



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2016

**ACCOUNTING
ANSWER BOOK**

QUESTION	MAXIMUM MARKS	MARKS OBTAINED	MODERATED MARKS
1	45		
2	40		
3	70		
4	70		
5	40		
6	35		
	300		



This answer book consists of 15 pages.

QUESTION 1: COST ACCOUNTING

- 1.1 Match the terms in COLUMN A with an appropriate example/explanation from COLUMN B. Write only the letter (A–E) next to the numbers (1.1.1–1.1.5).

1.1.1	
1.1.2	
1.1.3	
1.1.4	
1.1.5	

5

- 1.2 **SIDDHI BASKET INC.**

- 1.2.1 **Factory Overhead Cost**

Foreman's salary	198 000
Depreciation on factory plant and equipment	86 560
Rent expense	
Water and electricity	
Insurance	
Sundry expenses	

9

Production Cost Statement on 29 February 2016

Prime cost	
Total manufacturing cost	
Total cost of production of finished goods	

14

1.3 KUNAL'S SECURITY GATES

1.3.1 Calculate the break-even point.

6

1.3.2 Compare and comment on the break-even point and the level of production achieved over the last two years. Quote figures.

6

1.3.3 Provide TWO reasons for the increase in direct material cost and suggest ONE way in which Kunal can control this cost.

TWO REASONS:

ONE SUGGESTION:

5

Q1: TOTAL MARKS	45	
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QUESTION 2: RECONCILIATIONS

2.1 TRUE OR FALSE:

2.1.1	
2.1.2	
2.1.3	

3

2.2 Bank Reconciliation

2.2.1 Calculate the correct bank account balance as per the General Ledger on 31 July 2016.

11 743

9

2.2.2 BANK RECONCILIATION STATEMENT ON 31 JULY 2016

10

2.2.3 Provide ONE reason why the internal auditor expressed concern about Lucky's job description.

2

2.2.4 Explain to Lucky why it was necessary to prepare a bank reconciliation statement each month. Provide TWO points.

4

2.3 Creditor's Reconciliation

2.3.1

NO.	CREDITOR'S LEDGER ACCOUNT BALANCE	STATEMENT BALANCE
Balance	87 320	95 400
(i)		
(ii)		
(iii)		
(iv)		
(v)		
(vi)		
(vii)		
TOTAL		

12

2.3.2

As an internal auditor, what advice you offer the owner regarding the purchase of goods through the business accounts? Make reference to a GAAP principle in your explanation.

3

Q2: TOTAL MARKS	40	
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QUESTION 3: FIXED ASSETS AND COMPANIES – FINANCIAL STATEMENT

3.1.1

**GENERAL LEDGER OF MICAILA LTD
ASSET DISPOSAL ACCOUNT (N12)**

6

3.1.2 Calculate the total depreciation on equipment.

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5

3.1.3 Calculate the carrying value of equipment.

--

5

3.2 Income Statement for the year ended 29 February 2016

Sales	3 402 000
Gross profit	
Other income	
Gross income	
Operating expenses	
Audit fees	27 500
Sundry expenses	76 120
Municipal fees	215 800
Operating profit	
Net profit before income tax	
Income tax	
Net profit after tax	

38

3.3 TRADE AND OTHER RECEIVABLES

Debtors control (280 200)		
		8

3.4 Extract: CURRENT ASSETS section of the Balance Sheet

CURRENT ASSETS		
		8

Q3: TOTAL MARKS	70	
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QUESTION 4: FINANCIAL STATEMENTS, CASH FLOW AND INTERPRETATION**4.1 SHARE CAPITAL**

Authorised share capital

1 200 000 ordinary shares

Issued share capital

820 000	Ordinary shares (1 July 2015)	7 134 000
180 000		
	Ordinary shares (30 June 2016)	

7

4.2 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

CASH EFFECTS OF OPERATING ACTIVITIES	
Cash generated from operations	
Interest paid	(675 000)
Income tax paid	
Dividends paid	
CASH EFFECTS OF INVESTING ACTIVITIES	
Fixed assets purchased	(856 450)
Proceeds from disposal of fixed assets	
Increase in fixed deposit	330 000
CASH EFFECTS OF FINANCING ACTIVITIES	
NET CHANGE IN CASH AND CASH EQUIVALENTS	
Cash and cash equivalents (1 July 2015)	
Cash and cash equivalents (30 June 2016)	394 300

22

4.3

4.3.1 Calculate the percentage operating profit on total sales.

3

4.3.2 Calculate the average debtors' collection period (in days).

5

4.3.3 Calculate the net asset value per share.

4

4.3.4 Calculate the debt/equity ratio.

3

4.4 Comment on the liquidity of the business. Quote THREE financial indicators (with figures) in your explanation.

8

4.5

Some shareholders feel that the company paid back too much of the loan. What would you say to them? Make reference to TWO financial indicators with relevant figures to motivate your response.

6

4.6

Comment on the dividend policy of the business and explain the effect of this on the business. Quote TWO financial indicators in your answer.

6

4.7

A shareholder complained about the issue price of the new shares on 1 April 2016. Why do you think she complained? Quote TWO financial indicators with figures in your explanation.

6

Q4: TOTAL MARKS	70	
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QUESTION 5: INVENTORY VALUATION, VAT AND PROBLEM SOLVING

5.1 INVENTORY VALUATION

5.1.1 Calculate the following for the financial year ended 31 August 2016:

Calculate the value of the closing stock

10

Calculate the cost of sales

2

Calculate the gross profit

4

5.1.2 Piet has experienced problems with stock theft and has installed a security camera. Despite this, he is sure that calculators were stolen.

Calculate the number of units missing.

4

Provide another option that Piet can use to solve this problem.

2

5.1.3 The stock holding period for calculators was accurately calculated to be 64 days. Comment on whether this is appropriate for this product.

2

5.2 VALUE ADDED TAX (VAT)
Insert amounts only. Details not required

VAT CONTROL	
	4 778

Fill in amount in the correct space

Receivable	
Payable	

10

5.3 PROBLEM SOLVING:

	PROBLEM IDENTIFIED (with figures)	ADVICE OR SOLUTION
SMART STREET		
JAMES STREET		

6

Q5: TOTAL MARKS	40	
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QUESTION 6: BUDGETING

6.1.1 Explain why bad debts expense does not appear in a cash budget.

2

6.1.2 Explain why a cash budget is an effective internal control mechanism. Provide ONE reason.

2

6.2 **ALGOA LTD**

MONTHS	CREDIT SALES	SEPTEMBER	OCTOBER	NOVEMBER
July	108 000	12 960		
August	104 400	46 980	12 528	
September	93 000	37 200	41 850	
October	102 000		40 800	
November	111 600			
Total collection from debtors			95 178	

7

	Calculations	Answer
(a)		
(b)		
(c)		
(d)		
(e)		

13

6.2.3 Calculate:

Calculate the amount of the loan that will be paid back on 1 November 2016.

3

Calculate the total cost of the new vehicle purchased on 31 July 2016.

4

6.2.4 A young shareholder is of the opinion that the company should not spend money on staff training – they should employ trained personnel. Explain why the company spends money on staff training? Give ONE point.

2

What can the business do to ensure that trained personnel remain in the employ of the business? Give ONE point.

2

Q6: TOTAL MARKS	35	
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TOTAL: 300

