



Province of the
EASTERN CAPE
EDUCATION

Name:

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2019

**ACCOUNTING
ANSWER BOOK**

QUESTION	MAX. MARKS	MARKS OBTAINED	MODERATED MARKS
1	50		
2	35		
3	45		
4	60		
5	80		
6	30		
	300		



This answer book consists of 19 pages.

QUESTION 1: DEBTORS AGE ANALYSIS AND BANK RECONCILIATION

1.1 DEBTORS AGE ANALYSIS

1.1.1 Explain how the Debtors' Age Analysis can assist with the control over debtors. Provide ONE point.

2

1.1.2 Calculate the average debtors' collection period (in days) for the financial year ended 31 August 2019.

Workings	Answer

5

Comment whether the business should be satisfied with this.

2

1.1.3 Identify TWO different problems revealed by the Debtors' Age Analysis. Quote evidence and/or figures. In each case, provide advice to improve the internal control relating to the problem identified.

	Problem Evidence/figures	Advice on internal control
Problem 1		
Problem 2		

6

1.2 BANK RECONCILIATION

1.2.1

(a)	
(b)	
(c)	
(d)	

4

1.2.2

Calculate the correct totals for the Cash Receipts Journal and the Cash Payments Journal for July 2019. Use the tables provided.

Cash receipts journal
127 670

Cash payments journal
68 900

14

1.2.3

Bank reconciliation statement on 31 July 2019.

10

1.2.4 Explain how cheque no. 908 should be treated when preparing the financial statements on 31 July 2019, the end of the financial year.

2

1.2.5 Identify the GAAP principle applied by the bookkeeper.

Provide TWO suggestions on how a similar problem in future can be prevented.

5

TOTAL MARKS
50

QUESTION 2: INVENTORY VALUATION

2.1 Calculate the following on 28 February 2019:

2.1.1 Value of closing stock.

Workings	Answer

10

2.1.2 Gross profit for the year ended.

Workings	Answer

5

2.2.1 Calculate the stock value on 28 February 2019 using the FIFO method.

Workings	Answer

7

2.2.2 Explain the effect on gross profit if the FIFO method is used.

2

2.2.3 As an internal auditor, explain the benefits of using the FIFO method to the owner and the accountant. State TWO points.

4

- 2.3 Ching Lee feels that she was not able to achieve her targeted mark-up % for 2019.

Do (or perform) a calculation to confirm whether she is correct.	
Workings	Answer
Provide TWO suggestions that can be implemented in order to improve profitability.	

3

4

TOTAL MARKS
35

QUESTION 3: MANUFACTURING

3.1.1

DIRECT LABOUR COST	
Workings	Answer

6

FACTORY OVERHEAD COST	
Indirect material	128 000
Indirect labour	135 340

10

3.1.2

PRODUCTION COST STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019	
Prime cost	
Total cost of production	
Work in process at the beginning of the year	79 000
Cost of production of finished goods	2 690 190

10

3.2.1

Identify ONE variable cost that is not well controlled in each department. Quote figures. In each case, provide a solution for the problem identified.

	Suitcases	Laptop bags
Cost identified		
Figures		
Solution		

8

3.2.2

CALCULATION OF BREAK-EVEN POINT

Workings	Answer

4

3.2.3 Explain whether the business should be satisfied with the production of suitcases. Quote figures.

3

3.2.4 JP wants to adjust the selling price of ONE of the products. What advice would you offer him? Provide a valid reason for your suggestion by quoting relevant figures.

4

TOTAL MARKS
45

QUESTION 4: FINANCIAL STATEMENTS

4.1

4.1.1	
4.1.2	
4.1.3	
4.1.4	
4.1.5	

5

4.2.1

RETAINED INCOME NOTE	
Balance at the beginning of the year	
Balance at the end of the year	

12

4.2.2

STATEMENT OF FINANCIAL POSITION ON 28 FEBRUARY 2019	
ASSETS	
Non-current assets	
Current assets	
TOTAL ASSETS	
EQUITY AND LIABILITIES	
Shareholder's equity	
Ordinary share capital	
Non-current liabilities	
Current liabilities	
TOTAL EQUITY AND LIABILITIES	

4.2.3 At the annual general meeting, the board of directors proposed the following TWO programmes:

Explain why the directors included these proposals in their directors' report. Provide TWO points.

Provide a different benefit of each of the programmes proposed, to the company.

Programme 1	
Programme 2	

4

4

TOTAL MARKS
60

QUESTION 5: CASH FLOW AND INTERPRETATION

5.1.1 CASH GENERATED FROM OPERATIONS

Net profit before tax	
Adjustments in respect of:	
Depreciation	950 000
Changes in working capital	

15

5.1.2

CASH FLOWS FROM INVESTING ACTIVITIES	

10

5.1.3

CASH FLOWS FROM FINANCING ACTIVITIES	

7

5.1.4

NET CHANGE IN CASH AND CASH EQUIVALENTS	

5

5.2

Calculate the following financial indicators for 2019:	
Acid test ratio	
Debt-equity ratio	
Net asset value per share	
Percentage return on total capital employed	

4

4

4

8

5.3

<p>It was a good decision for the directors to increase the loan. Explain by quoting TWO financial indicators with figures to support the director's decision.</p>	
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6

5.4

One of the shareholders wants to sell his shares at 550 cents per share. Explain why the business should not repurchase these shares. Quote TWO financial indicators (with figures) to support your opinion.

4

5.5

Identify TWO major decisions taken by the directors, as evident from the Cash Flow Statement. Quote figures. Explain how these decisions would benefit the business in future.

Decision	Benefit

8

5.6

Calculate the amount dividends she obtained this year.

2

Explain to her why you think the directors changed the dividend pay-out policy this year. Quote figures.

3

TOTAL MARKS
80

QUESTION 6: CASH BUDGET

6.1 Provide ONE point why it is a good idea to compare actual figures against budgeted figures.

2

6.2 Identify TWO items that were incorrectly entered in the Cash Budget.

2

6.3 Complete the debtors Collection Schedule for July 2019

Months	Credit sales	Collections: July 2019
May	180 000	
June		126 000
July	288 000	

7

6.4.1 Percentage increase in salary and wages with effect from July 2019.

Workings	Answer

3

6.4.2 Missing figures, (i) and (ii) in the extract of the Cash Budget.

Workings	Answer
(i)	
(ii)	

8

6.5 Explain what you would mention to shareholders about each of the following items at the end of July 2019. In each case advise what effect these items will have on the company.

Explanation	Advice
Audit fees:	
Advertising:	

4

6.6

Shareholders are thinking of purchasing the business premises rather than renting it.
Explain ONE major advantage and ONE major disadvantage of this option.

Advantage
Disadvantage

4

TOTAL MARKS
30

TOTAL: 300