		

9

5.4 DEBTORS RECONCILIATION

5.4.1 Give TWO steps that the bookkeeper must follow when he/she discovers a difference between the Debtors Control Account and the Debtors List.

2

5.4.2 Calculate the correct balance of the Debtors Control Account and the Debtors List by completing the table provided.

DEBTORS CONTROL ACCOUNT: Insert amounts only on the appropriate side.

	DEBIT	CREDIT
i		
ii		
iii		
iv		
v		

5

DEBTORS LIST: Show the adjustment amount next to each debtor. Final balance is not necessary.

M. Mouse	4 510
D. Duck	3 270
K. Chicken	940
F. Fox	2 260

6

5.4.3 (a) Explain why you would be concerned about the management of debtors in this business. Quote relevant figures in your answer.

4

(b) Provide TWO internal control measures that the business can use to improve the collection of money from debtors.

4

Q5: TOTAL MARKS	50	
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QUESTION 6: STOCK VALUATION AND PROBLEM SOLVING

6.1 Calculate the value of the closing stock using the first-in-first-out (FIFO) method of stock valuation.

10

6.2 Calculate the cost of sales of the laptops sold.

6

6.3 How would a change in policy impact on the financial reporting of the business? Give ONE point.

2

6.4 Taking into account the technology market, what advice can you offer Max regarding his marketing strategy and his pricing policy? Provide TWO points.

4

6.5 PROBLEM SOLVING

6.5.1 Identify a different problem (with relevant figures) in each of the branches.

BRANCH	PROBLEM ✓ ✓ ✓ (WITH FIGURES ✓ ✓ ✓)
MENLYN	
MOORTON	
VINCENT	

6

6.5.2 Identify ONE branch that Siddie should consider closing down. Provide a valid reason for your choice.

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3

6.5.3 Give Siddie with ONE suggestion to address the problem identified in QUESTION 6.5.1 for each of the other branches.

BRANCH	INTERNAL CONTROL MEASURE

4

Q6: TOTAL MARKS	35	
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TOTAL: 300